



News Release

EADS Success Continues in 2004: Ambitious Financial Targets Met for Fifth Consecutive Year

- Revenues € 31.8 billion – up 5 percent
 - EBIT* € 2.4 billion – up 58 percent
 - Net Income € 1.03 billion – up 60 percent
 - Net cash € 4.1 billion – up 31 percent
 - Earnings per share € 1.29 – up 61 percent
 - Dividend proposal € 0.50 – up 25 percent
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- Airbus market leader in deliveries, order intake and profitability
 - Space returned to profit, and now set for further growth of profitability
 - Continued Defence growth (revenues up 8 percent)
 - CEOs Camus and Hertrich: "EADS now enters a new chapter in its development combining strong financial performance and business growth."

Amsterdam, 9 March 2005 – *EADS* (stock exchange symbol: EAD) further strengthened its position as a global leader in aerospace and defence and entered into a new growth period in 2004. The company exceeded its financial targets for the fifth consecutive year. EBIT* (pre-goodwill and exceptionals) stood at € 2.4 billion for the year, up 58 percent over 2003, Net Income was up 60 percent to € 1.03 billion.

EADS' EBIT* margin rose from 5.1 percent to 7.7 percent in 2004, an unprecedented level for EADS. EADS published its 2004 results and an updated 2005 forecast on Wednesday.

Stronger revenues of € 31.8 billion (2003: € 30.1 billion) were achieved through growth across all five divisions. Key growth drivers were Airbus,

which benefited from the start of the market upturn, and EADS Defence businesses, up eight percent to € 7.7 billion (2003: € 7.1 billion). At constant US dollar exchange rates, total EADS revenues would have grown by seven percent.

The strong EBIT* growth follows solid profit improvement at Airbus and Space. At Airbus, EBIT* surged to € 1.922 billion, or 9.5 percent of revenues mainly due to higher deliveries, a higher proportion of large aircraft deliveries and cost savings.

The Space Division returned to profitability on schedule. The Defence and Security Systems Division's EBIT* increased by 33 percent (€ 57 million). The Aeronautics and Military Transport Aircraft Divisions each achieved an EBIT* close to 2003 levels.

The Research and Development (R&D) expenditure in 2004 stood at € 2.1 billion, reflecting EADS' continued high level of investment in innovation (2003: € 2.2 billion, 2002: € 2.1 billion). As in 2003, about half of this was spent on R&D for the A380, the 555-seater Airbus aircraft expected to generate more than US\$ 175 billion in sales in the first fifteen years of production after entry-into-service in 2006.

EADS had 110,662 employees at the end of December 2004 (2003: 109,135).

CEOs: "EADS is set for a strong financial future."

The EADS CEOs Philippe Camus and Rainer Hertrich said: "We are proud of EADS' five years of consistently solid results and its outstanding track record of growth. EADS can look forward to a strong financial future developing opportunities across its balanced aerospace and defence portfolio."

The CEOs continued: "These results demonstrate the validity of the strategy we developed at the foundation of EADS in 2000. It is a testament to a consistently applied, long-term industrial strategy."

Speaking on the occasion of their fifth and final annual press conference, Camus and Hertrich noted: "Today, we thank our international management team and all EADS employees for five years of outstanding performance and success in taking EADS 'The Step Beyond'. Together we have transformed several very individual companies into a single global industrial leader. We

integrated our businesses and maintained our diversity as one of our competitive advantages. We are proud to announce that we have delivered what we promised to our stakeholders five years ago. EADS is in a strong financial position and has extremely promising future growth potential."

Looking ahead, the CEOs elaborated on their roadmap for the future of EADS: "EADS must continue to evolve, but profitability remains the key driver of our strategy. Strengthening its competitive position and managing the US Dollar weakness are key challenges the company must overcome to sustain its industrial leadership in commercial aircraft and helicopters."

Camus and Hertrich underlined the importance of the company's international, technology and human resources efforts: "EADS must also continue to develop the major growth markets outside of Europe. The strong order-book will provide for mid-term growth in defence. But over the long-term a solid and growing defence business requires EADS to go beyond home markets and beyond its existing product-range. EADS should continue its transformation by expanding its global industrial presence, by a strong commitment to technology and R&D investment and by preserving its first class recruitment, retention and education programmes aimed at attracting the best multi-national talent for the company's future."

Order Book continues to increase

The EADS order intake remained strongly above the level of revenues and amounted to € 44.1 billion in 2004.

The EADS order book increased by nearly three percent to € 184.3 billion (2003: € 179.3 billion). At constant exchange rates, the increase would have been about seven percent. 2004 saw continued growth in the defence order book, to € 49.1 billion.

Strong Increase in Cash – after continuing Investments

EADS' net cash position was boosted 31 percent to € 4.1 billion (2003: € 3.1 billion) signalling early market recovery in the commercial aircraft market and better management of programme financing in Defence.

Free Cash Flow before Customer Financing was again strongly positive reaching € 1.8 billion (2003: € 2.1 billion). This performance includes the high R&D and investment spending for the A380 and the company's continued

investment in other future growth drivers like the A400M, NH90 and other helicopters, Paradigm Secure Communications and the tanker boom.

Airbus Customer Financing also indicates a commercial aviation recovery as gross exposure has decreased since 2003 following two years of strong net cash demand.

Net Income of € 1.03 billion

Net Income in 2004 was at € 1.03 billion, up 60 percent from last year's Net Income of € 644 million. The 2003 figure (reported at € 152 million) was restated for comparison following the implementation of the IFRS3 accounting rule. Net Income no longer includes regular goodwill amortization. Earnings per share stood at € 1.29, up from € 0.80 in 2003.

Dividend proposal of € 0.50 per share

In light of EADS' continuing strong performance, the Board of Directors is recommending to the Annual General Meeting of shareholders an increased dividend of € 0.50 per share. EADS CFO Hans Peter Ring commented: "This dividend proposal indicates our strong intention to share the fruits of success with EADS' investors. It is further evidence that EADS is entering a new growth period."

Outlook

EADS expects its 2005 revenues to grow to around € 33 billion, impacted partly by a weaker dollar assumption (€ 1 = US\$ 1.30). Defence revenues should increase by 10 percent during the course of the year.

EBIT* is expected to grow to more than € 2.6 billion (up six percent), reflecting an increase in divisional performance across the group, partly offset by less favourable hedges and by the weak US Dollar for the unhedged portion of the net exposure.

EADS expects Airbus to deliver 350-360 aircraft in 2005. Airbus revenues are expected to increase in line with higher deliveries of single aisle aircraft. The 2005 aircraft mix will be less favourable than in 2004. The positive accounting impact from the Airbus GIE merger into Airbus SAS is expected to diminish in 2005.

Free Cash Flow before Customer Financing and Paradigm investment outflows is expected to be positive in 2005. Earnings Per Share should increase in 2005 by five percent to € 1.36, based on an average of 803 million shares.

EADS CFO Hans Peter Ring noted: "Our continued profitability is the result of our internal efforts to streamline organization and to keep costs under control – this of course is challenging. As we want to remain competitive, we are constantly looking at the efficiency of our businesses."

Divisions

Airbus is the number one commercial aircraft producer leading in deliveries, order intake, R&D investment and profitability. In 2004, Airbus delivered 320 (2003: 305) aircraft - ahead of its competitor (285). Airbus booked 370 gross orders, well above deliveries and considerably more than its competitor (277). Airbus' gross market share was 57 percent in units and 54 percent in value. As in 2003, the fourth quarter of 2004 was particularly strong with 96 deliveries and 181 orders. The Airbus Division EBIT* surged to € 1,922 million (2003: € 1,353 million) mainly driven by higher aircraft deliveries with a higher proportion of large aircraft, cost savings and an accounting-driven positive net impact from the Airbus GIE merger into Airbus SAS (€ 232 million) and R&D capitalization, which stood at € 152 million, corresponding to A380 development. It was partly offset by less favourable hedges. Airbus' EBIT* margin reached 9.5 percent. Revenues increased by six percent to € 20,224 million. The A380 business model has been confirmed with 154 firm orders and commitments to date (139 by year-end 2004). At the end of 2004, the Airbus order book stood at 1,500 commercial aircraft (2003: 1,454), nearly 40 percent above that of its competitor.

The **Military Transport Aircraft** Division signed in December 2004 a contract worth € 800 million for five A330 MRTT (Multi-Role Transport Tanker aircraft) for the Australian Forces. The division recorded a 40 percent increase in revenues to € 1,304 million (2003: € 934 million) mainly driven by milestones reached in the A400M programme. The EBIT* of € 26 million (2003: € 30 million) was affected by early retirement charges of € 28 million (2003: € 17 million) and expensed pre-contract costs for the British tanker programme (FSTA). The order book remained stable at € 19,897 million (2003: € 20,007 million). While contract negotiations are underway with several potential A400M customers, South Africa has already announced its intention to join the programme.

In the **Aeronautics** Division, Eurocopter's continued EBIT* growth was offset by persisting difficulties in the commercial aircraft maintenance business leading to an EBIT* of € 206 million (2003: € 217 million). At € 3,876 million (2003: € 3,803 million) revenues slightly increased. At the end of 2004, the Aeronautics order book amounted to € 10,171 million (2003: € 9,818 million). With 322 new helicopters ordered and 279 delivered in 2004, Eurocopter once again confirmed its world market leadership with a market share in the commercial business of 53 percent.

The **Space** Division achieved its turnaround as scheduled. Its 2004 EBIT* of € 10 million (2003: € -400 million) is now set to grow. EADS SPACE revenues were up to € 2,592 million (2003: € 2,424 million). The order book

has nearly tripled since 2002 to € 11,311 million (2003: € 7,888 million; 2002: € 3,895 million). 2004 order book growth was mainly due to contracts such as the Automated Transfer Vehicle (ATV) from ESA, the order for 30 Ariane5 launchers, and the M51 first tranche production contract. EADS SPACE built on the strong business model of the Paradigm contract as third parties (NATO, Portugal) joined the service. EADS SPACE won three satellite contracts, a communication spacecraft for Telesat, the scientific demonstrator Lisa pathfinder for ESA and THEOS, an earth observation satellite for Thailand.

The **Defence and Security Systems** Division's revenues were up four percent to € 5,385 million (2003: € 5,165 million), mainly driven by the growth of MBDA. The EBIT* increased by € 57 million to € 228 million, including a provision release on a litigation (€ 106 million), partly offset by some restructuring charges of € 88 million (2003: € 50 million), campaign costs on Herkules, as well as self-financed investments in future business such as EuroMALE. EADS Military Aircraft and MBDA supported the Division's profitability most. Since the creation of EADS, the DS Division has gone through thorough restructuring. This is expected to be positively reflected in the Division's future results. The Division now encompasses all the EADS assets necessary to make a complete defence solutions offering. Business portfolio development accelerated in 2004 with the acquisition of Racal Instruments and the disposal of the commercial telecom business.

At **EADS Headquarters**, EBIT* contribution deteriorated from € 172 million to € 52 million, mainly due to the IFRS treatment of the Dassault Aviation participation.

* EADS uses **EBIT pre-goodwill amortization and exceptionals** as a key indicator of its economic performance. The term "exceptionals" refers to income or expenses of a non-recurring nature, such as amortization expenses of fair value adjustments relating to the EADS merger, the formation of Airbus S.A.S. and the formation of MBDA, and impairment charges.

EADS – Figures 2004

(Amounts in Euro)

EADS Group	2004	2003	Change
Revenues , in millions	31,761	30,133	+ 5 %
thereof defence, in billions	7.7	7.1	+ 8 %
EBITDA⁽¹⁾ , in millions	3,853	3,137	+ 23 %
EBIT⁽²⁾ , in millions	2,444	1,543	+ 58 %
Research and Development costs , in millions	2,126	2,189	- 3 %
Net Income⁽³⁾ , in millions	1,030	644	+ 60 %
Earnings Per Share (EPS)⁽³⁾	1.29	0.80	+ 61 %
Free Cash Flow before Customer Financing , in millions	1,802	2,143	- 16 %
Net Cash position , in millions	4,058	3,105	+ 31 %
Dividend per share	0.50⁽⁴⁾	0.40	+ 25 %
Order Intake , in millions	44,117	61,150	- 28 %
Order Book , in millions	184,288	179,280	+ 3 %
Employees (at year-end)	110,662	109,135	+ 1 %

1) Earnings before interest, taxes, depreciation, amortization and exceptionals

2) Earnings before interest and taxes, pre-goodwill amortization and exceptionals

3) Net Income and EPS are now reported according to IFRS 3; goodwill is no longer amortized.

The 2003 Net Income had been reported previously at € 152 million, after goodwill amortization, and EPS at € 0.19.

4) to be proposed to AGM on 11 May 2005

by Division (Amounts in millions of Euro)	EBIT ⁽¹⁾			Revenues		
	2004	2003	Change	2004	2003	Change
Airbus	1,922	1,353	+ 42 %	20,224	19,048	+ 6 %
Military Transport Aircraft	26	30	- 13 %	1,304	934	+ 40 %
Aeronautics	206	217	- 5 %	3,876	3,803	+ 2 %
Space	10	-400	+ 103 %	2,592	2,424	+ 7 %
Defence and Security Systems	228	171	+ 33 %	5,385	5,165	+ 4 %
Headquarters Consolidation	52	172	-	-1,620	-1,241	-
Total	2,444	1,543	+ 58 %	31,761	30,133	+ 5 %

by Division (Amounts in millions of Euro)	Order Intake			Order Book		
	2004	2003	Change	2004	2003	Change
Airbus ^{(2),(3)}	25,816	39,904	- 35 %	136,022	141,836	- 4 %
Military Transport Aircraft	1,176	20,326	- 94 %	19,897	20,007	- 1 %
Aeronautics	4,339	3,661	+ 19 %	10,171	9,818	+ 4 %
Space	5,658	6,062	- 7 %	11,311	7,888	+ 43 %
Defence and Security Systems	8,457	6,288	+ 34 %	17,276	14,283	+ 21 %
Headquarters Consolidation ⁽³⁾	-1,329	-15,091	-	-10,389	-14,552	-
Total	44,117	61,150	- 28 %	184,288	179,280	+ 3 %

1) Earnings before interest and taxes, pre-goodwill amortization and exceptionals

2) Order Intake and Order Book based on catalogue prices

3) Full year 2003 included € 13.7 billion for A400M, due to consolidation changes the Airbus order book decreased with counter effect in HQ elimination. Airbus now consolidates 49 percent of the A400M (previously 69 percent).

EADS major commercial successes in 2004 and on:

Another landmark year for Airbus:

- Airbus maintained its position as number one, both in terms of orders and deliveries. With 320 aircraft delivered, Airbus exceeded expectations and demonstrated its leadership with 370 new orders.
- Airbus was awarded several major contracts and passed its 5000 order milestone. In China, Airbus strengthened its position with 58 new orders since the beginning of 2004. At Farnborough Air show, Turkish Airlines committed for 36 Airbus aircraft. The US low cost carrier JetBlue Airways ordered 30 A320 aircraft.
- In 2004, with Etihad Airways and Thai Airways two new customers selected the A380. In addition to that, China Southern Airlines (CASGC) purchased five A380 in January 2005. In total, Airbus received 154 firm orders and commitments from 15 customers for the A380. The new Airbus flagship was revealed on 18th January 2005 and is expected to take off on its maiden flight in April 2005.

In 2004, EADS continued its dynamic growth in the defence business:

- EADS increased its defence order book to about € 49.1 billion.
- The selection as preferred bidder by the Royal Air Force marked the Group's strategic breakthrough in the tanker business. The capabilities of the A330 MRTT, the world's most modern refuelling aircraft, were proven again by Australia purchasing five of them.
- With Eurofighter Tranche 2 EADS achieved one of its most important defence orders in 2004. For EADS as one of the Eurofighter partner companies, this represents a contract volume of € 4.3 billion.
- The Sultanate of Oman contracted for 20 and the Australian government decided to acquire twelve NH90 transport helicopters.
- EADS signed a contract with the Romanian government to provide an integrated solution for border surveillance and security with a project volume of around € 650 million.
- A cooperation agreement between EADS, Dassault Aviation and Thales was signed on the development of unmanned aerial vehicles (UAVs) at the Eurosatory defence show.
- In January 2005 the A400M production was launched with the first metal cut on a major airframe component.

The return to profitability of EADS' space business in 2004 was accelerated by important commercial successes:

- The launcher services company Ariespace awarded EADS a contract to produce 30 Ariane-5 launchers with a total volume of around € 3 billion. In February 2005 the new, more powerful Ariane 5 ECA launched successfully from the European spaceport in Kourou.
- EADS and the European Space Agency ESA signed the "Initial Exploitation Contract" for the European contribution to the International Space Station ISS. The contract includes the production of six unmanned Automated Transfer Vehicles (ATV).
- All contributions of EADS SPACE Transportation to Huygens, the probe which has landed on Saturn's moon Titan proved completely successful.
- EADS Astrium received the order for the THEOS (Thai Earth Observation Satellite) from the Thai Space Agency, worth € 128 million.
- EADS' subsidiary Paradigm signed its first export agreement to deliver military satellite communications services to the Portuguese Armed Forces.

EADS is a global leader in aerospace, defence and related services. The EADS Group includes the aircraft manufacturer Airbus, the world's largest helicopter supplier Eurocopter and the joint venture MBDA, the leading international missile producer in the global market. EADS is the major partner in the Eurofighter consortium, is the prime contractor for the Ariane launcher, develops the A400M military transport aircraft and is the largest industrial partner for the European satellite navigation system Galileo.

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Safe Harbour Statement:

Certain statements contained in this press release are not historical facts but rather are statements of future expectations and other forward-looking statements that are based on management's beliefs. These statements reflect the EADS' views and assumptions as of the date of the statements and involve known and unknown risk and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

When used in this press release, words such as "anticipate", "believe", "estimate", "expect", "may", "intend", "plan to" and "project" are intended to identify forward-looking statements.

This forward looking information is based upon a number of assumptions including without limitation: assumption regarding demand, current and future markets for EADS' products and services, internal performance, customer financing, customer, supplier and subcontractor performance or contracts negotiations, favourable outcomes of certain pending sales campaigns.

Forward looking statements are subject to uncertainty and actual future results and trends may differ materially depending on variety of factors including without limitation: general economic and labour conditions, including in particular economic conditions in Europe, North America and Asia, legal, financial and governmental risk related to international transactions, the cyclical nature of some of EADS' businesses, volatility of the market for certain products and services, product performance risks, collective bargaining labour disputes, factors that result in significant and prolonged disruption to air travel world wide, the outcome of political and legal processes, including uncertainty regarding government funding of certain programs, consolidation among competitors in the aerospace industry, the cost of developing, and the commercial success of new products, exchange rate and interest rate spread fluctuations between the Euro and the U.S. dollar and other currencies, legal proceeding and other economic, political and technological risk and uncertainties

Additional information regarding these factors is contained in the Company's "document de référence" dated April 1, 2004. Its next edition will be published ahead of the company's AGM in April 2005.