

To New Levels

Corporate Presentation 2003



The step beyond

EADS Key figures 2003

EADS Group

		2003	2002	2001
Revenues	€m	30,133	29,901	30,798
EBIT ¹ (Earnings before interest and taxes)	€m	1,543	1,426	1,694
Earnings per share ²	€	0.96	0.87	1.00
Dividend per share	€	0.4	0.3	0.5
Net cash position ³	€m	3,105	2,370	2,679
Order intake	€m	61,150	31,009	60,208
Order book	€m	179,280	168,339	183,256
Workforce (number of employees)		109,135	103,967	102,967

¹Unless otherwise indicated, EBIT figures presented in this report are pre-goodwill amortisation and exceptionals

²Pre-goodwill amortisation and exceptionals

³2001 and 2002 figures restated to be comparable with 2003: defeased bank deposits are netted with corresponding financial liabilities

EADS Divisions

		2003	2002	2001
Airbus¹				
Revenues	€m	19,048	19,512	20,549
Order book	€m	141,836	140,996	156,075
Order book/annual deliveries (in aircraft)	Years	4.8	5.0	4.8
Military Transport Aircraft				
Revenues	€m	934	524	547
Order book	€m	20,007	633	1,320
Order book/revenues	Years	21.4	1.2	2.4
Aeronautics²				
Revenues	€m	3,803	3,834	5,065
Order book	€m	9,818	10,162	13,700
Order book/revenues	Years	2.6	2.7	2.7
Defence and Security Systems²				
Revenues	€m	5,165	4,770	3,345
Order book	€m	14,283	13,406	9,100
Order book/revenues	Years	2.8	2.8	2.7
Space³				
Revenues	€m	2,424	2,216	2,439
Order book	€m	7,888	3,895	3,796
Order book/revenues	Years	3.3	1.8	1.6

¹In this report, Airbus order intake and order book are based on catalogue prices

²In this report, 2002 figures are adjusted according to the new structure of Aeronautics and Defence and Security Systems since 2003

³Full year 2003 includes EADS Astrium at 100% (full year 2002 at 75%)

On the cover: wing of Multi-Role Tanker Transport Aircraft (MRTT)

Great products. Great names. Great future.

We are a young, dynamic and innovative company. We are the largest aerospace and defence company in Europe and the second largest worldwide. We have the fastest growing largest order book in our industry. Few people, perhaps, could describe the Group in detail. But customers all round the world, ranging from airline passengers to ministries of defence, recognise – and trust – our brands.



A380

Airbus

A landmark year for Airbus

Airbus has become the commercial, technological and manufacturing leader in its sector. Managed centrally, it draws on the skills of employees at 16 sites in France, Germany, Spain and the UK. Airbus has sold over 4,800 aircraft to more than 180 customers and offers a wide range of customer services to help operators maximise the productivity and profitability of their fleets. Airbus expertise is also finding defence applications in the A400M military transport aircraft and in tanker aircraft for Germany and the UK.



A400M

A400M

Largest ever EADS defence contract

The A400M, of which development started in 2003, is a heavy-lift military transport aircraft which makes use of Airbus technology and will provide Europe with an essential means of effective force projection in the defence environment of the early twenty-first century. 180 A400M aircraft have been ordered for €19.7 billion by seven governments – Belgium, France, Germany, Luxembourg, Spain, Turkey and the UK. The first flight is scheduled for 2008.



NH90

Eurocopter

Delivering world-class helicopters

Eurocopter, the world's largest helicopter supplier, offers the most complete and modern helicopter product range covering civil and military market. Civil machines range from the light, single-engined Colibri EC120B to the medium-heavy Super Puma used for offshore and shuttle work. The NH90 is a military helicopter for naval and tactical transport operations and has been ordered by nine governments; the Tiger is an advanced attack helicopter due to enter service within four countries by the end of 2004.





Eurofighter

Eurofighter

Seizing export opportunities

The Eurofighter ('Typhoon' in the export version) is one of the most advanced military aircraft in existence – capable of operating in a number of roles, ranging from long-range supersonic combat to maritime attack. Its features include all-weather and short take-off and landing capabilities, high survival and operational rates and independence from external ground equipment. Eurofighter is currently being delivered to the air forces of Germany, Italy, Spain and the UK, and has been ordered by the Austrian Government.



Meteor

MBDA

Cutting-edge missile technology

MBDA is the second largest company active in the field of tactical missiles and missile systems in the world, and is involved as a prime or subcontractor in the seven most important segments: air-to-air, air-to-surface, ground-to-air and anti-tank ballistic missiles, surface-to-air/naval, anti-ship, anti-tank and surface-to-surface. Within its comprehensive and recent line of products, Meteor figures prominently as a long-range air-to-air missile family which will equip the next generation of European combat aircraft and is being supplied to the air forces of France, Germany, Italy, Spain, Sweden and the UK.



Ariane 5

Ariane

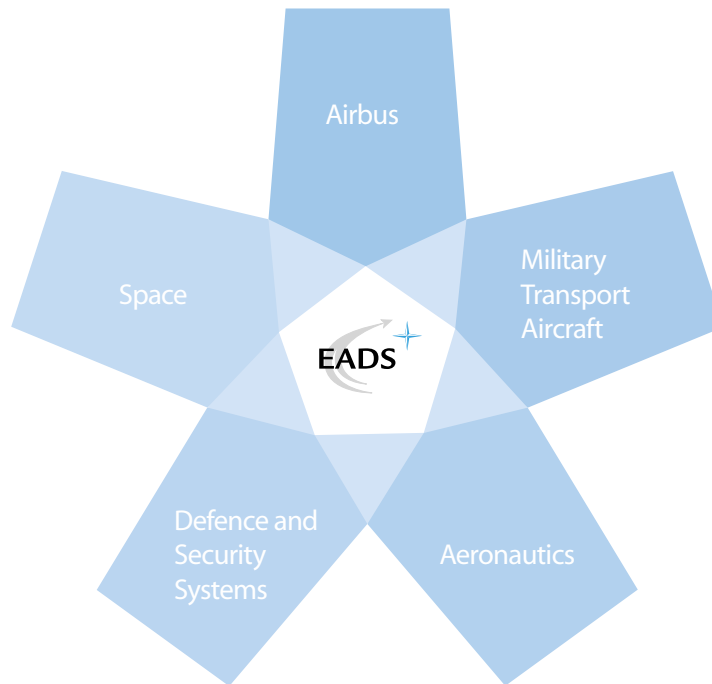
Orbital operations since the 1970's

The first Ariane rocket took to the skies in 1979. More than 150 successful lift-offs later, Arianespace is today the world's largest commercial launch service, selling rockets around the world and carrying out launches from the Kourou Space Centre in French Guyana.

EADS Space activities also include EADS Astrium, Europe's largest company in the space industry. It serves all the principal satellite market sectors, supplying satellites for telecommunications, earth observation and science and military applications.



EADS – One integrated business



Group Highlights 2003

- Airbus delivers 305 aircraft, slightly up on 2002, and makes more than 50% of all above 100-seat jet airliner deliveries in the world market
- US low-cost operator jetBlue orders 65 A320s plus 50 options. Firm orders for the A380 stand at 129 aircraft, including 34 won in 2003
- Eurocopter retains global market leadership and achieves major export successes with the Tiger in Spain and the NH90 in Greece
- Doubled defence order book includes €19.7 billion A400M programme – the largest, single contract since the establishment of EADS
- The European Space Agency (ESA) commits to ordering 30 Ariane 5 launchers for its future programmes
- EADS subsidiary Paradigm signs £2.5 billion contract for the UK's Skynet 5 military satellite communications system

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strengthening leadership positions for competitiveness in all markets

Airbus has become the leading commercial aircraft company in terms of order book, order intake *and* deliveries. In years to come, the A380 will confirm EADS' position as market leader and innovator. To replicate such success, EADS is breaking into new growth segments, creating military derivatives based on today's best commercial aircraft. Customers, such as the UK Ministry of Defence when it downselected the A330-based answer to its Future Strategic Tanker Aircraft requirement, greet such winning solutions integrating our broad commercial and military experiences.

EADS' leadership extends to helicopters through Eurocopter, to missiles through MBDA and EADS/LFK and to commercial launchers through EADS SPACE Transportation. Simply put, EADS can capitalise on the excellence of its platforms to broaden the scope of its offering to wider systems.

Significant achievements throughout 2003 illustrate how our space and defence businesses strive to win ground against their key competitors. Growing in defence is a key objective, and EADS has set a target to achieve 50% growth in military revenues from 2002 to 2005. This is achievable in the light of the programmes acquired in 2003. Last year, we doubled our defence order book with programmes like the A400M military transport aircraft, the sale of Eurofighter to the Austrian Air Force and of the NH90 to Greece.

Furthermore, we are leveraging our space capabilities for military applications: we have been appointed to provide the UK Ministry of Defence (MoD) not only with its Skynet 5 satellites, but also with their operations and a whole range of telecommunication services.

Our defence business revenues grew from €6 billion in 2002 to €7.1 billion in 2003. And as many of our products are moving from development to production, we will see a significant increase in value creation for EADS.





NH90 transport helicopter





Airbus A340-600



extending our global presence

Many of our businesses are already global, such as Airbus, MBDA, Eurocopter and EADS Astrium, having customers all round the world.

It is one of our priorities to become an integral part of the industrial fabric of our customers' home markets. There are still enormous opportunities for expanding our international footprint. Purchasing from local suppliers, opening plants and establishing technological cooperation may feed commercial success for sales of military helicopters, transport, mission and combat aircraft, defence electronics and secure communications systems. Such expansion will open up larger markets and will help us smooth out market cycles and grow more consistently.

We are, for example, strengthening our position in the UK, which has Europe's largest and fastest-growing defence procurement budget. Currently we have 15,000 employees in the UK. Furthermore we now are the second-largest aerospace supplier to the UK MoD.

As we have a great deal to offer defence and homeland security customers in the US, we established EADS North America in late 2002 in order to develop this market. We are growing local roots, such as in Columbus, Mississippi, where we broke ground for a new helicopter plant in August 2003. We believe we can benefit the US taxpayer by providing excellent products and services at extremely competitive prices. Our strengths in marketing, technology and systems integration have made us a welcome strategic partner for the strongest firms in the world – which is why we participate in major programmes such as the Ballistic Missile Defence programme in cooperation with Boeing.

EADS will continue to increase the number of industrial partnerships in Asia to strengthen its local presence, for example through partnerships with Bridgestone Corporation and Mitsubishi Rayon Co., who recently joined the A380 programme – bringing the total of Japanese partners on the A380 programme to 15. Simultaneously, EADS has made a first step into China with the acquisition of a stake in AviChina, to localise the manufacturing of helicopters and to develop upgrade capabilities for existing aircraft.

EADS is also actively participating in the restructuring of the industrial landscape in Russia. In this market with tremendous long-term potential and a remarkable aerospace industry with proven experience and technology, we have established cooperative ventures in design, research and engineering.

We will furthermore capitalise on our strengths and resources to develop business in these prioritised regions.



developing our role as a systems and solutions provider

Customers are increasingly demanding comprehensive answers to perform complex mission requirements. This transformation process has changed the demand of US and European defence forces and public safety agencies, which is now more oriented towards large system integration and service solutions. Our ability to bring a uniquely wide range of skills to bear on any problem is, and will remain, an appreciating asset.

The civil sector is increasingly reliant on complex air traffic management networks and obstacle-warning systems for helicopters. Agencies like police, security and medical services are updating their secure communications facilities.

The capability to integrate systems is also essential in military applications.

For new growth areas of Network Enabled Operations, such as Extended Air Defence, C4ISR¹, or Military Space, EADS aims to achieve a clear, prime position, building on its aircraft know-how, its excellent positioning in the field of missiles and its capabilities in defence electronics. EADS' drive on Unmanned Aerial Vehicles exemplifies how it derives value from combining key strengths into new uses.

In fact, we see EADS as one of the essential providers to NATO of the improved resources that will be necessary in coming years, both for the defence of Europe and for the Organisation's role in building stability around the world. We are already beginning to tackle some of the key projects required by the Prague Capabilities Commitment.

EADS has identified the management of systems and services as another important field of development aimed at supporting its programme leadership. As well as pursuing platform in-fleet services such as the System Support Centre of Eurofighter, the Company will develop further in outsourced services. The successes achieved in the Paradigm (secure communication service through satellites) and FSTA (Future Strategic Tanker Aircraft) campaigns, illustrate the potential of the Company in this new area of service solutions.

¹ Command, Control, Communications, Intelligence, Surveillance and Reconnaissance





Galileo communications satellite



building competitive advantage through sharing excellence and innovation





Eurofighter



Innovation is the lifeblood of our business.

In our industry, technological innovation is a driving growth factor and a competitive discriminator of crucial importance. Future key technologies such as robotics, real-time networks or composite materials build the backbone of tomorrow's market leadership.

The success of Airbus, built on a string of bold innovations, illustrates the value to our customers of this approach. We invest heavily in research and technology, with as much as 17% of revenues spent in 2003; into materials, designs and manufacturing processes, to strengthen our offering.

But to leverage this technology, we are pioneering new ways of working in partnership and sharing this resource.

The combination of know-how and other resources from different divisions, and the combination of civil and military products enables the Company to seek new businesses such as military transport and tanker aircraft.

Group-wide efforts in the area of Research and Technology and cooperation with outside research partners allow for increased competitiveness and cost efficiency of EADS products. Innovation is about better serving the needs of our customers.

The challenges of the future? We can afford to welcome them with confidence.



Left: **Manfred Bischoff**
Chairman

Right: **Arnaud Lagardère**
Chairman

Letter from the Chairmen

Dear EADS shareholders,

We are happy to report that during 2003, EADS substantially strengthened its position in the global aerospace and defence industry.

As this annual report will show, your Group has further strengthened its position as a major player in its main markets, with excellent products, leadership positions in many key sectors, strong partnerships with customers, collaborators and suppliers and an increasingly global reach. We have been able to build further on our assets as a multi-national company, strengthening our areas of activity by continuously expanding beyond our home markets. We note with great interest that EADS seems to serve now as a model of a highly successful cross-national company, in and even outside Europe, with a truly international business portfolio.

The strength of EADS is innovation. Airbus leads the commercial aircraft market and is defining a new standard for passenger aircraft with the A380. In 2003, which was another difficult year for the airline industry, Airbus has successfully managed to become number one in aircraft deliveries – a breakthrough that testifies to the vigour of EADS in commercial aircraft business. In the defence sector we are a leader in many segments and are successfully widening our portfolio with tanker and transport aircraft in addition to our programmes in missiles, satellites, space-systems, and air defence – offering the full spectrum of capabilities.

In 2003 the Board of Directors dedicated much of its time and attention to reviewing and ensuring successful strategy implementation with a **focus on expanding into new markets and on widening the product range**, for example in 'system-of-systems' capabilities. The Board has intensively discussed and examined the situation in those Divisions that have not yet reached their performance objectives and has made the necessary decisions on reorganisation and restructuring required for the achievement of defined profitability targets. Along those lines the new reorganisation of the Defence and Security Systems Division, integrating the Military Aircraft business was approved by the Board with the aim of bundling and focusing our defence activities and bolstering our systems approach.

An important area of focus for the Board of Directors was the competitive situation of EADS in the international aerospace industry. We have looked into different ways of **developing and positioning your Group for the future** in order to participate proactively in shaping our industry. For the Board this meant both, reviewing the opportunities to develop EADS from within, building on its strong existing capabilities, and verifying possible scenarios for external growth and development of the structure of EADS at the European and transatlantic levels.

Letter from the Chairmen

Throughout 2003, the Board has closely monitored and reviewed major programmes such as the progress on the Airbus A380, on the A400M transport aircraft and the Aster missile programme. Regarding personnel and human resources issues at EADS, the Board has dealt with management qualification as well as with the need to attract, retain and develop our high-potential employees in order to ensure the future quality of EADS' management and its multi-national leadership structure. Finally, financial performance and structure, hedging strategy, funding policy and accounting principles were debated and decided among the Board members in a collaborative and trustful way.

Despite the still challenging business environment, the **2003 results of EADS have once again surpassed its targets**. With an EBIT of €1.54 billion, an impressive order book (which grew substantially last year), and a significant net cash position, the Group has shown that EADS' strategy and its careful execution are on track, resulting in increased financial strength and profitability.

The year 2003 was also in many respects a significant one for the Group's shareholders. **Our share price clearly outperformed major indices** to close at €18.85 on 31st December 2003; a 91% increase compared to December 2002. This made us the second-best performer in the CAC 40 and one of the strongest performers in the world aerospace and defence sector. In view of the Group's financial strength and excellent prospects, the Board will be recommending payment of a dividend of €0.40 per share, an increase of €0.10 from the previous year.

We are no less determined to set **a standard of excellence in the fields of corporate governance and corporate social responsibility**. We are committed to meet and even exceed social, legal and statutory requirements to ensure transparent management and reporting. Given the need and the clear mandate for greater transparency and openness, the Board has reviewed and renewed our set of corporate governance practices in 2003 to comply with corporate governance codes of our European home countries. Furthermore, we fully support management's undertaking to share examples of best practice across the Group in order to further enhance EADS' standard in the fields of corporate governance as well as social responsibility.

A400M



Airbus A340-600



The Board of Directors appreciates that the Management of EADS has succeeded in establishing your company as **a credible and reliable enterprise**, not only for its customers, suppliers and employees, but in the eyes of the public as well. Our thanks and congratulations are due to everyone in the Group who has contributed to this result, which will be developed and further enhanced for the benefit of all EADS stakeholders, according to the highest standards of corporate governance.

We enter 2004 with a strong financial, commercial and technological base, and with **a clear leadership strategy for the future**. When the inevitable market upturn comes after years of depressed conditions in world economies, we shall be exceptionally well-positioned to fully benefit from this solid and promising base. This will allow us to continue creating substantial value for our shareholders and furthermore contribute to the well-being of all our stakeholders.

Manfred Bischoff Chairman

Arnaud Lagardère Chairman



A380 production line

Left: **Philippe Camus**
Chief Executive Officer

Right: **Rainer Hertrich**
Chief Executive Officer

Interview with the Chief Executive Officers

A successful 2003? Confident forecasts for 2004? What's the story behind the figures? We put some of the key questions on the EADS Group's progress and prospects to Philippe Camus and Rainer Hertrich.

Why are you pleased with the results for 2003?

There are a number of very good reasons. Clearly, we lead the commercial aviation market. Airbus has in fact for the first time beaten the competition, delivery-wise; and this success will be a lasting one, thanks to the current Airbus order book. Besides, we have turned into the global number two defence player in terms of order book. We are increasingly accredited by the more exacting defence customers who value our complete range of competitive and young products. Overall, the Group order intake increased from €31 billion in 2002 to €61.2 billion in 2003, with half of these new orders emanating from the defence business.

In short, we have passed a clear milestone on the road mapped out for us by the Board. We have achieved great progress in balancing our portfolio among the defence and commercial businesses. Also, we have enhanced our leadership in all markets.

Can the defence businesses live up to your high expectations?

Yes, we are convinced they can. First, our defence products are already achieving huge successes – like the Tiger and NH90 military helicopter selection by Spain and Greece, and the Austrian purchase of the Eurofighter. On the Space side, we won the £2.5 billion Skynet 5 military satellite contract from the UK. There was also MBDA's great achievement in winning orders from France, Italy and the UK for the Aster missile. And the largest ever defence contract came from the A400M military transport aircraft that was ordered by eight nations and will be worth €19.7 billion. Second, to support the strategic move towards defence growth, we have reorganised our defence activities, and created a new Defence and Security Division.

Surely you had some concerns in 2003?

The conflict in the Gulf and the SARS epidemic weighed down the financial situation of the airlines and we had to monitor our delivery planning carefully throughout the year. Apart from this, the weakness of the dollar could be an area of concern if it were to remain very weak for a very long time. In fact, there is no medium-term impact on our results because we actively hedged our currency exposures and will continue to do so in 2004, of course. Beyond our hedging horizon we are expecting to get the benefit from the productivity measures that we are currently implementing.

How did all this affect the financial outcome?

For the third year running, we've exceeded our financial targets, with an EBIT figure of €1.5 billion against a projected €1.4 billion. We have moved forward significantly, with, as anticipated, all divisions except Space being profitable. We generated more cash than expected, too. And we are looking forward to making even more progress in 2004.

What was especially encouraging, was that we achieved this while keeping up our investment in programmes, like the Airbus A380. That's what we promised; that's what we delivered. This is another demonstration of our high standard of financial discipline.

Interview with the Chief Executive Officers

What exactly is the situation in Space?

The Division recorded heavy losses for the third year in a row due to a depressed Space market and restructuring costs. However, we purchased BAE Systems' 25% shareholding in EADS Astrium and we've now reorganised the Division to lay the foundations for the turnaround in 2004. We're also laying emphasis on efficiency of all the plants, strict programme control, cost savings and improved procurement functions, all of which are contributing to the turnaround.

What's on the agenda for this current year?

Regarding business acquisition, we have several key programmes that are expected to be booked. One of them is for example the FSTA programme for the UK Royal Air Force, where the Air Tanker team in which we are key partner, is in final negotiations; we will achieve a contract fulfilling our customers' needs and thereby successfully expanding our businesses.

We have also some important industrial milestones coming up in 2004. The A400M programme will pick up speed, and we're planning the first assembly of the A380 in Toulouse. We'll also be delivering the first units of the Tiger and NH90 helicopters, and the Ariane 5-ten tonnes version launcher should resume flights.

Our strategy is to build on our strong competitive position in commercial aircraft, helicopters, missiles and commercial launchers and to significantly grow our defence activities. We shall work at developing EADS' capabilities in the fields of 'system-of-systems' and services to support its programme leadership. We also want to expand our global reach through industrial engagement in the US, Asian and Russian markets. And we will keep on building on our broad portfolio of activities and technologies, combining civil and military products in order to lead the market with innovative and cost-competitive products.

Eurofighter



And how do you see 2004 from the financial point of view?

The immediate outlook is very encouraging. We're targeting an increase in EBIT to €1.8 billion for 2004, largely due to the defence programmes' ramp up and the Space turnaround: this could be slightly offset by a possible decline in the contribution from Airbus arising from the continuing softness of the market. Defence programmes, especially missiles and helicopters, will increase deliveries, while at the same time we will be implementing efficiency plans in some defence businesses. Looking further ahead, we expect growth in all sectors – fuelled by the upturn in commercial aviation, benefits from productivity and cost savings, and an exceptionally strong order book in all businesses.

Are there any encouraging signs in the year so far?

Yes, there are! In the past few months, many airlines have reported strong signs of air traffic recovery, supporting the International Civil Aviation Organisation forecast of about 4% air traffic growth in 2004. For defence, we are progressing with important programmes like the GBAD demonstration in the UK, or with the FSTA following our down-selection in January 2004. These programmes and others will help us expand our defence business and enhance our overall competitive position in coming years.

Given the state of the world economy, is that a rash prediction?

You know, it is our mission to prepare the Group to face uncertainty. We have the flexibility, strength and resilience to surmount upcoming issues and to achieve our goals; not least, thanks to the quality, skills and commitment of our employees, who are probably among the strongest teams in the industry today. Let's remember that they've managed to deliver solid returns even in the weak markets of recent years, while maintaining important investment programmes for the future. We'd like to express our admiration and appreciation of what they've done. We look forward to working with them in 2004.



"We are increasingly known to the world as a company that does what it promises to do. That's a priceless asset for all of us."

A handwritten signature in blue ink that reads "Philippe Camus".

Philippe Camus Chief Executive Officer



"Excellent products, a clear strategy and the best people in the business. Can you think of a better formula for success in tomorrow's world?"

A handwritten signature in blue ink that reads "Rainer Hertrich".

Rainer Hertrich Chief Executive Officer

Executive Committee

The Chief Executive Officers (CEOs) are supported in their operational tasks by an Executive Committee made up of the Heads of each operational Division, the Head of EADS North America and of the Heads of the four major functions of the Company.



From left to right Hans Peter Ring, Philippe Camus, Rainer Hertrich, Jussi Itävuori.

Eurocopter production line

Ralph D. Crosby Jr. Chairman and CEO of EADS North America

Previously, Mr. Crosby was President of the Integrated Systems sector at Northrop Grumman Corporation, Corporate Vice President and General Manager of the company's Commercial Aircraft Division and of the B-2 Division. He has a Bachelor of Science degree from the US Military Academy, and master's degrees in international relations from the Graduate Institute of International Studies in Geneva and in public administration from Harvard University.

Francisco Fernández Sáinz Head of Military Transport Aircraft Division

Previously General Manager of Airbus España, Mr. Fernández-Sáinz joined CASA in 1971 as a design engineer and occupied positions as Product Engineering Manager (1975), Project Manager (1979), Engineering Development Director of the Technical Directorate (1982), Vice President of Engineering (1984) and Executive Vice President Programmes (1997). He is a graduate of ICADE (Master in Business Administration) and a Senior Aeronautical Engineer.

Noël Forgeard Head of Airbus Division, President and CEO of Airbus

Mr. Forgeard joined Matra in 1987 as Senior Vice President of the Defence and Space activities. In 1992, he was appointed Managing Director of Lagardère Group and Chief Executive Officer of Matra Hautes Technologies. He joined Airbus Industrie as Managing Director in 1998 and became the first President and Chief Executive Officer of the Airbus integrated company in 2001. He graduated from the Ecole Polytechnique and the Ecole des Mines in Paris.

Gustav Humbert Airbus Chief Operating Officer

Previously a member of the Dasa Management Board responsible for the Commercial Aircraft Division, Mr. Humbert joined Messerschmitt-Bölkow-Blohm (MBB) in 1980, and became President and CEO of Daimler-Benz Aerospace Airbus GmbH in 1994. He holds a degree in mechanical engineering and production technology from Hanover Technical University as well as a PhD in engineering from the University of Hanover's School of Machinery.



From left to right Thomas Enders, Jean-Louis Gergorin, François Auque, Dietrich Russell and Jean-Paul Gut.

Ariane 5 tank

< **Philippe Camus** Chief Executive Officer

Mr. Camus was previously Chairman of the Management Board of Aerospatiale Matra. In 1982, he joined the general management of the Lagardère Group where he was Chairman of the Finance Committee of the Matra Group until 1992. He was appointed Chairman and Managing Director of the Finance Committee of the Lagardère Group in 1993, and Managing Partner of Lagardère in 1998. Mr. Camus is a former student of the École Normale Supérieure de Paris, an agrégé in physical sciences and actuarial science and a graduate of the Institut d'Études Politiques de Paris (IEP).

Hans Peter Ring Chief Financial Officer

Holding a degree in business administration, Mr. Ring began his career at MBB in 1977. In 1987 he was appointed Head of Controlling of the Missile business. Subsequently, he was named Head of Controlling of the Aviation and Defence Division of Dasa. From 1992–1995, he was CFO and Member of the Board at Dornier Luftfahrt, a Dasa subsidiary. In 1996, he was appointed Senior Vice President of Controlling of Dasa and later, of EADS. In 2002, he was named CFO.

Rainer Hertrich Chief Executive Officer

Mr. Hertrich started his career in 1977 at Messerschmitt-Bölkow-Blohm (MBB). In 1994 he became Senior Vice President for Corporate Controlling of Deutsche Aerospace AG (Dasa). In 1996, he was appointed Head of Dasa's Aero Engine Business Unit, and President and CEO of Dasa's subsidiary MTU. In 2000 he became President and CEO of DaimlerChrysler Aerospace. At the end of 2001, he was elected President of BDLI, the German Aerospace Industry Association. Mr. Hertrich studied business administration at the Technical University of Berlin and the University of Nuremberg, graduating as a Bachelor of Commerce.

Jussi Itävuori Head of Human Resources

Mr. Itävuori joined EADS in September 2001. Previously, he had worked for Kone Corporation since 1982 and was appointed in 1989 as Head of Human Resources and a member of the Executive Committee of Kone Elevators. In 1995 he was appointed member of the Executive Committee and Head of Human Resources of Kone Corporation. He served in the Finnish Air Force as a pilot and officer. He earned his Master's degree from the Vaasa School of Economics.



From left to right Ralph D. Crosby Jr, Francisco Fernández Sáinz, Noël Forgeard and Gustav Humbert.

Multi-Role Tanker Transport Aircraft (MRTT) production

< **Thomas Enders** Head of Defence and Security Systems Division

Mr. Enders joined MBB/Dasa in 1991, after various posts in international research institutes, the German Parliament and the Planning Staff of the German Minister of Defence. After several years in the company's marketing sector, he became Corporate Secretary of Dasa in 1995. From 1996–2000 he was in charge of Corporate Strategy & Technology. Mr. Enders holds degrees from the University of Bonn and from UCLA, California.

Jean-Louis Gergorin Head of Strategic Coordination

Mr. Gergorin began his career with the French Government, becoming Head of Policy Planning at the French Foreign Ministry and a member of the French German Committee on Security and Defence. He then joined the private sector, holding senior strategic positions at Matra, Lagardère and Aerospatiale Matra. He graduated from the Ecole Polytechnique and the Ecole Nationale d'Administration (ENA) in Paris and is an alumnus of the Stanford Executive Programme.

François Auque Head of Space Division

Mr. Auque joined Aerospatiale as Chief Financial Officer in 1991, after a career in the Suez Group and the French Cour des Comptes. He was successively Executive Vice President Finance and Strategy of Aerospatiale, CFO and Group Managing Director for satellites and member of the Management

Board of Aerospatiale Matra. He graduated from Ecole des Hautes Etudes Commerciales (HEC), from Ecole Nationale d'Administration (ENA), and from Institut d'Études Politiques de Paris (IEP).

Dietrich Russell Head of Aeronautics Division

Former Chief Operating Officer of Airbus Industrie. Mr. Russell joined Dasa in 1995 where he was appointed Member of the Board of Management responsible for the Aeronautics Division. Mr. Russell graduated from the Departments of Economics and Metallurgical Engineering and holds a Doctorate in engineering from the Technical University RWTH of Aachen. He worked for 24 years for Mannesmann before joining Dasa.

Jean-Paul Gut Head of EADS International

Prior to the formation of EADS, Mr. Gut was Executive Chairman of Aerospatiale Matra, Lagardère International and Group Managing Director of Defence and Space Transport at Aerospatiale Matra. He was previously Managing Director of the Lagardère Group Board of Management, responsible for International Operations and the High Technology sector. Mr. Gut graduated from the Institut d'Études Politiques de Paris (IEP), with a Master's degree in economics.

¹Dietrich Russell retiring as of 30th April 2004

Key measures in 2003

Revenues

Group revenues of €30.1 billion slightly exceeded the forecast of €29–€30 billion and were ahead of the €29.9 billion achieved in 2002. At constant US\$ exchange rates, revenues would have increased by 6%. Growth was mainly driven by an 18% rise in the defence businesses, which combined revenues increased from €6 billion to €7.1 billion.

EBIT¹ margin pre-R&D

EBIT¹ margin pre-R&D was sustained at about 12% despite the Space Division losses. This was thanks to strong growth in the defence businesses and better than expected performance by Airbus.

EBIT¹

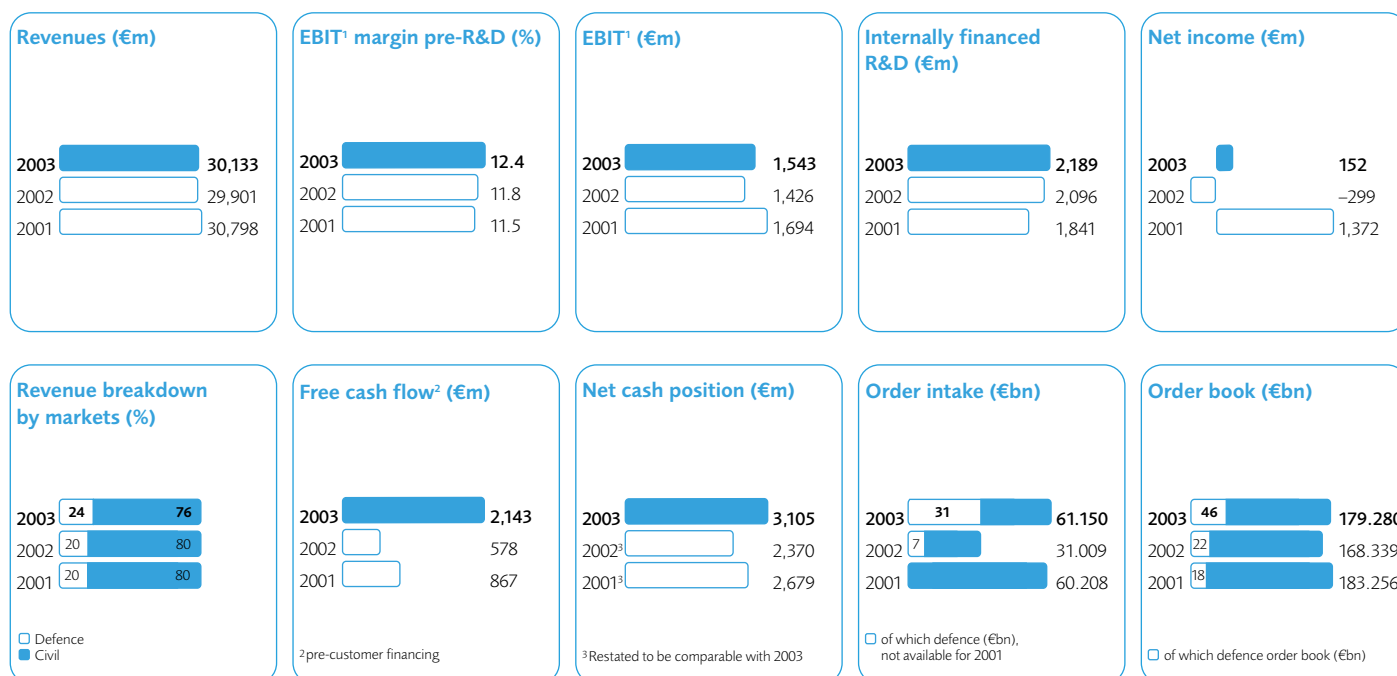
At €1.54 billion, EBIT¹ was well ahead of the target of €1.4 billion and 8% ahead of 2002. It benefited from a 40% growth in the Defence and Security Systems Division, with strong contributions from Military Aircraft and MBDA plus the turnaround of the Military Transport Aircraft Division and a 21% increase at the Aeronautics Division following the increased profitability of Eurocopter. The Space Division recorded, as expected, EBIT¹ of (€400) million after a restructuring charge of €288 million. EBIT¹ also included a higher contribution from the 46.03% shareholding in Dassault Aviation.

Internally financed R&D

Research & Development expenditure increased, as planned, to €2.2 billion (2002: €2.1 billion) representing 7% of EADS revenues. Half of this was accounted for by expenditure on the A380, of which the first deliveries are planned for 2006.

Net income

Net income was €152 million (2002: €(299) million). Goodwill amortisation has been regularly recorded in the Group's results since 2000. 2002 had been affected by a goodwill impairment for the Space assets. Thanks to improved EBIT¹, net income before goodwill amortisation and exceptionals is up 10% at €769 million or €0.96 per share (2002: €696 million).



Revenue breakdown by markets

2003 was a landmark for defence. EADS is turning the outstanding defence order book into real revenue growth. The 2003 achievement is a first milestone in the strategy to rebalance EADS portfolio of activities towards defence.

Free cash flow

Free cash flow before customer financing was boosted from €0.6 billion to €2.1 billion, much better than expectations. This was achieved thanks to better hedge rates following the expiry of some unfavourable old hedges and thanks to higher level of customer advance payments. This performance included the spendings on the A380 programme and initial investment in the Paradigm project.

Net cash position

The net cash position at the year end increased from €2.4 billion to €3.1 billion on a comparable basis thanks to strong free cash flow and financial discipline. Commercial aviation customer financing cash outlay remained under control at €1.1 billion (2002: €0.9 billion), despite challenging conditions for the airlines. The net cash position figure is reported after netting €1.1 billion defeased deposit with corresponding financial liabilities.

Order intake

Order intake doubled to €61.2 billion, twice the level of revenues. Defence businesses contributed to half of this order intake level. The greatest successes were achieved by Airbus, with net orders of 254 aircraft (including 34 A380s) and by military businesses with major contracts like the Skynet 5 contract for communication services with UK MoD (£2.5 billion), the military transport aircraft A400M (€19.7 billion) and a major contract for 1,400 missiles won by an MBDA-led consortium.

Order book

The order book increased from €168.3 billion to €179.3 billion. At constant exchange rates the increase would have been approximately 20%. The defence order book doubled to some €46 billion, supporting the objective of growing defence revenues by more than 50% between 2002 and 2005.

¹Earnings Before Interest and Taxes, pre-goodwill amortisation and exceptionals; EADS uses EBIT pre-goodwill amortisation and exceptionals as a key indicator of its economic performance

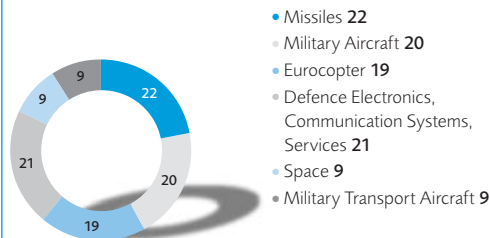
Revenues in defence activities

Combined defence revenues at EADS amounted in 2003 to €7.1 billion. Existing order book comforts management target to increase defence revenues up to €10 billion in the next years. Growth will be specifically driven by the A400M programme development, and by missiles, helicopters and fighter aircraft deliveries.

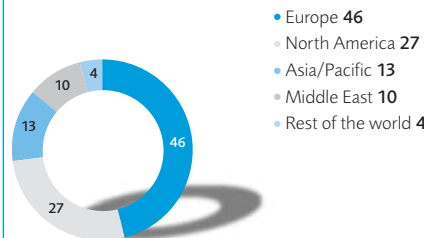
Revenue breakdown by geography

EADS has a global reach. It ranks number 1 in Europe and is the largest European company on US markets. Management foresees an expansion of global reach and especially fast growth from Asia.

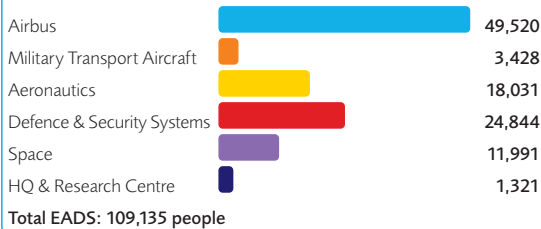
Revenues in defence activities (%)



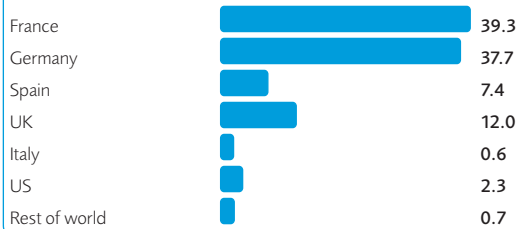
Revenue breakdown by geography (%)



Employees by business sector (at 2003 year end)



Employees by country (%)



Employees by business sector

EADS headcount has increased by nearly 5,200 people since 2002, of which 3,100 at Airbus, namely to work on A380 and A400M. Moreover, the consolidation of EADS Astrium in 2003 resulted in an additional 2,279 employees for the Space Division, partially offset by the current restructuring. The Military Aircraft Business Unit (including namely Eurofighter) was moved from Aeronautics to Defence and Security Systems in September 2003. The Headquarters and Research Centre sectors have included employees of EADS North America since December 2003.

Employees by country

EADS employees are primarily located in the four home-countries: France, Germany, Spain and UK. In the US, EADS employs directly over 2,000 people and increased in 2003 its industrial footprint by the launch of the building of a new Eurocopter plant.

The world in which we operate

The success of EADS to date has been built on our ability to offer excellent products – but also on our responsiveness to highly diverse market conditions and economic environments. This section of the report is designed to give the reader a brief overview of the current market situation and an insight into the forthcoming challenges for EADS.



A330-200 MyTravel

Commercial aviation – a long-term growth market with cyclical characteristics The current situation

2003 began badly for the commercial sector, with public confidence hard hit by the prospect of war in Iraq and later by the SARS epidemic; according to the International Civil Aviation Organisation (ICAO) global air traffic has almost caught up with 2002 levels at the end of 2003 – but 2003 average was still 2% below 2000 levels. This figure conceals wide regional and sectorial disparities, and many airlines are still in bad financial shape, with soft growth in air traffic and low yields.

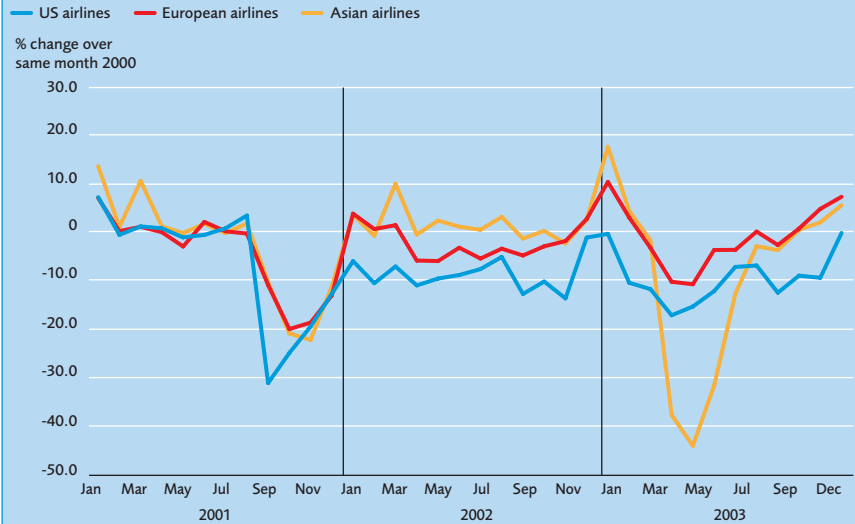
US major airlines' traffic recovery is stalling at 10% below 2000 levels but, thanks to substantial government contributions to increased security and insurance costs, there are some slightly positive financial signs. Major Asian airlines are recovering strongly from the SARS scare, back to 2000 monthly levels. Passenger air traffic at large European airlines is now above 2000 monthly levels, but still inferior on a yearly basis.

On the other hand, low-cost airlines in the US and Europe have established a viable and successful alternative business model. These precursors are now being followed by many new Asian start-up airlines. Low-cost airlines are concentrating on point-to-point short to medium haul routes and are operating large fleets of mostly new aircraft, all of the same type, optimised to serve selected routes. They are accounting for approximately 30% of net orders made in 2003. Defined by their low fares, low-cost carriers are taking market share from the major airlines but are also reaching a new segment of the population which did not fly before for economic reasons. In general, air traffic is multiplied by a factor of two to three over a short period on most routes, following initiation of service by a low-cost airline.

Parked aircraft

One response of airlines to a downturn is naturally to reduce capacity. The number of parked aircraft worldwide currently stands at about 2,000 – of which approximately 500 belong to newer 'in production' types, that should come back into passenger service. The remainder will be either converted into freighters or altogether taken out of service. As air traffic is catching up, parked aircraft are slowly being put back into service. This is being shown by the slight decrease in the number of parked aircraft.

World passenger traffic recovery



Source: American Transport Association, Association of Asia Pacific Airlines, Association of European Airlines

Leasing companies

Leasing has become a major tool within fleet management worldwide. Orders from leasing companies make up about one third of the order book and planned deliveries over the next two years at both Airbus and Boeing. Leasing companies – more robust than they were in the last downturn – have established their position in the commercial aerospace value chain. They have become a full partner of both aircraft manufacturer and airline. For airlines with financial difficulties, leasing companies play an important role in making new aircraft deliveries possible. Furthermore, the huge order book of operating leasers, offers a substantial degree of flexibility to airlines' operation in an environment with short-term uncertainties.



Charles de Gaulle Airport in Paris

Looking ahead

The International Civil Aviation Organisation is forecasting about 4% increase in traffic (in Revenue Passenger Kilometers) for 2004. Airlines, furthermore, will have to continuously monitor their operations and control their cost base in order to survive in a dynamic environment with a high level of competition and pressure on yields. This implies that the most efficient, flexible and cost-effective aircraft will best meet market demands.

World air passenger traffic is forecast to grow at approximately 5% a year on average over the long term. Around this trend, however, the market is cyclical as it is both strongly correlated to the general economic situation and highly exposed to regional conflicts and new threats such as epidemics and terrorist attacks.

The world in which we operate



Aster missile

Defence – market imbalances

The US dominates defence spending, with an annual budget dedicated to procurement and research of €110 billion, which is rising. Europe spends only €45 billion, though modernisation and improved services offer some upside potential. The rest of the world spends about €95 billion; this, too, is growing, because of local conflicts and the need to replace obsolescent equipment. Another significant asymmetry deserves notice: European industry has only 0.3% of the US market, while the US industry has captured 20% of European defence spending, reflecting the openness and the fragmentation of the European defence market. In export markets though, US and EU industries have roughly equal market shares.

Historically, European procurement programmes have not been integrated strongly enough. A first step was already achieved with the OCCAR creation. However, the need for more harmonised action to align defence investment and specification with future common objectives has now been recognised, and the European Council has planned to set up the European Defence Agency as a further and particularly important step towards greater integration of defence and security policies.

Procurement trends

The largest shares of both European and US defence budgets belong to air combat, missiles and mobility. The trend markedly favours Large System Integration (LSI) and Network Enabled Capabilities providing information dominance, minimal response times, precision strike capabilities and interoperability between Air, Naval, Ground and Space Assets. Examples of current projects include US Ballistic Missiles Defence (BMD), Deepwater (US Homeland Security), UK's Ground Based Air Defence (GBAD), NATO's Alliance Ground Surveillance (AGS) and the Medium Extended Air Defence (Meads). The industry is currently repositioning itself to ensure the required system architecture and design and in parallel to provide underlying technology in the field of subsystems and electronics – such as C4ISR.



Future Strategic Tanker Aircraft (FSTA)

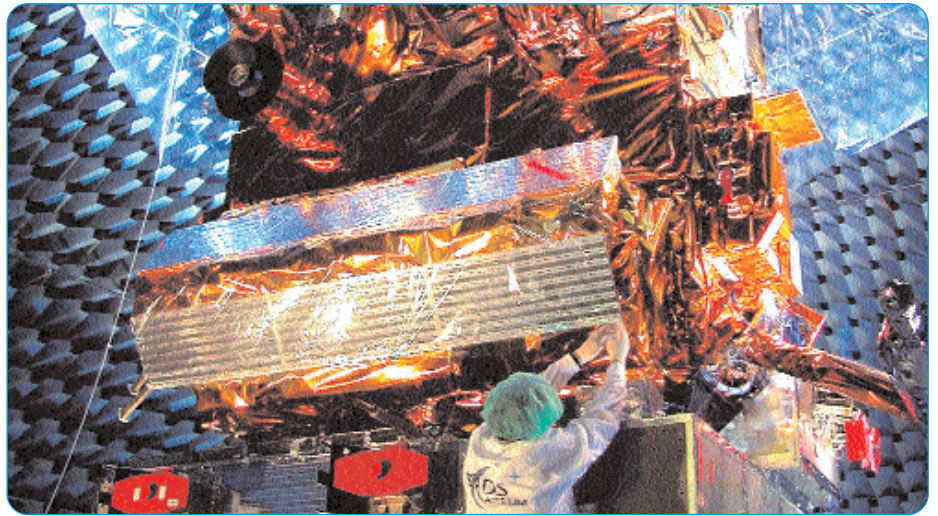
Another important trend is to bundle hardware and service products, like the UK's Future Strategic Tanker Aircraft (related support will be outsourced to industry) and the purchase from Paradigm of a secure satellite communications service. The UK has pioneered this type of solution, which can materially reduce our customers' defence budgets while maximising efficiency. Similar arrangements are expected to spread rapidly to continental Europe with significant contract-volumes and durations (10–20 years). The challenge faced by the industry is to meet customer requirements while in parallel mastering related risk assessment, long-term project management and legal structuring.

Space – commercial recovery at the heart of advanced defence systems

Commercial telecommunications satellites

In 2003, 19 of these satellites were ordered around the world; a substantial increase over 2002's six, but well below the annual average of 25 for the seven years to 2002. Orders are expected to stabilise at around 15–20 a year, mainly replacing satellites – already in orbit – that have reached the end of their service life. This replacement market represents \$8 billion over the next five years, excluding launch services. The advance of High Definition TV (HDTV) should provide further growth opportunities, limited only by the continued consolidation of operators.

Metop satellite



Space in defence

Space is a key asset to offer modern defence systems. Examples include satellites designed for highly secure telecommunications, early warning systems, intelligence gathering (imaging and signals), navigation and exo-atmospheric interceptors for Ballistic Missile Defence.



Skynet 5

The European budget is nearly €1 billion with the US budget being significantly bigger. Both institutional markets are substantially captive, however export opportunities exist. European programmes include Skynet 5 (UK), the secure telecom programme for Germany, the French military satellites Helios and Syracuse, as well as the Pleiades imaging intelligence system (France) and a number of demonstrator programmes such as for early warning and laser links technologies. These demonstrators and other development programmes may open the way to the deployment of larger operational assets in Europe.

Europe in space

A comprehensive initiative led by the European Commission and the European Space Agency has concluded that space activity has a key role to play in environmental management and protection, higher homeland security and – via space exploration – the acquisition of knowledge.

Galileo, the €3 billion+ satellite navigation programme has entered a new phase with a request for proposals to deploy and operate the system through a concessionaire. EADS expects to participate as the provider of space hardware, and has also been short-listed for the mandate as concessionaire.

The European Guaranteed Access to Space programme (EGAS) has been approved by ESA member states. Its aim is to counterbalance the downturn in the commercial launcher business and to safeguard an independent European launch capacity for heavy payloads using Ariane 5.

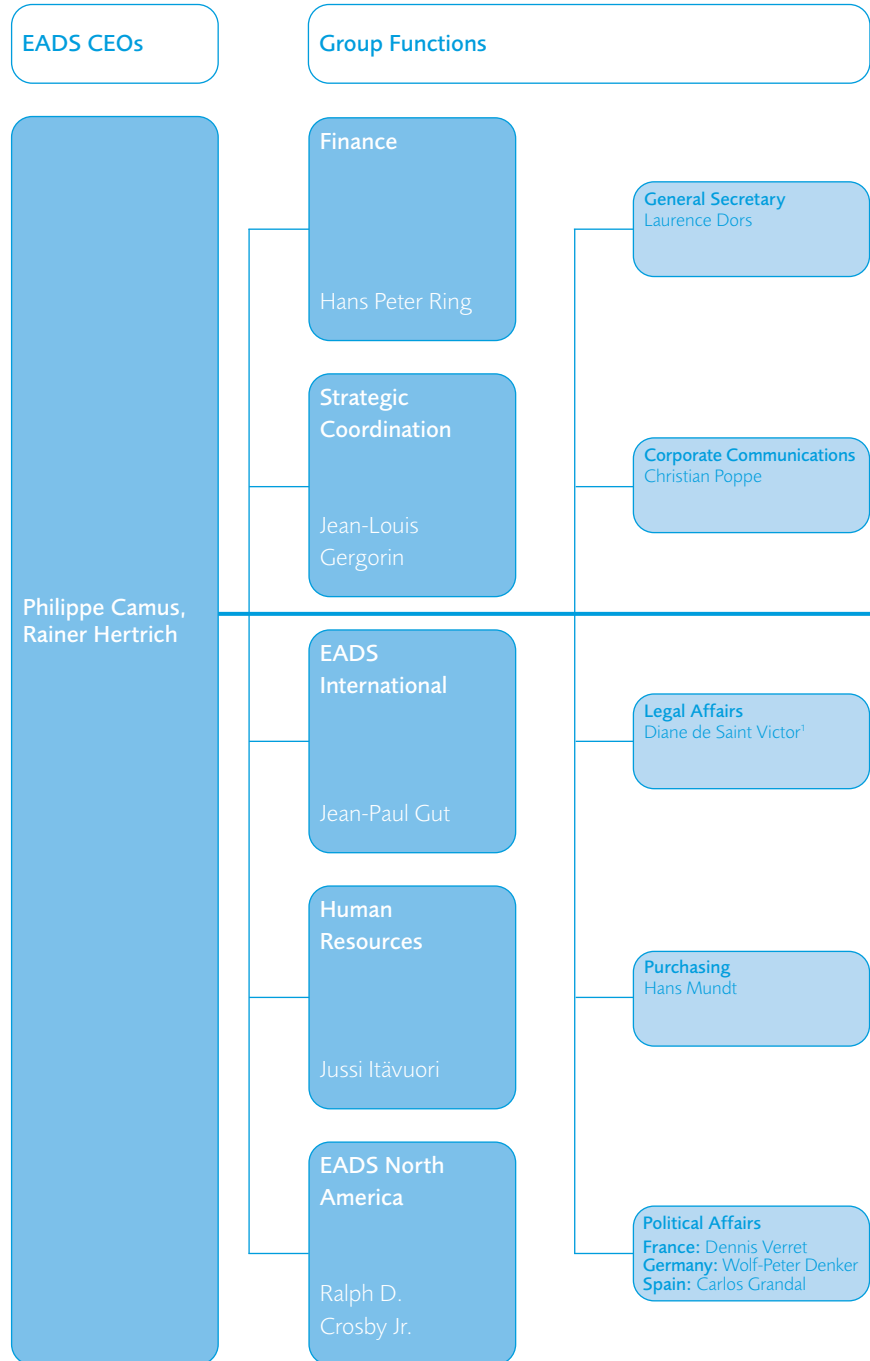
The International Space Station

The possible two-year delay of the International Space Station (ISS) final assembly sequence caused by the Columbia shuttle accident impacts the European contribution as well (Columbus module delivery and operations). The ESA is holding talks with the industry, with a view to managing this interim period.

Our organisational structure

EADS is organised into five major Divisions. Each is closely aligned to the specific needs of customers in its sector; at the same time, the integration of the Group allows for the maximum generation of value from information exchange, technology sharing and working practice synergies to enhance each Division's product and service offering.

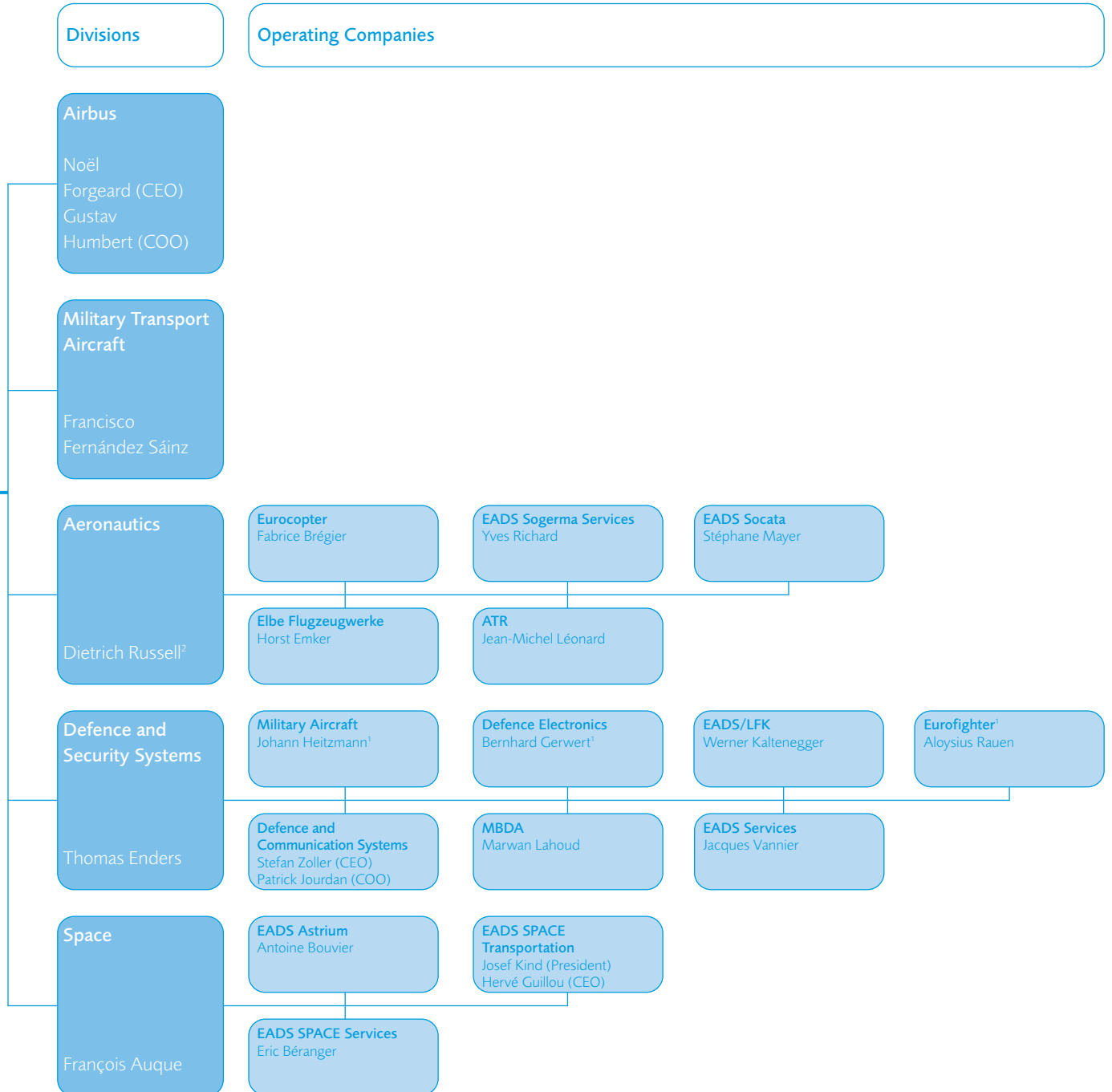
Headquarters Structure



■ Executive Committee Members

¹As of 1st May 2004

Operational Structure



¹ As of 1st May 2004

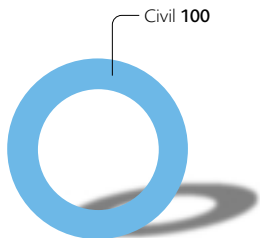
² Retiring as of 30th April 2004, responsibility taken over by Rainer Hertrich

Operational review

(€m)	2003	2002	variation %
Revenues	19,048	19,512	-2
EBIT	1,353	1,361	-1
Order intake	39,904	19,712	102
Order book	141,836	140,996	1

in number of aircraft	2003	2002	variation %
Deliveries	305	303	1
Order book	1,454	1,505	-3

Revenue breakdown by markets (%)



Highlights 2003

- Airbus achieves world market leadership
- A380 order book stands at 129 aircraft
- Airbus linked to three major defence projects



A320 family

Airbus

Airbus enjoyed a landmark year. The Airbus family, ranging from the 100-seat A318 to the 555-seat A380 now in production, emerged as the global market leader. Airbus met its delivery targets, surpassing its competitor for the first time, and consolidated its position as ideally placed to benefit from the expected upturn in passenger aviation.

The year in review

Operating in a market which was still difficult and uncertain due to the conflict in Iraq, the SARS impact, the gloomy economic outlook, Airbus not only managed its business effectively and prudently, but improved underlying profitability. EBIT margin pre-R&D reached 16.5% in 2003.

The A380 programme which is now going through its investment peak, led Research and Development (R&D) to a record level of 10% of revenues; After R&D, EBIT margin stood at 7.1%. Cash has remained a management key focus and was sustained by continuing customers' advance payments. Also, customer financing additions – a key measure for aircraft manufacturers in difficult markets – were carefully controlled, and customer financing exposure net increase was limited to a modest 3% of annual revenues.

Commercial results

The year saw deliveries of 305 aircraft, slightly ahead both of the targeted 300 and of the 2002 figure of 303. This represented 52% of the global market.

284 firm orders were won from 24 customers (four of them first-time Airbus buyers) worth \$32.8 billion at catalogue prices; net order intake for the year was 254 aircraft after allowing for cancellations. At the end of December the order book stood at 1,454 aircraft, representing some five years of production at current levels.

Overall, this result underlines the leadership of Airbus in all segments of the market. Airbus now offers a complete product range from 100 to 555 seats which is clearly becoming the industry standard. Particularly remarkable is the 80%+ market share of orders achieved by the A330/A340 in the wide-body, long-range sector.

A318

First deliveries of the A318, the smallest member of the Airbus single-aisle family, were made to Frontier Airlines in the US and to Air France. The A318 seats 107 passengers in a standard layout.

A340

Airbus made the first deliveries of the A340-500, the longest-range airliner ever built, to Emirates, Qatar and Singapore Airlines. The aircraft enables them to open up new, very long distance no-stop routes such as Sydney–Dubai or Los Angeles–Singapore.

A380

Work progressed on the double-deck A380. Four customers – three of them placing orders for the A380 for the first time – placed orders during the year, bringing the total order book up to 129 at the end of 2003 and confirming the market's interest in this revolutionary aircraft.

The programme currently involves more than 6,000 engineers at Airbus sites around the world, linked by the proprietary Airbus Concurrent Engineering system. The 50-hectare main assembly facility in Toulouse is being completed, and will join other sites in France, Germany, Spain and the UK, in which production work is progressing as planned. 2003 saw the completion of a number of key subassemblies including the centre wing box, the nose and forward fuselage sections and wings. The complex delivery



Beluga

network – which includes sea, river, road and air transport links – was successfully tested, and is scheduled to be used for the first time in the spring of 2004.

The work allocations for the project are substantially complete, with 98% of all subcontracts by value placed by the year end. The list of suppliers includes companies from many countries such as Japan, Korea, Malaysia and Australia.

Military programmes

Airbus is successfully applying its experience and resources in three major defence programmes – the A400M military transport, the Multi-Role Tanker Transport Aircraft (MRTT – based on the A330-200 and A310-300) and the UK's Future Strategic Tanker Aircraft (FSTA – based on the A330-200). In these programmes, Airbus manufactures and delivers 'green aircraft' to the EADS Military Transport Aircraft Division which is in charge of integration and commercialisation. These businesses give Airbus a strong buffer against fluctuations in the civil market.

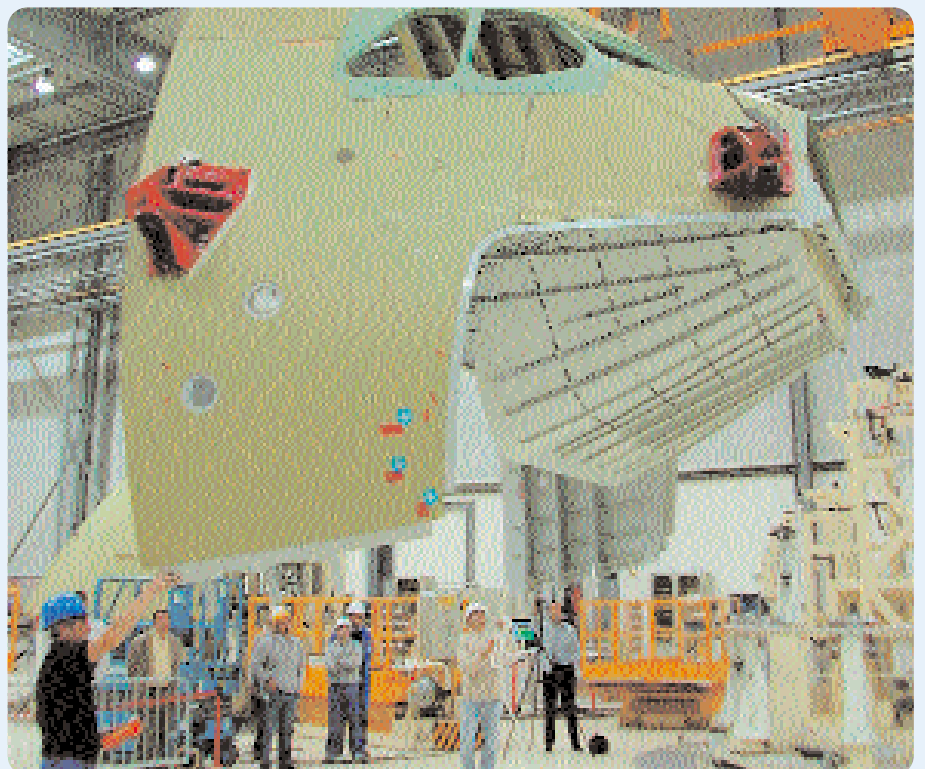
Airbus freighters

There are currently more than 150 freighters in service with cargo operators, including FedEx, DHL, TNT, Air Hong Kong, UPS and other carriers. The A300F4-600R is the industry's best-selling cargo plane, and during 2003, six further orders were placed, bringing the total order book to 61.

Airbus has now moved into the very upper end of the freighter market with the launch of the A380-800F, based on the double-deck A380, which will carry a massive payload of 150 tons. The aircraft can accommodate 71 large cargo pallets – over 30% more than its nearest competitor. Customer interest has meant that for the first time ever, production go-ahead could be given simultaneously for the passenger and freight versions of a new aircraft. There are 17 firm orders outstanding for the A380-freighter from three customers, with the first deliveries scheduled for 2008.

A380 production

The first A380 is to have its maiden flight in early 2005. Production of major components began in 2003, and the first of the major subassemblies (the wing spar box) was delivered to Saint-Nazaire in August. Airbus plants in France, Germany, Spain, and the UK are all involved, and are linked by the Airbus Concurrent Engineering system. This relies heavily on information technology and allows the reduction of time spent in the development cycle, the optimisation of production and the avoidance of many teething problems – as well as savings in non-recurrent costs. During 2003, first trials were performed to verify the compatibility of the trucks with the road infrastructure to Toulouse, where final assembly will take place.



A380 cockpit production

Operational review



Transport's test of the main components of the A380

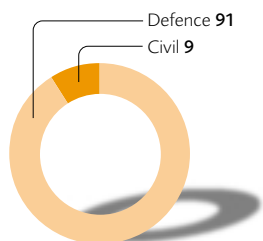
Outlook

For 2004, Airbus still foresees a fairly soft market, which could become steadier in the last part of the year and pick up in 2005. Airbus deliveries are planned to be close to 300, compared to 305 in 2003. The total R&D budget for Airbus is expected to remain about stable at approximately €1.8 billion, with more than half for the A380. Included in this R&D budget are about €100 million development that will be capitalised in compliance with the accounting rule on development costs (IAS38). Thanks to the large hedge portfolio put in place by the Group, Airbus is expected to be unaffected in 2004–2005 by the US Dollar's volatility and weakness against the Euro. For subsequent years, a significant cost-saving programme entitled 'Route 06' is designed to bolster resistance to the effects of a sustained low level of the dollar.

For the longer term, global air traffic is forecasted to grow at close to 5% p.a., and the current surplus of aircraft is expected to unwind itself; Airbus – with a highly competitive product range which is the most comprehensive and modern in the industry – is exceptionally well-positioned to benefit strongly from the market recovery expected to begin in 2005, a year before the A380 enters service. At the same time, Airbus plans to see its R&D budget progressively decreasing as the A380 gets closer to entry in service.

(€m)	2003	2002	variation %
Revenues	934	524	78
EBIT	30	-80	-
Order intake	20,326	403	4,944
Order book	20,007	633	3,061

Revenue breakdown by markets (%)



Highlights 2003

- €19.7 billion A400M contract signed
- CN-235 ordered for US Deepwater programme

Military Transport Aircraft

2003 was the year of the signature of the A400M contract. First revenues from this programme have triggered nearly two-fold revenue increase. The Division returned to profit and achieved an EBIT of €30.1 million.

The year in review

We again confirmed our leadership in the field of medium military transport aircraft, while military derivatives of Airbus and aerostructures won a number of substantial orders. Revenues almost doubled to €0.9 billion, and order intake amounted to €20.3 billion, including €19.7 billion for the A400M military transport aircraft – the largest contract ever signed by EADS. The current order book is €20 billion, representing a sound basis for the future development of the Division.

A400M

The 180 aircraft A400M contract signed at the end of May, 2003 by Airbus Military and OCCAR (Organisation for Joint Armament Co-operation) representing France, Germany, Spain, Turkey, Belgium, Luxemburg and the UK constitutes a major success for EADS. This order will already generate approximately €2 billion of revenues over the period 2003–2005. This first domestic order opens sizeable perspectives, in particular for the replacement of the important, but ageing fleet of C-130s presently in service. The A400M export potential is estimated at over 200 aircraft during the next 20 years, in a market segment where no competitor offers a comparable alternative, based on the most advanced technologies. The final assembly line construction was started in Seville, Spain.

CASA platforms and other derivatives

Deliveries of C-212, CN-235 and the new C-295 were made to the Spanish Ministry of Agriculture, the air forces of France, Spain, Poland, Paraguay and Jordan, as well as to Aero Contractors and L-3 of the US. Orders for these models were also received from repeat customers as well as from the Ecuador Navy and from Skytraders of Australia.

The first flight of the modernised version of the Spanish P-3 Orion took place in the year. In the Deepwater programme, we reached a contract agreement for two CN-235s, aircraft configuration, mission system development, logistic support development, spares and GSE, rig and programme management.



EADS CASA C-295

Military derivatives

AirTanker, a consortium in which EADS holds a 40% share, submitted its bid for the UK's Future Strategic Tanker Aircraft programme. In January 2004, the UK MoD selected AirTanker, as single bidder to negotiate the final contract. This strategic breakthrough in a market, up to now monopolised by Boeing, was achieved thanks to the EADS solution competitiveness. This excellence is built on an A330 derivative, a low-risk and cost effective platform that also offers a greater supply capacity. This success in the UK lends credibility to EADS' ability to penetrate the US market.

The year also saw the roll-out of the German Air Force Tanker. We won a contract for two tanker kits for the Canadian Air Force and delivered two A310-300 VIP versions to the Spanish MoD.

Aerostructures

2003 saw intensive development activities on the main new programmes: the A380 belly fairing and main landing gear doors. Other projects included A380 fan cowls, the horizontal tail plane for the Dassault Falcon F7X, and the new design for A340-500/600 fan cowls.

Outlook

2004 will be a key year, with the progress of large programmes such as the A400M and US Deepwater programmes. These will foster revenues and profitability growth at the Division in 2004 and subsequent years. Besides, while we strive for the formal signature of the expected FSTA contract – which will open doors to the global tanker market – we expect consolidation in the P-3 modernisation programme for Brazil in 2004. Longer term other opportunities for tanker aircraft include France, Australia, as well as the US market that we continue to target.

Deepwater programme

The US Coast Guard selected and contracted the EADS CASA CN-235 Maritime Patrol Aircraft as part of its Deepwater programme, which also involves other EADS divisions, with upgrades for Eurocopter helicopters and radars from the Defence and Security Systems Division. The wide range of EADS capabilities makes it one of the largest subcontractors in this comprehensive recapitalisation drive to upgrade homeland security. While positions on both sides of the Atlantic were the most contrasted in 2003, the EADS team comprising members from Madrid and Washington was collaborating with Lockheed Martin, the prime contractor of the Deepwater programme, to obtain the approval of government departments and congressional support for this product from our Group's facilities in Spain.

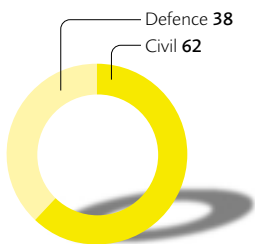


CN-235 aircraft

Operational review

(€m)	2003	2002	variation %
Revenues	3,803	3,834	-1
EBIT	217	180	20
Order intake	3,661	4,095	-11
Order book	9,818	10,162	-3

Revenue breakdown by markets (%)



Highlights 2003

- Eurocopter retains global market leadership
- German Air Force Tanker rolled out



EC135 in a rescue mission

Aeronautics

The Aeronautics Division groups together a portfolio of civil and military aviation-related businesses including helicopters, regional and general aviation aircraft and aircraft maintenance, repair and overhaul (MRO) service providers. One of the Division's members – Eurocopter – is the world leader in its sector.

The year in review

We have been laying the groundwork for the deliveries of our two new military helicopters from 2004. At the same time, our civil aviation-related services activity has demonstrated satisfactory resilience.

Overall, revenues were approximately stable and the continuing increase in profitability of our helicopter business has led the Aeronautics Division's profitability to a new record – from 4.7% in 2002 to 5.7% in 2003.

During 2003, the Division earned consolidated revenues of €3.8 billion; a 1% decrease compared to 2002, and equivalent to 12.6% of the Group's total revenues.

Eurocopter

Once again, Eurocopter completed the year as the world market leader, with orders worth €2.6 billion for 293 helicopters representing 45% of market in terms of units and 25% of value. It captured 53% by value of the civil and parapublic markets, and ranked first in the US market. A strong recovery in the second half of the year suggests healthy growth potential in 2004.

The most recent military helicopters of our range – Tiger combat helicopter and NH90 transport helicopter – have confirmed their competitiveness on export markets. Spain committed for 24 Tigers, and Greece signed a contract for 20 NH90s.

In the US, we teamed up with Lockheed Martin on the Deepwater programme, and began construction of our new facility in Mississippi. In Spain, we started to concentrate helicopter activities in a new entity, Eurocopter Espana.

Highlights of the year included the start of Tiger and EC120 assembly by Australian Aerospace, and the signature of partnership agreements with AviChina and Hindustan Aeronautics in India.

Regional Aircraft – ATR

We delivered nine new aircraft in 2003 – a lower number than expected, due to the bankruptcy of a customer which had five on order. We won 10 new orders for the ATR 42-500 from Air Tahiti (2), Guardia di Finanza (1) and the Czech CSA (7) and signed transactions for 43 used aircraft, with residual values holding up well. We successfully developed our e-business site, added new services and saw a significant increase in our worldwide support activities.

For 2004, we are targeting growth linked to services and to additional business generated by the AeroChain e-marketplace we are developing with Embraer for launch in the first quarter of 2004.

EADS Sogerma Services

In the face of a difficult market, EADS Sogerma Services maintained revenues and profits, and doubled the number of aircraft for which total care is provided. New operations in Miami and Lake Charles strengthened our position in the US. We won important contracts for VIP modifications and cabin completions – a high added value market that we are targeting. Line maintenance contracts were signed with Eurofly, Lauda Air and Livingstone and new support contracts with SAS and FedEx.

After more than two years of consolidation and fierce competition in the MRO market, we expect the first signs of recovery in 2004. We plan to increase our full-support portfolio of business, to develop our military programmes, to consolidate our US activities and to build a solid partnership in North Asia to take a major share of the rapidly-growing Airbus MRO market in China.

EADS Socata

Major developments included the launch of the C2 version of the TBM 700, the shipping of the first A380 lower nose structure and nose landing gear doors and the signing of a contract to become the subcontractor for the A400M sponsors. We successfully launched a number of initiatives to cut costs and improve performance.

Freighter conversion – EFW

The conversion market remained depressed, and EFW does not anticipate recovery in the short term. We did, however, deliver eight freighter conversions, 3,000 cockpit security doors for retrofitting and 140,000 panels. The first A310-based Multi-Role Tanker Transport (MRTT) was rolled out and flown for the first time at Dresden in December 2003.

Outlook

2004 will be the year of the first units deliveries for NH90 and Tiger helicopters. Eurocopter's military business is expected to drive growth of the overall Division revenues and profitability in 2004 and subsequent years.



EFW freighter conversion

Global support network

Customer support services account for over a third of Eurocopter's revenues. The company has established an international service network of subsidiaries, authorised distributors and service centres that covers more than 130 countries around the world, and provides services including training, maintenance repairs and spare part supply. The network's existence is one reason for customers to trust the Eurocopter product offering – and probably explains why there are about 9,000 Eurocopter machines in use today.

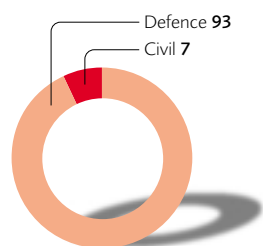


EC145 production

Operational review

(€m)	2003	2002	variation %
Revenues	5,165	4,770	8
EBIT	171	122	40
Order intake	6,288	5,413	43
Order book	14,283	13,406	7

Revenue breakdown by markets (%)



Highlights 2003

- EADS welcomes Austria as the fifth customer of the Eurofighter
- Three governments order the Aster missile system
- New divisional organisation effective

Defence and Security Systems

Benefits are beginning to flow from deliveries of products, for example missiles and the Eurofighter that have long featured in our order books. Pro-forma revenues – taking into account changes to the Division's structure – grew by 8% and EBIT by 40%. Eurofighter won its first export success and three European governments ordered the Aster missile-based air defence system.

The year in review

The Defence and Security Systems (DS) Division was created in 2003 as the new main pole of EADS Defence and Security activities, following the transfer of Military Aircraft business (mostly related to Eurofighter) from the Aeronautics Division to this new Division. DS now contains almost all the Group's military businesses except for military transport and mission aircraft, military helicopters and military space. By combining Missile Systems (MBDA and EADS/LFK), Defence and Communication Systems (DCS), Defence Electronics (DE), Military Aircraft (MA) and Services activities within one division, EADS has equipped its defence business better to meet the needs of customers requiring integrated defence and security solutions.

EADS Military Aircraft

The first production units of the 620 Eurofighters were delivered to the UK, German, Italian and Spanish customers after receiving the Type Acceptance on 30th June 2003. We intensified our close cooperation with the German Air Force at the jointly-operated Eurofighter System Support Centre, and set up a combined service and overhaul facility. The first ground crews graduated from the German Air Force's Technical Academy.

Moreover, a contract for 18 Eurofighters was signed with Austria, representing the first export success of the Eurofighter.

Retrofit and upgrade programmes for domestic customers and NATO are proceeding on schedule.

Defence and Communications Systems

DCS forms the centre of competence, the 'Systems House', for the 'sensor to shooter' integration of the complete C4ISR chain and related platforms. The objective is to satisfy customer needs in network-centric capabilities – as well as to offer a wide range of platform products – acting as a Large System Integrator (LSI).

Examples of LSI competence include our selection by the UK MoD for a Ground-based Air Defence demonstrator, as well as our involvement in joint projects like EuroHawk with Northrop Grumman, Socoa (Système de Commandement et de Conduite des Operations Aériennes) with Thales and MALE in France. These projects are opening up new horizons in the field of Unmanned Aerial Vehicles (UAVs) and air defence, therefore expanding into new markets with reinforced capabilities.

Secured telecommunications is a key feature for a network of single platforms or subsystems. In particular, it will provide access to new business areas in the field of public safety based on our recognised Tetrapol technology.



Command, Control, Communications and Information: C3I Systems

Defence Electronics

As the Sensors and Avionics House of EADS, Defence Electronics encompasses mission-critical sensor technologies, providing components and subsystems based on radar and electronic warfare technologies, as well as avionics and electronics for defence systems. DE applications in the fields of multi-sensor fusion, sensor networks, tactical and broadband data links represent core elements of Network Enabled Capabilities.

DE was selected for the design, development and integration of electronic counter-measures on the A400M. It has also developed the new Elint (Electronic Intelligence) sensor for the EuroHawk and the first operational lightweight Synthetic Aperture Radar for tactical drones.

Intelligent Systems

In October 2003, a US Air Force aircraft flew from California to Germany – without its crew. No accident, though: this was Global Hawk, a UAV (Unmanned Aerial Vehicle) to be equipped with an Elint (Electronic Intelligence) system payload developed and integrated by EADS' Defence and Security Systems Business Units as a first step towards the EuroHawk system. Flying high above commercial airlines, the system can scan over 100,000 square kilometres for electromagnetic transmissions – from, say, enemy radar and radio links – and deliver the data to ground stations for analysis. The result: highly effective intelligence gathering at a lower cost and without risking aircrews' safety.



Global Hawk UAV

Operational review



Storm Shadow production

Missile Systems

MBDA

MBDA, the second-largest missiles company worldwide, is owned by EADS (37.5%), BAE Systems (37.5%) and Finmeccanica (25%). The integration of MBDA is progressing well as we rationalise and coordinate our technical and commercial strengths. With a consolidated order book worth €15 billion and annual revenues in the range of €2.4 billion, the Company is the clear leader in Europe and is poised to grow rapidly.

Three major multinational programmes reached important milestones during the year. We began implementing the six-nation contract for the Meteor air-to-air missile. In stand-off weapons, Storm Shadow is now in operation with the UK Royal Air Force, and Scalp-EG is now being delivered to the French Air Force. The Phase Three contract for the Aster air defence missile system was signed with OCCAR in December 2003; MBDA's share being worth €2.3 billion, its largest-ever contract.

EADS/LFK

EADS/LFK successfully continued its turnaround programme, reducing structural costs to about 50% of the 2000 level and raising productivity by 43%.

The cancellation of the Polyphem programme has resulted in a reallocation of staff within EADS.



Taurus KEPD 350 on Tornado

Taurus development has entered its final phase, and we underwent successful trials. Contracts with the German procurement authority for Troop Trial missiles and system upgrades have been signed. Export opportunities for Taurus have also been identified and are being pursued.

The Long-Range Trigat multi-purpose guided missile system was successfully demonstrated in Germany, while the Spanish have committed to fit the Tiger with the system.

EADS Services

EADS Services comprises the Test & Services unit and provides outsourced service solutions to defence customers. It became – as part of a consortium – the preferred bidder on the €6.5 billion Herkules project for the outsourcing of Bundeswehr communications and IT.

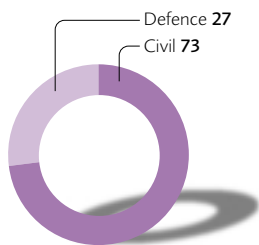
Outlook

In 2004, the integration of the Division will continue following the transfer of the Military Aircraft business from Aeronautics division. Starting 1st January, it has become fully operational. 2004 will be a challenging year as we continue with parallel efforts of reorganisation and investments to enhance the efficiency of our restructured businesses and to adapt capacity to Defence budget constraints. However, these additional costs should be compensated by performance improvement, mainly from the MBDA business. The Division will also pursue all efforts towards signature of Eurofighter's tranche 2, Meads development and Long-Range Trigat progress. Over time, the Division will benefit from the fruits of efficiency and restructuring plans and from the continuing ramp-up of the missile and Eurofighter deliveries.

(€m)	2003	2002	variation %
Revenues	2,424	2,216	9
EBIT	-400	-268	-
Order intake	6,062	2,145	183
Order book	7,888	3,895	103

Full year 2003 includes EADS Astrium at 100% (Full year 2002 at 75%).

Revenue breakdown by markets (%)



Highlights 2003

- EADS Astrium becomes a wholly-owned subsidiary
- Ariane 5 wins 50% of year's launch contracts
- UK's Skynet 5 contract signed

Space

In 2003, we implemented a drastic restructuring and reorganisation plan to adapt our capacity to the low demand and regain efficiency. This weighed on the 2003 EBIT but the ground has been laid to ensure the turnaround of the Division. Revenues increased due to the first-time full consolidation of Astrium. Order book was boosted by the £2.5 billion UK MoD contract for secure communication services through Skynet 5 satellites.

The year in review

The Division's revenue growth from €2,216 million to €2,424 million reflects the full consolidation of Astrium as from January 2003, following the EADS acquisition of the BAE Systems' 25% shareholding, which resulted in a €400 million uplift. An upsurge in defence-related activities was offset by the reduction in launcher activity and the rescheduling of Ariane 5 production.

The overall EBIT figure of minus €400 million – compared with 2002's minus €268 million which included 75% of the Astrium result – is largely accounted for by the costs incurred in the complete restructuring of the Space Division. The restructuring programme announced in January 2003 has been implemented and results in a dramatic headcount reduction as well as a new organisation. The Division now consists of three main activities: satellite systems (EADS Astrium), launchers and space infrastructure (EADS SPACE Transportation), and services (EADS SPACE Services).

Ariane

Since last year, we are the sole industrial prime contractor for the Ariane 5 launcher, with a role that has expanded from procurement to the integration of all launcher activities. 2003 saw the last Ariane 4 mission as well as three successful launches of Ariane 5, which launched a total of eight satellites. During the year, Arianespace won eight of the new contracts that were open to bidding; this represented 50% of the year's global commercial market.

In May, the ESA ministerial conference made a strong commitment to the European Guaranteed Access to Space (EGAS) programme. Detailed negotiations are taking place between Arianespace, EADS and other partners for the delivery of 30 Ariane 5 launchers in a programme to reduce costs sufficiently to match international competition.

In-orbit infrastructures

We play a key role in the development and utilisation of the International Space Station, (ISS) as prime contractor for the Automated Transfer Vehicle (ATV) which is designed to deliver fuel and other supplies to the ISS as well as providing reboost and waste disposal functions. In 2003, we passed important milestones in the programme and are on track for the first flight in 2005. We also delivered proposals to ESA for the production phase.

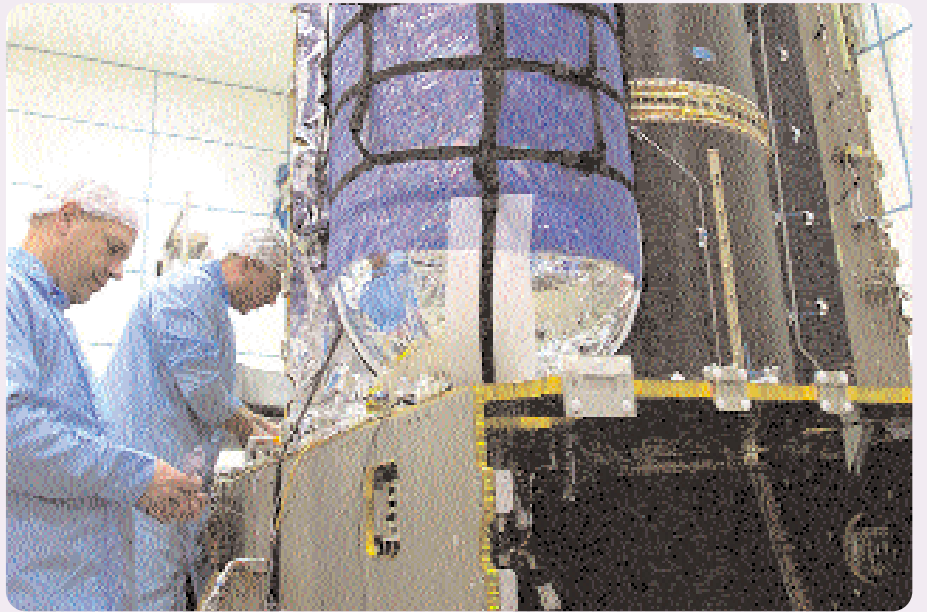
Another of our prime contractor responsibilities is for Columbus – a manned ISS module for zero-gravity research and Europe's main ISS contribution. The launch – postponed following the Columbia shuttle accident in 2003 – is planned for 2006.

Operational review

Skynet 5 – secure communications system

Paradigm, a subsidiary of EADS SPACE Services, has signed a contract with the UK MoD to provide end to end service for a 15 year period. We therefore design and build two secure military communications satellites – Skynet 5A and 5B – and to provide launch services and the ground infrastructure. The technology is ground-breaking; the Private Finance Initiative, which effectively outsources the system's operations to EADS, is intended to be tax-payer friendly. It could be worth more than €3.6 billion over 15 years.

Installation of propellant tanks



Other launcher activities

These include Eurockot Launch Services, a 51%-owned joint venture operating the Rockot launcher. We carried out two successful launches in 2003. We also own 35% of Starsem, which operates the Soyuz launcher from Baikonur. Starsem also made two successful launches in 2003 as well as winning two new orders for the Venus Express and Amos 2. ESA has approved the offering of Soyuz launches from Kourou, and these should begin in 2007.

Defence

We have continued to build on our leadership in European military space programmes. In October, we signed the £2.5 billion contract to provide end-to-end service – satellites, ground systems and terminals – for the UK's Skynet 5 programme. We are also at the proposal stage for similar programmes for NATO and the German MoD.

Other events included the introduction of the airborne laser optical link demonstrator (LOLA), progress on developing the submarine-based M51 missile and a contract for the early warning satellite Spirale demonstrator. Antibalistic missile systems are a perfect example of projects in which we can take the leading role in complex systems offers, using synergies between our space and defence businesses.

Telecommunications satellites

We won three important contracts in 2003: Anik F1R for the Canadian Telesat Company in January, Hotbird 8 for Eutelsat in September and Arabsat 4A and 4B in October. We are also building the two Skynet 5 satellites for Paradigm; and May saw the launch of the Hellas-Sat satellite, designed to provide broadcasting services from the 2004 Olympics in Athens.

Navigation

ESA member states have reached agreement on funding for the development phase of the Galileo global satellite navigation system. We are a 38% shareholder in Galileo Industries which, in July, was awarded a contract for the first of two test satellites. The programme has a potential contract value of over €3 billion, and we plan to submit proposals for the full constellation of 30 satellites. Together with Inmarsat and Thales, we are also part of a consortium which has been chosen as one of the three final bidders for the Galileo Concession.

Earth observation and science satellites

We won contracts from the French Space Agency CNES for two Pleiades high-resolution imaging satellites to be launched in 2008 and 2009, and from ESA for Venus Express (the first European spacecraft to visit Venus) and for Aeolus satellite development, including the platform and the Aladdin wind-studying instrument.

Outlook

We are in line with our plan to achieve EBIT breakeven in 2004, assuming the fulfilment of existing contracts and increased benefits from our ongoing restructuring. In subsequent years, the EADS Space division is expected to progressively increase profitability.

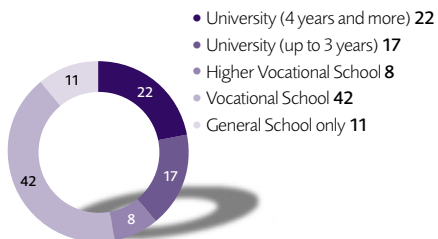
Thanks to our strong foundations in the current depressed climate (as illustrated by our solid order book), we expect to reap rewards when the commercial telecom satellites market turns around, as we would be in a strong position to drive future consolidation of space activities at the European level. In the institutional and military fields, medium-term growth will be fuelled by major programmes such as Skynet 5/Paradigm and Galileo.



Ariane 5

Operational review

Workforce 2003: High level of qualification (%)



Human Resources

From a Human Resources point of view, EADS is unique: it is one of the most international Groups, and its workforce is one of the most highly educated, with around 40% of them having Masters' or higher degrees in engineering. Both these factors, of course, generate high expectations from a Human Resources point of view, especially in the areas of learning opportunities, mobility and career management, recruitment of key people and internal relations.

In 2003, we launched several initiatives in the field of training and learning. Our Corporate University (the Corporate Business Academy, CBA) has deployed new programmes to integrate and internationalise EADS senior management. To support career development for high potential individuals, CBA launched strategic workshops for the top 200 leaders (the 'Executive Forums') as well as a number of other programmes focusing on key competencies such as international management and entrepreneurship. The CBA has now trained and developed more than 1000 Managers and Executives and has won the 'Corporate XChange Award' sponsored by the Financial Times.

At the same time, all the Group's training activities were reinforced through the work of the Training Network which met regularly in order to optimise our overall Group investment in learning and training.



32 Airbus' employees inside of the section 18.1 of the A380 in Hamburg

A significant effort has been made to leverage Management Development through internal mobility, both between the Divisions and their Business Units, and between the countries in which we operate. In terms of image, EADS has consolidated its reputation as an employer of choice. It has been ranked number one for engineers in France, number five in Germany, and more globally number six in Europe. Our recruitment pages on the EADS web site (the most often-accessed pages) achieved more than a million hits.

Being a global company, EADS considers mobility as a key element of cross cultural development and a tool for further personal development and collective integration. For that purpose, EADS has launched a new mobility policy in 2003 defining common rules across all EADS Business Units and Divisions.

Finally, the Human Resources community launched several initiatives to improve its internal efficiency, notably by promoting its role of 'business partner' with management. The yearly EADS Human Resources conference, in conjunction with training programmes has contributed to the building of a more powerful network of Human Resources professionals, able to contribute increasingly to the management of one of the Group's key assets.

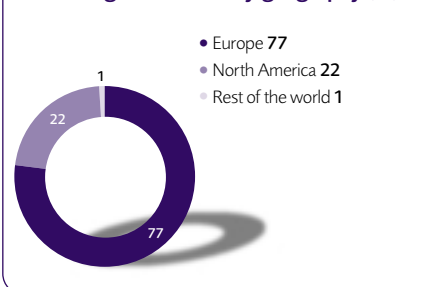
Global Procurement

Bought-in products, services and components account for some 65% of EADS' revenues, and our suppliers make a major contribution to the technical and commercial performance of the Group. Purchasing volume will increase in future years as sales grow, as we focus on core competencies and develop outsourcing programmes. Effective sourcing is therefore a key function of management – especially because value creation in this field has a great effect on profits.

The EADS sourcing strategy is designed to deliver competitive advantage by selecting, integrating and developing the world's best suppliers. In implementing it, we are building new forms of relationship which include involving suppliers in issues at an early stage, taking a proactive approach to changing market requirements and agreeing criteria by which performance can be assessed. These include price, delivery performance, product quality, technical requirements and customer support, as well as targets and rules for fair and appropriate risk and opportunity management between the Group and its suppliers. As a support to sales campaigns and to reaching-out globally, EADS is continuously analysing potential supply markets in order to identify new sources in countries which are considered as strategic sales markets. Furthermore, the identification of new sources also enhances the competition in our supply markets.

A key goal is the maximisation of the Group's purchasing power through joint sourcing and we have established a Lead Buyer network to achieve this under the direction of the EADS Procurement Directors Board.

Purchasing breakdown by geography (%)



Operational review

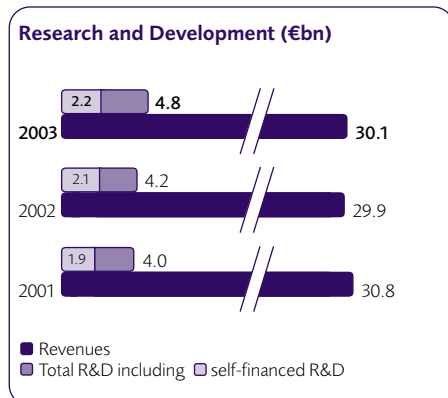


Airbus high-bay warehouse for spare parts, Customised Spares Logistics (CSL)

During 2003, we concentrated on strategic, common supplier and joint procurement activities, and held a series of meetings with suppliers to launch improvement initiatives including targets for logistics, quality and value performance. Memorandum of Understandings (MoUs) on EADS' sourcing principles have been signed with our major suppliers and the resulting improvements will be cornerstones for 'Competitive Partnerships' as well as for professional supplier relationship management. MoUs are the basis for forming a long-term relationship with major suppliers that are willing to develop sustained, excellent performances to better meet end-customer markets' needs and contribute to EADS' global business interests.

We are also developing methods and processes essential to the implementation of joint projects including a leading-edge information system (SourceIT). E-procurement is another important enabler, and we have built a 'negotiation platform' supported by several leading service providers to handle electronic calls for tender and reverse auctions.

Finally, any successful initiatives depend on qualified personnel; and we have instituted a best practice qualification programme to develop existing skills and capabilities, and to ensure that our procurement teams are world-class in their fields.



Research and Technology

EADS spends about €5 billion, 17% of revenues, on Research and Development (R&D). In 2003, some €648 million was devoted to Research and Technology (R&T) projects.

Our innovation strategy is based on a balanced system of centralised and decentralised activities. Individual Business Units have full responsibility for product development (R&D), enabling them to track customer and market needs and to enhance their competitiveness. In terms of centralised effort, there are two main pillars: the EADS R&T Network and the Corporate Research Centre (CRC), with the Network being structured around 18 technology domains of transversal interest.

These include Materials and Structures, Electronics and Microelectronics, Electromagnetic Compatibility, Stealth and Signature Control, Optics and Optronics, IT and Knowledge Management, Fluid Mechanics, Propulsion and On-board Energy, Guidance, Navigation and Control and other subjects including Image Processing and Data Fusion as well as Microwaves and Telecommunications.

The EADS R&T Network is structured to produce useful 'top-down' and 'bottom-up' exchanges between technical experts and business management – facilitating better communication, encouraging the exchange of best practices and saving costs. In the Common Research Programme, the Network generates about €85 million of shared R&T activities, with 121 projects involving more than 1,200 experts of the Group.

It enables organised cooperation with other companies, industrial organisations, research laboratories and universities to acquire the best available knowledge and to provide continuous innovation trend monitoring (PATRIA, CNRS, ONERA-DLR, INTA, EDF, etc.).

The CRC main sites are located in Paris and Munich and include research proximity centres in Toulouse and Hamburg which mainly serve Airbus, the CRC's largest EADS customer. CRC opened a Research and Technology Office in Moscow in March 2003.

About 600 people work in the CRC including students engaged in obtaining doctorates or working in university internships. In addition to its role of performing R&T, the CRC acts as a hub for the exchange of know-how, as a promoter of synergies and as a driver of innovation throughout the EADS Group.

The CRC core competencies include Materials & Processes and Advanced Manufacturing; Structures Engineering & Acoustics; Microsystems, Electronics and Image Processing; Systems Engineering and Environmental Control of Systems; Advanced process Engineering and Information Technologies for Engineering; Standardisation; Patents; Intellectual Property Strategy and Knowledge Management.

The CRC cooperation policy is based on partnering with universities and public/private laboratories for upstream and institutional research, enabling superior return on innovation investment.



Engineer testing the strength of a thermal Velcro fastener

Corporate Governance

Members of the Board of Directors

Manfred Bischoff

Chairman of EADS
DaimlerChrysler Delegate for the Aerospace Industry

Arnaud Lagardère

Chairman of EADS
General Partner and Chief Executive Officer of Lagardère

Philippe Camus

Chief Executive Officer of EADS
Deputy Chairman and Deputy Chief Executive Officer of Arjil Commanditée – Arco (General Partner and Chief Executive Officer of Lagardère)

Rainer Hertrich

Chief Executive Officer of EADS
President of the German Association of Aerospace Industries, BDLI

Eckhard Cordes

Member of the Management Board of DaimlerChrysler

Pedro Ferreras

President of Ferreras Abogados

Noël Forgeard

President and Chief Executive Officer of Airbus
Member of the Board of Directors of IMS SA

Jean-René Fourtou

Chairman and Chief Executive Officer of Vivendi Universal

Louis Gallois

President of SNCF

Hans Peter Ring

Chief Financial Officer of EADS
Member of the Supervisory Board of M+W Zander – D.I.B. Facility Management GmbH

Michael Rogowski

Chairman of the Supervisory Board of J.M. Voith AG

In 2003 the Board of EADS continued to uphold the driving principle of maximising shareholder value in conformity with applicable law and Corporate Governance principles in the countries relevant to the Company. EADS' management structure has proved efficient and perfectly adapted to fulfil its commitment to a sustainable and balanced relationship with stakeholders.

Applicable Rules

EADS N.V. is a Dutch company governed by the laws of The Netherlands – in particular, by Book 2 of the Dutch Civil Code – and by its Articles of Association. Since its shares are listed in France, Germany and Spain, it is also subject to various regulations which are set out in more detail in the **Financial Statements and Corporate Governance – 2003** document, part of the EADS Annual Report 2003.

It should be noted that some specific and national company law regulations (such as the French 'loi NRE' on corporate governance) are not applicable to EADS; nevertheless, the rules governing the proceedings of the Board, initially adopted by the Board in July 2000 were amended during the Board meeting held on 5th December 2003 to reflect the decision of the Board with respect to the enhancements in Corporate Governance as described below. In addition, EADS' previously existing Insider Trading Rules have been reinforced, building on the recent changes in the laws applicable to the Company in The Netherlands and in each country where EADS is listed. Those rules became effective on 1st January 2004.

The Board of Directors

The Board met eight times in 2003 and was regularly informed of developments through business reports from the Chief Executive Officers, including rolling forecasts as well as strategic and operational plans. Topics discussed and operations authorised at these meetings included EADS' strategy, reorganisation processes, major business issues and contracts, and the approval of operational plans, budgets, hedging and funding policy, remuneration (including a Stock Option Plan and an Employee Shareholding Plan) and the Group's financial results and forecasts.

As mentioned above, a Board meeting held on 5th December 2003 discussed recommendations for changes to EADS' Corporate Governance in the light of Corporate Governance best practices developed in the jurisdictions relevant to EADS. In particular, the Board adopted recommendations relating to its functions including the implementation of an evaluation process of its performance, the personal status of its Directors including their individual compensation, Board remuneration policy, and the role of the Board Committees. Enhancements of shareholders' rights were also decided, including, inter alia, access to information by the setting up of specific corporate governance pages on EADS' website.

Resolutions to take note of the resignations of Jean-René Fourtou and Eckhard Cordes as members of the Board of Directors and to appoint **François David** (Chairman and Chief Executive Officer of COFACE since 1994) and **Rüdiger Grube** (member of the Board of Management of DaimlerChrysler in charge of corporate development since 2002) as their respective successors will be submitted to the Annual General Meeting of EADS called for 6th May 2004. Such appointments shall be effective as of the end of such Annual General Meeting.

The Audit Committee

The Audit Committee set up by the Board in 2000 from among its members is chaired by Manfred Bischoff and Arnaud Lagardère and also includes Eckhard Cordes and Louis Gallois. The Audit Committee met twice during 2003 to review the 2002 results as well as the half-year results for 2003. As decided by the Board on 5th December 2003, the role of the Audit Committee will be increased with new tasks such as, in particular, the review of the quarterly financial report and the supervision of the internal risk management and control system as of 2004.

The Remuneration and Nomination Committee

The Remuneration and Nomination Committee, formerly the Personnel Committee, was also set up by the Board in 2000 from among its members. It is composed of Philippe Camus, Rainer Hertrich, Eckhard Cordes and Louis Gallois and is chaired by Manfred Bischoff and Arnaud Lagardère. The Committee met six times during 2003 to review compensation policy (including a pension scheme for Executive Committee members), the bonus payments for 2002, and the Employee Share Ownership Plan (ESOP) and Stock Option Plan (SOP) for 2003, and to recommend the appointment of the chief executive officers of the Company's main Business Units. Pursuant to the Board's decision to amend its Internal Rules, new tasks were assigned to the Remuneration and Nomination Committee such as making recommendations regarding the appointment of the Chairmen of the Supervisory Board (or similar bodies) and the Chief Executive Officers (or equivalent position) of important EADS Group companies and Business Units, as well as the Company's Corporate Secretary.

In January and March 2004, the Board carried out an annual assessment of its performance.

For more detailed information about Corporate Governance at EADS, see the **Financial Statements and Corporate Governance – 2003** document, part of the EADS Annual Report 2003.

Capital structure as of 31st December 2003 (as %)



Corporate Social Responsibility

As a major economic player of the aerospace and defence sector, EADS is fully aware of the impact that its activities have on the world in which it operates. Our global perspective implies that we recognise our ethical and social responsibilities towards all stakeholders and the community at large. We strive not only to comply with all legislations and regulations relevant to our business, but to follow values and principles consistent with the pride running through our Group. To this end, we are assigning management responsibilities and implementing internal systems to ensure that the highest standards become engrained in all our operations. We intend to further enhance the dialogue with our neighbours and our communities on environmental, ethical and social aspects that affect them.

Reporting on our exercise of corporate social responsibility is one of our major concerns. During 2003, a senior management working group was assembled with the objective of defining overall guidelines and their implementation. Its primary task is to identify core issues throughout the Group related to the sustainability of its model for growth, to diagnose the state of current practice, and to propose updated standards. The next step is the implementation of a management and reporting systems applicable to each of our businesses and with the Group-wide spreading of best practices.

"We are committed to defend irreproachable ethical standards in our business relations inside and outside the Company. As a leading Group listed on international stock markets, our business partners, shareholders and customers expect that we live up to highest standards with regards to integrity and professionalism."

EADS Code of Ethics – message from the CEOs

Our spirit: Integrity

In May 2001, EADS adopted a Code of Ethics setting Integrity as a guiding principle of conduct, and linking lasting success to the promotion of value generating innovation. This code, one of the earliest initiatives in our integration efforts, was intended to inspire the management style of our Group. It addresses each of our stakeholders, and in particular, it places customers at the center of our attention because we believe that their satisfaction leads to the satisfaction of employees and shareholders.

We share the UN Global Compact vision of constructive interaction between business and society

As a global company, we share the principles of and abide by the Universal Declaration of Human Rights, the International Labour Organisation Declaration on Fundamental Principles and Rights at Work, and the Rio Declaration on Environment and Development. To commit further, in 2003, we became a signatory of the UN Global Compact¹, which lays down nine principles in the area of human rights, labour and the environment, and we are acting to ensure that those principles are embedded in our strategies, culture and day-to-day operations. In the future, we shall be participating in Global Compact initiatives and programmes in different countries.

¹Detailed information can be found on the UN Global Compact website www.unglobalcompact.org



Operational qualities have enabled the CN-235 to take part in numerous humanitarian missions. It is shown here in UN colours

We act responsibly in developing and selling defence products

Approximately 24% of our revenues are earned from products and services connected with national sovereignty and defence – an area which demands the most careful monitoring of standards. We strictly apply all national and international regulations governing the sale and marketing of sensitive products and technologies and we abide by international export and customs regulations governing both sales and the exchange of information.

Foreign trade: we are fully committed to comply with all applicable legislation

Fighting against corruption in foreign trade is a major challenge for all international companies. To meet it, EADS is fully committed to complying with all relevant national and international legislation, including the OECD Convention of November 1997, as incorporated into the legislation of 35 countries. We have implemented a corporate policy applying to all international operations of EADS subsidiaries, intended to detect and prevent bribery and have also developed internal control systems.

This policy entails effective control of international operations, through the conduct of appropriate due diligences of business partners, regular audit and reporting mechanisms and the conduct of enhanced training sessions within all Business Units. A number of such training sessions addressing senior management teams were organised in 2003, involving external participants, such as the Central Service for Prevention of Corruption in France. Each Business Unit has appointed senior executives responsible for ensuring full compliance with the Group policy, and a Group wide International Compliance Officer with a dedicated committee ('Companies Selection Committee') is responsible for monitoring the implementation of such policy.

This network is monitored by EADS International which provides regular bulletins aiming at disseminating a compliance culture within the Group and alerting all concerned employees about their obligations with respect to the Group policy and the promotion of sound international business practices.



Philippe Camus, EADS CEO, made his commitment to promote women in aerospace at the Paris Airshow 2003

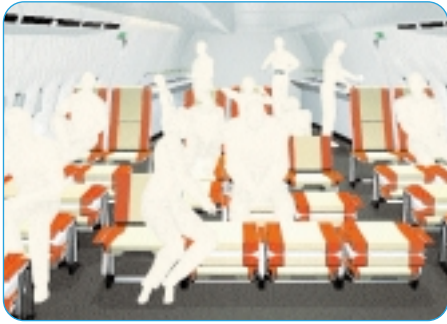
Women: a key asset for aerospace future

Women constitute a large untapped potential in the aerospace industry, and we are actively working at attracting more into our pool of talent and skills. We intend that at least 20% of our annual graduate engineering intake are women and we are communicating regularly with more than 50 educational institutions to promote the aerospace industry to women. To that effect, we are focusing on policies to enable employees to balance their family and working lives, in order to create a genuine equal opportunity working environment.

Corporate Social Responsibility

Nurturing quality and trust with employees

We expect our remarkable work force to give their best to the cause of EADS, and we want their experience to be rewarding and fulfilling; a climate of trust and mutual contribution is essential to sustain dedication and free up the creative power that underpins our rare mix of innovation and business focus.



The comfort factor. The fourth instalment of 'Industry meets University' – a project in which EADS co-operates with German universities – came up with innovative designs for interiors

Not only is EADS genuinely European, it is present in 30 countries. Dealing daily with vastly different rules in the jurisdictions where we operate, we draw from local best practice to disseminate top standards and solutions across the company; for example, our site in Munich is currently implementing measures relating to flexibility, work schedules and return from long leave that exist in France or in Spain, benefiting employee quality of life and satisfying company objectives.

As suits the key asset of our Company, the responsibility of managing human resources lies with a member of the Executive Committee.

We have close relations with the organisations and unions representing EADS employees working together to minimise the social impact of the recent downturn – for example, by negotiating flexible working practices to avoid layoffs. For instance, the '+3 Accounts' system exemplifies the cooperative approach adopted by management and the Corporate Works Council to develop a modern capacity management solution benefiting Airbus employees in Germany. For each employee, a Working-Time Account and a Reserve Account track working hours in excess of contractually agreed working time, and deductions made to accommodate individual needs or to manage short and medium-term capacity problems. A Lifelong Working Time Account translates working hours into interest bearing funds, and withdrawals therefrom can be used as 'early retirement' compensation, providing additional flexibility.

The European Works Council: A transnational cooperative approach for promoting social dialogue

On 23rd October 2000, the management and employee representatives from the unions and works council operating within EADS in France, Germany, Spain and the United Kingdom signed an agreement for the establishment of the European Works Council (EWC).

The purpose was to jump-start EADS' integration by fostering a common vision and understanding while building on institutions provided by law in our member countries. This extremely innovative agreement encapsulates the will of EADS to maintain a proactive and fluid dialogue with its employee representatives. National Committees in France, Germany, Spain and the UK engage in the discussion of national matters under the subsidiarity principle.

The 16 members Council also comprises a European Economic Committee. The latter reviews financial performance and results, with CEO attendance twice yearly to spell-out developments of corporate strategy.

European sub committees replicate the EWC model for certain business entities, such as those already existing at Airbus and Eurocopter. In 2003, representatives of Space and of Defence and Security Systems approved the creation of such committees.

Health and safety

Health and safety policies and practice have in the past been dealt with at site and Business Unit level. Examples of initiatives taken include: risk prevention plans for site-subcontractors (e.g. EADS Sogerma Services) in addition to the protection measures for EADS staff; the extension of the company health insurance fund in Germany; a 'Health and Work' project at Military Aircraft in cooperation with ETH Zurich for which we received the European Award for Occupational Medicine; and the sponsorship of sports activities, fitness and health centres and local company sports facilities. More recently, we began establishing guidelines to ensure the exchange of best practice and to bring standards across the Group up to a common level.

Supporting people suffering from handicaps is another important social task within EADS. In the context of the European Year for People with Disabilities, EADS Deutschland has committed to an agreement in favour of equal opportunities for all employees and against discrimination and social exclusion of handicapped persons: initiatives include improvement of working place design and accessibility, working time adaptability and preferential recruitment of handicapped people with equal qualification.



5th EADS Welcome day. 400 recently recruited young graduates meet the top management in Broughton, UK

Personal career development

EADS recruits around 2,000 young graduates every year, specialising primarily in aerospace engineering, electronic engineering, information technology and economics or business studies. We focus on life-long learning – from specific technical qualification courses up to advanced management training in cooperation with international leading business schools. Further on, divisions' training departments and the EADS Corporate Business Academy offer a huge spectrum of professional training opportunities, as well as a forum for creative exchanges and the sharing of experience.

Management Development is one of the manager's key tasks. In order to support this we have introduced a Management Assessment & Potential System which includes evaluation tools based on expected leadership competencies, and processes that help employees to review individual potential and to plan individual career development options.

Continuous improvement of processes and products drives customer satisfaction

Our most important obligations to our customers and suppliers relate to the quality of our products in operation and of our services. Quality is the realm of a network of Quality Vice Presidents representing all Business Units and reporting to the EADS VP for Quality. The network meets four times a year to issue and manage policies and guidelines applicable across the Group and to identify and spread best practices between Units.

The EADS quality policy provides a general framework for all Business Units to develop a proprietary comprehensive quality strategy, policy and improvement actions with regards to customer and employee satisfaction, partners and suppliers integration, integrating social, safety and environmental aspects.

All Business Units have been instructed to achieve quality systems certification under the ISO 9000/EN 9100 standards and we expect to achieve this result by end of 2004.

Corporate Social Responsibility

Fostering a mutually beneficial relation with our suppliers

The EADS supplier base represents a high proportion of the value-added in our products. Therefore EADS endeavours to deliver competitive advantage by winning, integrating and developing the world's best suppliers.

Aside quality specifications, the EADS Sourcing network sets targets to our supplier base not only on operational criteria such as price development or delivery performance, but also on the way to manage risks deriving from end-customer and market requirements borne by each EADS Business Unit. Enhanced opportunity and risk sharing allow to systematically flow down each Business Unit end-customer market related set of business characteristics to the supply base in a fair and balanced way. This formal set of targets and rules is part of the Procurement Policy.

EADS Procurement Policy provides guidelines and principles to EADS suppliers so that they understand and implement EADS standards and requirements across all levels of the supply chain to improve performances and to share business responsibilities. In the frame of the Procurement Policy, EADS expects from its supply base community to follow, cascade, and provide evidence of the application of practices such as safety, legal, ethical, social and environmental responsibilities. At the heart of EADS Sourcing Strategy principles is the quest for responsible and solid suppliers.



Protecting the environment. Development of the laser welding process for aluminium materials to replace conventional machining and riveting technology, which weakens materials and produces metal waste

We strive to improve environmental impacts in all phases of any of our product's life

As stated in last year's report, we are fully conscious that our business interacts with the environment. Traditionally, management of environmental aspects of our operations is the responsibility of our subsidiaries and sites which ensure compliance with the laws and regulations of the countries in which they operate. Each of our businesses is strictly controlled and audited by authorities, with respect to manufacturing processes certification. A number of Business Units have implemented Environmental Management Systems based on ISO 14001 standards or on EMAS (Eco-Management and Audit Scheme).

Our Business Units have taken into account environmental criteria in all phases of any of our products' life cycles, from conception and design, manufacturing and product support. Nevertheless, EADS is embarking on ways to better assess integrated risks and to provide employees and the public with better comprehensive information on environmental protection issues.

EADS is committed to continuous improvement of its environmental impact, beyond the simple fulfilment of legal obligations. For example, the European NH90 military helicopter programme specifies that every underlying chemical within each of its components has to be identified in order to limit environmental consequences and risks in use.

Airbus too is strongly committed to environmental standards when developing aircraft. It upholds the standards mandated by the International Civil Aviation Organisation (ICAO) on noise reduction and emissions. Airbus' awareness of environmental concerns has been recognised in all countries where it has industrial sites with different awards. Specific research programmes – some co-financed by the European Commission – are targeted at improving the aerodynamics of future aircraft to reduce drag, fuel consumption and noise.

In 2003, the Military Aircraft Business Unit received the 'Environment Certificate' recognising compliance and good practice with respect to environmental protection. Several initiatives to reduce emissions, including the use of virtual flight testing simulation techniques (which decreases the number of test flights), the replacement of fuel-oil by natural gas for heating (which limits sulphur derivatives, solid waste, CO (carbon monoxide), and other emissions) and the use of renewable energy sources (like solar panels for water heating) were recognised through this award.

In the Military Transport Aircraft Division, besides replacing fuels with cleaner ones and using renewable energy for water heating, we are controlling energy losses and using HFCs (hydrofluorocarbons) to replace CFCs (chlorofluorocarbons) in cold-chambers and air-conditioning systems. We are also eliminating the use of materials containing asbestos and making use of selective waste collection to allow more efficient subsequent treatment, as well as increasing the use of recycled materials.

In Eurocopter, over the past four years, environmental action has reduced water consumption by almost 5% and energy burn by almost 9% despite an increase in turn over. Over the same period, metal pollution in water waste was virtually halved.

All in all, over €30 million are currently being spent by EADS on R&T projects specifically devoted to environmental improvements in products and processes.



EADS as a partner of the 'Aviation Sans Frontières' (ASF). The ASF fleet flies medical evacuation missions to remote areas

Working in our communities

We bear responsibilities towards the communities neighbouring our operations. Various actions are taken locally, reflecting our social, educational or cultural commitments to specific local needs or concerns, such as support for Children's Heart-centres and handicapped children, for Technical Universities related to Aeronautics and Space, and commitments to German-French Youth-Exchange as well as to theatres, museums, and orchestras.

At a more global level, EADS' corporate sponsorship is designed to reconcile support to worthy causes with the shaping of the Group's public image. In particular, we have committed ourselves to support the French, German and Spanish chapters of Aviation without Borders, a humanitarian organisation which provides air transport for seriously ill children or humanitarian air transport in general. For instance, ATR has signed a partnership contract making the baggage hold in new aircraft ferried for delivery to one of its customers available for freight transport. We also encourage our employees to support this endeavour and to take part in its action, providing a new meaning and dimension to the aerospace family we form together.

Glossary

ACE

Airbus Concurrent Engineering; a technology allowing Airbus engineers in widely-separated locations to work together in real-time

Aerochain

An e-marketplace established by ATR with Embraer of Brazil to enhance support services for all areas of airline operation

AEW

Airborne Early Warning

AGS

Airborne Ground Surveillance

ATV

The Automated Transfer Vehicle serving the ISS

BMD

Ballistic Missiles Defence

C3I

Command, Control, Communication and Intelligence Systems

C4ISR

Command, Control, Communication Computers, Surveillance, and Intelligence Systems

CATS

Combined Aerial Target Services – a procurement programme for the UK MoD

CRC

Corporate Research Centre

CSR

Corporate Social Responsibility

COTS

Commercial Off-The-Shelf Technologies (telecommunications)

Deepwater

A comprehensive US Coast Guard modernisation programme for acquiring new aircraft and surveillance systems

EBIT

Earnings Before Interest and Taxes; EADS uses EBIT pre-goodwill amortisation and exceptionals as a key indicator of its economic performance

ESA

European Space Agency

ESOP

Employee Share Ownership Plan

ETAP

European Technology Acquisition Programme

EWC

European Works Council

FAA

Federal Aviation Authority (USA)

FSTA

Future Strategic Tanker Aircraft; a UK programme

Fleet commonality

A feature of the Airbus family, allowing airlines to operate type variants of different sizes while minimising the need for pilot retraining and re-certification

Fly-by-wire

An aircraft control system relying on electronics rather than mechanical linkages

GBAD

Ground Based Air Defence system

Galileo

The European satellite navigation system, now being developed

Hub

A major, strategically-located airport from which 'spokes' radiate to carry regional traffic

ICAO

International Civil Aviation Organisation. 'United Nations' agency for international civil aviation

ISIN

International Securities Identification Number

ISR

Intelligence, Surveillance and Reconnaissance

ISS

The International Space Station

LSI

Large System Integration

MALE

A novel Medium Altitude Long Endurance UAV now being developed by EADS

MoD

Ministry of Defence

MoU

Memorandum of Understanding

MRO

Maintenance, Repair and Overhaul

MRTT

Multi-Role Tanker Transport Aircraft

Mission aircraft

Aircraft designed to fulfil specialised functions (flight refuelling, Border control, ISR, AEW etc.). They are usually adaptations of existing types

Network-centric

Information superiority is becoming ever more important in defence. 'Network centric' systems allow armed forces to tackle new tasks in reconnaissance and surveillance, sensor technology, and command and communications

OCCAR

Organisation conjointe de coopération en matière d'armement ('Organisation for Joint Armament Co-operation')

Order book

Firm orders received by EADS for delivery in the future. Values quoted are based on catalogue prices for Airbus and do not include options

RAF

Royal Air Force, UK

R&D – Research and Development

All activities related to the evolution of new products and services

R&T – Research and Technology

All activities in the field of research and generic technologies not directly attributable to products and designed to maintain or expand knowledge or the technological base

SOP

Stock Option Plan

SCCOA

Système de Commandement et de Conduite des Operations Aériennes ('Air Command and Control System')

System-of-systems

Modern armed forces require the right information at the right time and in the right place. This calls for integrated weapon system solutions linking military aircraft, missiles, defence and communication systems, defence electronics and related services

Warfare

A type of conflict in which advanced data-processing and telecommunications systems allow forces to gather, interpret and use information seamlessly and immediately

P to F conversion

Passenger to Freight conversion; adapting used airliners for cargo-carrying purposes

UAV

Unmanned Aerial Vehicle

White-tail

An airliner produced before a customer has ordered it (and therefore with no airline insignia on the stabiliser). Airbus does not make white-tails

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Owning EADS shares in 2003

EADS share price trends in 2003

EADS shares performed strongly in 2003, rising by 91% from €9.85 to €18.85 and outperforming all major European and American indices as well as the shares of our competitors.

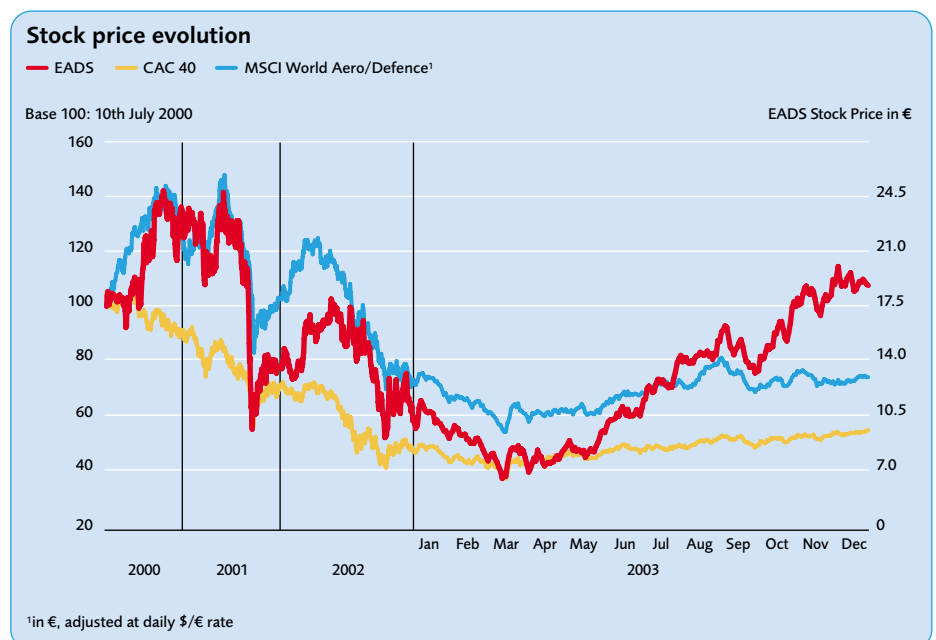
In the early months, pending the Iraq War, equity markets faced an uncertain environment and focused more on geopolitical issues than on economic fundamentals or corporate news. As a result, on 10th March 2003, the share price recorded an all-time low of €6.50.

Over the weeks to the end of May, the shares recovered, though volatility remained high due to market uncertainty triggered by the conflict in Iraq, a weak global economic climate and the effects of the SARS outbreak.

At the end of May, sentiment on the Group changed. This was partly due to the ending of the war, the containment of the SARS virus and a more favourable Euro/ US Dollar exchange rate – but also to a newsflow on EADS which included the signing of the A400M contract and positive developments in our Space Division. In subsequent months, there were important commercial wins at Airbus and export successes for the Eurofighter, Tiger and NH90. Increasingly encouraging economic data and company news helped positive sentiment, despite the increasing strength of the Euro towards the end of the year.

The weight of Anglo-Saxon investors significantly increased during the year. Another noticeable feature of 2003 was the increased level of interest and investment from 'growth' and 'momentum' investors.

The EADS Board of Directors will recommend to the Annual General Meeting called for 6th May 2004 a cash distribution of a €0.40 (gross amount) per share with respect to the year 2003.



**EADS Annual General Meeting
2003, Amsterdam**



Financial calendar 2004

Annual General Meeting:
6th May 2004, Amsterdam, The Netherlands

First Quarter 2004 results release:
12th May 2004

Global Investor Forum:
21st–22nd June 2004, Spain

First Half 2004 results release:
29th July 2004

Third Quarter 2004 results release:
4th November 2004

Key information for shareholders

EADS proactively offers a variety of information sources updating shareholders on its major events and progress such as the quarterly newsletter called 'Aeronotes' and a monthly investor summary available on the EADS website.

The EADS website, www.eads.net, also provides a wide range of information including financial topics. Shareholders can contact us every day on our special toll-free lines.

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