



News Release

EADS Half Year Results indicate strong performance for full year 2005

- EBIT* € 1.54 billion up 57 percent
- Revenues € 16 billion up 10 percent
- Net Cash Position € 4.7 billion strongly improved
- Net Income € 816 million more than doubled
- CEOs Enders and Forgeard: "EADS is set to deliver strongly on 2005 growth targets."

Amsterdam, 27 July 2005 – EADS (stock exchange symbol: EAD), a global leader in aerospace, defence and related services, performed strongly in the first half year of 2005 mainly due to an increase in Airbus deliveries and better results from its Space and Defence Divisions. EADS reached an EBIT* of € 1.54 billion in the first six months, 57 percent higher than the figure for the same period of 2004 (€ 979 million). The EBIT* margin has increased from 6.7 percent to 9.6 percent.

EADS, which published its half year results on Wednesday, also confirmed its confidence in 2005 EBIT* to exceed € 2.6 billion. EADS raised its forecast for earnings per share (EPS) to reach € 1.50 for the full year 2005 (2004: € 1.27).

CEOs Enders and Forgeard: "Long-term value enhancement"

The EADS CEOs Tom Enders and Noël Forgeard said: "Following excellent results in the first half of 2005, EADS is set to deliver strong group-wide performance for the full year. Our business development will be guided by financial prudence and a focus on long-term value enhancement as well as absolute attention to profitability and cash."

Strong EBIT* improvement

The strong EBIT* was mainly driven by the increase of Airbus aircraft deliveries from 161 in the first half of 2004 to 189 in the same period of 2005. First half year EBIT* was supported by favourable US Dollar hedging rates at an average exchange market rate of € 1 = US\$ 1.01. The EBIT* increase also results from improvements at the Defence and Space Divisions as well as a higher contribution from the 46.30 percent stake in Dassault Aviation.

As usual, revenues and earnings of EADS' space and defence businesses are expected to be stronger in the third and fourth quarter.

In the second half of 2005 less favourable hedging rates at an average level of around € 1 = US\$ 1.11 and higher self-financed Research & Development (R&D) expenses related to the A380 freighter will have a balancing effect on the full year EBIT* of EADS. The EBIT* is expected to exceed € 2.6 billion in 2005.

The self-financed R&D charge has decreased from € 1,113 million in the first half of 2004 to € 950 million in the first half of 2005. This is in large part due to the entry into production of the A380 passenger version and the increase of R&D capitalisation for the A380. R&D expenses are expected to increase again in the following quarters when the A380 freighter version development programme ramps up.

EADS CFO Hans Peter Ring said: "We have made considerable progress for hedging the 2006 and 2007 exposure as the dollar gained ground during the recent weeks of relative dollar strength. This gives EADS more latitude for undertaking further productivity improvements in the face of any long-term dollar exchange rate challenges."

Net Cash continues to grow

Free Cash Flow before customer financing amounted to € 1.5 billion in the first half year (H1 2004: € 259 million). The build-up of working capital for the A380 and ramped-up production rates did not hamper the strong cash generation from strong profits and customer pre-delivery payments.

EADS paid about € 400 million of dividends to its shareholders in the second quarter of 2005. Its Net Cash position showed a marked increase to € 4.7 billion (year-end 2004: € 4.1 billion).

Net income of € 816 million

EADS recorded a first half year Net Income of € 816 million (H1 2004: € 381 million), or € 1.03 per share (H1 2004: € 0.48). This increase follows the surge in EBIT*, lower interest charge and the impact of the stronger US Dollar on EADS' US Dollar denominated assets.

Revenues up 10 percent – Order book strengthened

EADS revenues increased in all divisions. Group revenues grew by 10 percent in the first six months reaching € 16.0 billion (H1 2004: € 14.6 billion).

The EADS order intake from January to June 2005 grew to € 25.4 billion (H1 2004: € 13.5 billion), reflecting strong increase of Airbus orders and large defence orders such as MEADS and South Africa's A400M. At € 204 billion, the EADS order book continued to grow (year-end 2004: € 184 billion). This is partly due to the relative dollar strength in the last six months. The order book remains the strongest in the global aerospace and defence industry.

Employee numbers

At the end of June 2005, EADS had 111,169 employees (year-end 2004: 110,662).

Divisions:

The **Airbus** Division half-year EBIT* surged to € 1,444 million (H1 2004: € 980 million) mainly driven by higher aircraft deliveries (189 versus 161), benefits from the Route06 cost savings programme and a lower R&D charge. Hedge rates were close to those of a year earlier.

The EBIT* margin improved from 9.8 percent to 12.8 percent, and the EBIT* margin pre-R&D increased slightly from 19.1 percent to 19.8 percent. Revenues grew by 12 percent to € 11,262 million (H1 2004: € 10,024 million).

The commercial aircraft market continues to improve. In Europe the trend is good, and it is excellent in the Middle East. It is even better in Asia-Pacific with its huge long-term traffic growth potential. Airlines from China and India strongly supported Airbus' 276 gross orders in the first six months 2005 (H1 2004: 104). Following this market improvement and order inflow, Airbus is increasing the monthly single-aisle production rate from currently 26 to 30 in 2006 and is considering a further increase to 32 aircraft in 2007.

The Airbus order book amounted to € 152 billion at the end of June 2005, representing a total of 1,579 commercial aircraft. The encouraging customer response to the A350 is demonstrated by 125 commitments from 7 customers by 30 June 2005. This strong market support for the all new A350 is not yet included in the order book as Airbus only counts firm orders. A350 orders can only be booked after the industrial launch of the programme. The EADS Board has confirmed its willingness to proceed towards the full industrial launch of the programme in autumn 2005.

Up to date, Airbus has received 159 firm orders and commitments from 16 customers for the A380. The aircraft has entered its test flight phase and is yielding good results.

EADS' institutional, military and security businesses are subject to strong seasonal influences. Their revenues and earnings are usually significantly stronger towards the end of the year.

The **Military Transport Aircraft** Division recorded an EBIT* of € -14 million in the first six months (H1 2004: € -10 million). EBIT* margin was affected in the first half year by a less favourable business mix but is expected to catch up in the second half of 2005. Revenues increased to € 326 million, thanks to progress of the A400M programme (H1 2004: € 234 million). The next milestone to recognise revenues for the A400M is scheduled to occur in the second half of 2005. The A400M production phase has started and the final assembly line in Seville, Spain, is under construction. The order book amounted to € 20.6 billion at the end of the first half year.

The second quarter brought several significant advances in the United States. EADS North America took the next step in preparations for a U.S. tanker competition with the selection of Mobile, Alabama as the site for an engineering centre and future tanker production facility. Additionally, EADS established a partnership with Raytheon to compete for the U.S. Army's Future Cargo Aircraft programme, based on the CN-235 or C-295 platform.

Following recent changes in the EADS structure, the **Aeronautics** Division was dissolved end of June 2005. The newly created **Eurocopter** Division only accounts for the Eurocopter results. As Aeronautics operated as a Division until recently and for comparison purposes, EADS reports the half year results 2005 in the former Aeronautics structure, but shows the Eurocopter results separately.

EBIT* of the Aeronautics Division amounted to € 19 million (H1 2004: € 55 million). In a continued weak aircraft maintenance business, EADS Sogerma Services registered programme losses and charged restructuring cost of € 21 million in the first half year. This issue has top level management attention. A comprehensive restructuring and cost saving plan is currently being implemented aimed at EADS Sogerma Services' return to profitability and at annual savings of about € 70 million by 2007.

Revenues of the Aeronautics Division increased by 9 percent and stood at € 1,779 million (H1 2004: € 1,631 million). The order book increased to € 11,087 million as of 30 June 2005. In a high oil price environment ATR's aircraft have been viewed as offering a competitive solution. This has led to a revived order intake in particular in the second quarter. ATR already booked 52 aircraft orders in the first six months of 2005.

Eurocopter continued its performance improvement in the first half year 2005. EBIT* grew to € 61 million (H1 2004: € 43 million). Revenues increased by 16 percent to € 1,266 million (H1 2004: € 1,092 million), driven by progress of the NH90 and Tiger programmes and an increase in commercial sales. At end June 2005, Eurocopter's order book amounted to € 9.6 billion.

The **Space** Division recorded an EBIT* of € 7 million in the first six months of 2005 (H1 2004: € -12 million). This improvement clearly indicates that the Division is reaping the benefits from the restructuring and is firmly on course to reach its profitability targets in 2005.

Revenues amounted to € 1,160 million (H1 2004: € 1,090 million), thanks to the Ariane 5 programme ramp up. The order book stood at € 11.4 billion.

The EBIT* of the **Defence and Security Systems** Division improved compared to the same period 2004 and stood at € -19 million (H1 2004: € -83 million). Revenues increased to € 2,172 million mainly thanks to the ramp-up of Eurofighter deliveries. Up to the end of June, 51 Eurofighter have been delivered to customers. The order book amounted to € 19.1 billion per 30 June 2005.

At **EADS Headquarters**, EBIT* improves thanks to a higher contribution from the 46.30 percent stake in Dassault Aviation.

Outlook

For the full year 2005, EADS confirms its confidence in 2005 EBIT* to exceed € 2.6 billion. EADS raises its earnings per share (EPS) and cash flow targets.

EADS foresees an increase in divisional performance across the Group, partly offset by less favourable hedges compared to 2004.

EADS expects its 2005 revenues to grow to around € 33 billion, impacted partly by a weaker dollar assumption (€ 1 = US\$ 1.30). EADS' group-wide defence revenues should increase by 10 percent during the course of the year to € 8.5 billion.

EADS expects Airbus to deliver more than 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.

After the strong cash flow generation in 2004, Free Cash Flow before Customer Financing is expected to be strong again in 2005.

2005 EPS are expected to increase by at least 18 percent to € 1.50, based on an expected average of 800 million shares. This updated EPS guidance reflects better than expected financial result due to higher cash levels but remains dependent on the year-end US Dollar exchange rate.

EADS – Results Half Year (H1) 2005

(Amounts in Euro)

EADS Group	H1 2005	H1 2004	Change
Revenues , in millions	16,020	14,567	+10%
thereof defence, in millions	3,051	2,626	+16%
EBITDA⁽¹⁾ , in millions	2,240	1,774⁽³⁾	+26%
EBIT⁽²⁾ , in millions	1,540	979⁽³⁾	+57%
Research and Development costs , in millions	950	1,113	-15%
Net Income⁽⁴⁾ , in millions	816	381⁽³⁾	+114%
Earnings Per Share (EPS)	1.03	0.48⁽³⁾	+0.55 €
Free Cash Flow before Customer Financing , in millions	1,477	259	+470%
Order Intake , in millions	25,424	13,458	+89%

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

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

3) Previous year restated by stock options expense (€ -6 million for EADS group) according to first time application of IFRS 2.

4) EADS continues to use the term **Net Income**. It is identical with **Profit for the period attributable to equity holders of the parent** as defined by IFRS Rules.

EADS Group	30 June 2005	31 Dec 2004	Change
Order Book , in millions	203,694	184,288	+11%
thereof defence, in millions	52,083	49,075	+6%
Net Cash position , in millions	4,675	4,058	+15%
Employees	111,169	110,662	+/- 0%

by Division (Amounts in millions of Euro)	EBIT ⁽¹⁾			Revenues		
	H1 2005	H1 2004	Change	H1 2005	H1 2004	Change
Airbus	1,444	980	+47%	11,262	10,024	+12%
Military Transport Aircraft	-14	-10	-40%	326	234	+39%
Aeronautics ⁽³⁾	19	55	-65%	1,779	1,631	+9%
thereof Eurocopter	61	43	+42%	1,266	1,092	+16%
Space	7	-12	+158%	1,160	1,090	+6%
Defence and Security Systems	-19	-83	+77%	2,172	2,119	+3%
Headquarters Consolidation	103	49	-	-679	-531	-
Total	1,540	979⁽²⁾	+57%	16,020	14,567	+10%

by Division (Amounts in millions of Euro)	Order Intake			Order Book		
	H1 2005	H1 2004	Change	30-06 2005	31-12 2004	Change
Airbus ⁽⁴⁾	17,958	6,158	+192%	151,978	136,022	+12%
Military Transport Aircraft	989	165	+499%	20,565	19,897	+3%
Aeronautics ⁽³⁾	2,024	1,669	+21%	11,087	10,171	+9%
thereof Eurocopter	1,086	974	+11%	9,589	9,117	+5%
Space	1,130	3,905	-71%	11,393	11,311	+1%
Defence and Security Systems	4,134	2,057	+101%	19,100	17,276	+11%
Headquarters Consolidation	-811	-496	-	-10,429	-10,389	-
Total	25,424	13,458	+89%	203,694	184,288	+11%

- 1) Earnings before interest and taxes, pre-goodwill impairment and exceptionals
- 2) Previous year restated by stock options expense (€ -6 million for EADS group) according to first time application of IFRS 2.
- 3) Aeronautics division dissolved end of June 2005
- 4) Order Intake and Order Book based on catalogue prices

* EADS uses **EBIT pre-goodwill impairment 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.

Highlights April to July 2005

Strong Airbus performance:

- The successful first flight of the A380, the flagship of the Airbus fleet, on 27 April marked a take-off into a new era of commercial aviation. In total, Airbus received 159 firm orders and commitments from 16 customers for the A380 up to date. With UPS, China Southern Airlines and Kingfisher Airlines, the A380 attracted three new customers in 2005.
- At the international air show in Le Bourget near Paris in June, Airbus received orders and commitments for 280 aircraft. IndiGo, an Indian low-cost carrier, signed a letter of intent on the purchase of 100 aircraft of the A320 Family.
- Also at Le Bourget, Qatar Airlines committed to buy 60 aircraft of the A350 type. To the end of June, Airbus had received commitments for a total of 125 A350 aircraft.

EADS continues growth track with its defence and space businesses:

- EADS will deliver a digital radio network based on the Tetrapol standard to Brazil's Departamento de Polícia Federal. The network will initially be set up in Rio de Janeiro and São Paulo, and in the capital city of Brasilia, where it will begin operation in 2006.
- In June, the Spanish government gave its approval for procurement of the Taurus KEPD 350 standoff guided missile system. The Spanish Air Force will procure 43 operational Taurus KEPD 350 systems, including mission planning, logistic equipment and integration on the EF-18 aircraft.
- With the Vietnamese government, EADS signed a contract for the supply of a satellite-based environmental and natural resources monitoring system.
- EADS North America selected Mobile, Alabama as the site for the EADS KC-330 advanced tanker U.S. production facility, providing a strategically-located complex on the Gulf of Mexico with existing runways, a deepwater port and a skilled aerospace workforce. An Airbus Engineering Centre will be co-located with the future production facility and is scheduled to begin operations in 2006.

- After Germany's decision to participate in the development of the ground-based tactical air-defence system MEADS, this transatlantic cooperation project entered its Design and Development (D&D) phase. A respective development contract will run until the year 2013.
- In April, the New Zealand Ministry of Defence announced the selection of the NH90 helicopter as a replacement for the Royal New Zealand Air Force's ageing fleet transport helicopters.
- EADS will supply Brazil with C-295 military transport aircraft, and modernize the country's fleet of P-3 maritime patrol aircraft, which will include the installation of the Fully Integrated Tactical System (FITS).
- In June, EADS and Research In Motion (RIM) agreed to form a strategic alliance focused on delivering localized wireless data solutions to government organizations across Europe.
- South Africa became a partner in the A400M airlifter programme in April and will participate in the design, engineering, industrialization, manufacture and in-service support of the world's most modern military transport aircraft. In July, Chile indicated its intention to purchase up to three A400M military transport aircraft. The Chilean industry is to benefit from aerospace related industrial participation.
- EADS and MBDA announced at the Paris Air Show that the terms and conditions for the German missile systems house EADS/LFK to become part of MBDA have been agreed and a Master Understanding has been formally signed. Subject to the respective Board and regulatory authority approvals, the transaction is due to be completed later this year.
- After just nine months, the future Military Message Handling System NuKomBw has been completed in May and passed factory acceptance tests. NukomBw (Nutzerorientierte Kommunikation der Bundeswehr – armed forces user-oriented communication system) will ensure the ability of the armed forces to exchange formal messages with classification levels up to "top secret" and provides military installations and individual users with the very latest communications services.
- In May, EADS Astrium underscored its leading market position in Europe by winning the order for South Korea's first geo-stationary multifunctional satellite.

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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Note to Editors:

*You may dial in to the
EADS Analysts Conference Call with CFO Hans Peter Ring
(listen-in only, no possibility to ask questions)*

today, Wednesday, 27th July 2005, at 02:00 pm CET

*under Telephone number +44 (0) 20 7190 1595
website for presentation: www.finance.eads.net*

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 19, 2005.