

Press Release 5 January 2001

EADS and BAE Systems announce formation of the Airbus company

Amsterdam/London EADS European Aeronautic Defence and Space Company ("EADS") and BAE Systems announced today that all conditions precedent (including regulatory approvals) required for the Airbus deal to close have been fulfilled and agreement on common decisions, including the future Airbus Business Plan has been reached. The Airbus Company will be formally established by the end of February 2001 (with effect from 1 January 2001). Airbus is now operating as an integrated enterprise.

Airbus will be owned 80% by EADS and 20% by BAE Systems. Airbus had proforma 1999 consolidated turnover of € 15.7 billion and employs some 40,000 people in France, Germany, Spain and United Kingdom. The integration of all Airbus assets in Airbus company is expected to generate synergies of at least € 350 million p.a. by 2004.

EADS and BAE Systems have now provided their Airbus aircraft activities with an optimised industrial organisation at world-class level to better serve its customers and to successfully meet the challenges of the aeronautics industry.

Airbus is now in a position to further enhance its competitive position by concentrating purchasing power, removing duplication and overheads. In particular, customers will benefit from a fully integrated customer support organisation.

For Philippe Camus and Rainer Hertrich, the EADS Co-Chief Executive Officers, the birth of the Airbus company is *"the latest step taken by EADS without which great projects such as the launch of the A380 would not have been possible. The creation of EADS introduced the necessary conditions for the formation of Airbus company. Six months after its creation, EADS has once again demonstrated its ability to perform."*

John Weston, Chief Executive, BAE Systems plc added, *"Airbus has been outstandingly successful in establishing its strong market position. The restructuring of the business in this way will enable Airbus to deliver still higher levels of performance to customers and shareholders alike."*