

# Information notice

## Annual General Meeting

**on Thursday, May 6, 2004 at 10:30 a.m.**

at Sheraton Amsterdam Airport Hotel  
Schiphol Boulevard 101,  
1118 BG Schiphol Airport, The Netherlands.

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### Shareholders Information

(free call)

France: 0 800 01 2001

Germany: 00 800 00 02 2002

Spain: 00 800 00 02 2002

mailbox: [ir@eads.net](mailto:ir@eads.net)





# Ways of participating in the Meeting



In order to participate in the meeting, please choose one of the following options, detailed below:

- I. to grant a power of attorney to the Chairmen,
- II. to provide voting instructions,
- III. to grant a power of attorney to a specified person,
- IV. to attend and to vote at the Annual General Meeting.

## I. To grant a power of attorney to the Chairmen

If you wish to grant to the Chairmen a power of attorney to vote each resolution and amendments or new resolutions, if any, presented at this meeting, you must shade box ① on the voting form / attendance card request (the "Form"), if attached, or indicate this on a similar document provided by your depository bank (the "Document").

## II. To provide voting instructions

In order to provide voting instructions to Euroclear France S.A., in the name of which your shares are registered in the shareholders' register of EADS, you must shade and fill out box ② on the Form, if attached, or indicate this on the Document.

### To express your choice, proceed as follows:

- If you wish to vote **FOR** a resolution and amendment or new resolution, if any, presented at this meeting, do not shade the corresponding box.
- If you wish to vote **AGAINST** a resolution and amendment or new resolution, if any, shade the corresponding box.

## III. To grant a power of attorney to a specified person

If you wish to grant a power of attorney to a specified person to vote each resolution, and amendments or new resolutions, if any, presented at this meeting, you must shade and fill out box ③ on the Form, if attached, or indicate this on the Document.

In this case, the specified person will be admitted to the meeting only upon presentation of an admission card and a valid proof of identity.

## IV. To attend and to vote at the Annual General Meeting

If you wish to attend and to vote at the meeting, you must shade box ④ on the Form, if attached, or indicate this on the Document in order to receive an admission card.

This card is provided upon request by your financial broker, which requests it at Deutsche Bank AG

In this case, you will be admitted to the meeting only upon presentation of this admission card and a valid proof of identity.

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**Whichever your choice is, whether I, II, III or IV,** just shade and fill out the appropriate items on the Form as indicated above. Then date and sign before returning it, following the case, to your depository bank which will submit the relevant instruction to Deutsche Bank AG.

Your Form or Document must be received by your depository bank no later than the day indicated by your depository bank.

Any Form or Document received beyond the relevant date will be disregarded.

In any case, if you wish to participate in the meeting, your depository bank via Deutsche Bank AG, shall justify on your behalf your status as a holder of EADS shares.

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The Annual General Meeting Documentation (i.e. agenda and text of draft resolutions, Board report, 2003 audited annual financial statements and auditors' report) is available at the EADS headquarters in The Netherlands and at the EADS head offices at the following addresses:

- **in Germany**, 81663 Munich,
  - **in France**, 37, boulevard de Montmorency, 75781 Paris cedex 16,
  - **in Spain**, Avenida de Aragón 404, 28022 Madrid,
- or at:
- **Deutsche Bank AG**, TSS/GES, Post IPO Services, 60262 Frankfurt am Main, Germany and,
  - **EADS Securities Department, Logival**, 6 rue Laurent Pichat, 75216 Paris cedex 16, France.

This documentation can also be sent upon request using the "Additional Documentation Request Form" attached at the end of the present document and will also be available on our web-site [www.eads.net](http://www.eads.net) (financial information).

- 1** Report of the Board of Directors including the:
  - (i) chapter on corporate governance,
  - (ii) policy on dividends,
  - (iii) proposed remuneration policy including arrangements for the grant of stock options and rights to subscribe for shares for the members of the Board of Directors;
- 2** Adoption of the audited accounts for the financial year 2003;
- 3** Approval of the result allocation, distribution and payment date;
- 4** Release from liability of the members of the Board of Directors;
- 5** Appointment of the auditors for the financial year 2004;
- 6** Appointment of Mr. Rüdiger Grube as a member of the Board of Directors;
- 7** Appointment of Mr. François David as a member of the Board of Directors;
- 8** Cancellation of shares repurchased by the Company;
- 9** Renewal of the authorization for the Board of Directors to repurchase shares of the Company.



## FIRST RESOLUTION

### Report of the Board of Directors

RESOLVED THAT the Report of the Board of Directors, as submitted to the Annual General Meeting, including the chapter on corporate governance, policy on dividends and proposed remuneration policy including arrangements for the grant of stock options and rights to subscribe for shares for the members of the Board of Directors, be and hereby is accepted and approved.

## SECOND RESOLUTION

### Adoption of the audited accounts for the financial year 2003

RESOLVED THAT the audited annual accounts for the accounting period from January 1, 2003 to December 31, 2003, as submitted to the Annual General Meeting by the Board of Directors, be and hereby are adopted.

## THIRD RESOLUTION

### Approval of the result allocation, distribution and payment date

RESOLVED THAT the net profit of € 152 million, as shown in the audited profit and loss statement for the financial year 2003, shall be added to retained earnings and that a payment of a gross amount of € 0.40 per share shall be made to the shareholders from distributable reserves on June 4, 2004.

## FOURTH RESOLUTION

### Release from liability of the members of the Board of Directors

RESOLVED THAT the members of the Board of Directors be and hereby are granted a release from liability for the performance of their duties during and with respect to the financial year 2003, to the extent that their activity has been reflected in the audited annual accounts for the financial year 2003 or in the Report of the Board of Directors.

## FIFTH RESOLUTION

### Appointment of the auditors for the financial year 2004

RESOLVED THAT the Company's auditors for the accounting period being the financial year 2004 shall be Ernst & Young Accountants whose registered office is at Drentestraat 20, 1083 HK Amsterdam, The Netherlands, and KPMG Accountants N.V., whose registered office is at Churchillplein 6, 2517 JW The Hague, The Netherlands.

## SIXTH RESOLUTION

### Appointment of Mr. Rüdiger Grube as a member of the Board of Directors

RESOLVED THAT effective at the end of this Annual General Meeting, Mr. Rüdiger Grube be appointed as a member of the Board of Directors to replace Mr. Eckhard Cordes who resigned from the Board of Directors.

## SEVENTH RESOLUTION

### **Appointment of Mr. François David as a member of the Board of Directors**

RESOLVED THAT effective at the end of this Annual General Meeting, Mr. François David be appointed as a member of the Board of Directors to replace Mr. Jean-René Fourtou who resigned from the Board of Directors.

## EIGHTH RESOLUTION

### **Cancellation of shares repurchased by the Company**

RESOLVED THAT the shares in the Company held by the Company, up to a maximum of 5,727,515 shares, shall be cancelled and both the Board of Directors and the Chief Executive Officers be and hereby are authorized, with powers of substitution, to implement this resolution in accordance with Dutch law.

## NINTH RESOLUTION

### **Renewal of the authorization for the Board of Directors to repurchase shares of the Company**

RESOLVED THAT the Board of Directors be and hereby is authorized, for a new period of 18 months from the date of this Annual General Meeting, to repurchase shares of the Company, by any means, including derivative products, on any stock exchange or otherwise, as long as, upon such repurchase, the Company will not hold more than 5% of the Company's issued share capital and at a price not less than the nominal value and not more than 110% of the price at which the Company's shares were quoted at close of business on any stock exchange on the trading day before such repurchase. This authorization supersedes and replaces the authorization given by the Annual General Meeting of May 6, 2003 in its ninth resolution.



## 1. GENERAL OVERVIEW

With a workforce of 109,135 employees (at year-end 2003) and revenues of € 30.1 billion in 2003, EADS is Europe's premier aerospace and defence company and the second largest aerospace and defence company in the world.

In terms of market share, EADS has become the number one manufacturer of commercial aircraft and civil helicopters,

and a leading supplier of space commercial launch vehicles, missiles, military aircraft, satellites, defence electronics and related services.

In 2003, it generated 76% of its revenues in the civil sector and 24% in the military sector.

## 2. MAIN EVENTS OF 2003

In spite of a difficult environment in 2003, EADS surpassed its announced targets, and has become a driving force in global aerospace and defence by becoming the market leader in commercial aircraft above 100 seats, and by more than doubling its defence order book.

In the civil aviation business, for the first time ever, Airbus delivered in 2003 more aircraft than its competitor and confirmed its order-intake leadership by capturing 52% of new aircraft orders.

Airbus achieved also significant technical milestones in 2003 in the A380 program, and now has 129 firm orders from eleven customers for this aircraft. The industrial structure and programme management are in place according to plan with final assembly of the A380 starting in 2004.

The American low-cost carrier jetBlue Airways rewarded Airbus with a major success by placing an order for 65 Airbus A320.

For defence businesses, 2003 was characterized by an excellent order intake (€ 31 billion). The major contracts are the order of

180 A400M military transport aircraft, the order of the British military communication satellite system Skynet 5, the sale of the NH90 helicopter to Greece, as well as of Eurofighter to Austria, its first export customer.

In the field of missile defence a contract was signed with the European procurement agency OCCAR<sup>1</sup> for series production of Aster 15 and Aster 30 missiles.

In its space business, EADS implemented a drastic restructuring in 2003, to bring the division to breakeven in 2004. Major business successes contributing to the profitability goals were the decision by the European Space Agency (ESA) to finance the Galileo Satellite Navigation System; the designation of EADS as prime contractor for the Ariane Spacecraft and the acquisition of several satellite contracts worth over € 600 million by Astrium.

In view of globalizing its business, EADS concluded also a number of partnerships, especially in Asia, in Russia, and in the U.S.A.

## 3. CORPORATE GOVERNANCE

### 3.1 Management and Control

In 2003, the Board of EADS continued to uphold the driving principle of maximising shareholder value and conformity with applicable law and Corporate Governance principles.

A Board meeting held on December 5, 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 functioning including the implementation of an evaluation process of its performance, the personal status of its Directors including their individual compensation,

<sup>1</sup> Organisation Conjointe de Coopération en matière d'Armement (Organization for Joint Armament Cooperation).

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' web-site. Accordingly, the Board decided to establish the internal Directors' guidelines, detailing the rights and duties of the members of the Board and the role of the Committees of the Board as set out in the EADS Internal Rules for the Board.

## 3.2 Dutch Corporate Governance Code

In the context of this review of Corporate Governance issues, the Board also specifically analyzed the provisions of the new Dutch Corporate Governance Code (the "Dutch Code") published in its final version in December 2003. As EADS is a Dutch Company listed on three different stock markets (Paris, Frankfurt and Spain), Dutch Code will be applicable to the Company from January 1, 2004, if the legislation proposed by the Dutch Government is enacted later this year. In accordance with Dutch law and with the provisions of the Dutch Code, the Company will comply with the requirements in respect of reporting on Corporate Governance and explain the reasons for non-compliance.

## 3.3 Remuneration policy of the members of the Board of Directors

Shareholders expect a strong commitment from EADS Board members; the compensation policy is therefore designed to focus efforts on what the Group wants to value and reward.

### 3.3.1 Compensation of Non-Executive Board members

The Non-Executive Directors are entitled to receive a total target compensation. This target compensation includes (i) a fixed part of € 30,000 per director and € 60,000 per chairman, (ii) a fee for participation in board meetings as well as committee meetings of € 5,000 per director and € 10,000 per chairman, per meeting and (iii) a variable part consisting of a profit sharing (bonus) calculated according to EBIT results of the EADS Group, of € 50,000 per director and € 100,000 per chairman at 100 % target achievement.

The profit sharing calculation rules for Non-Executive members are the same as for the Executive members of the Board (see below).

### 3.3.2 Compensation of Executive Board members

The remuneration policy for Executive Board Members follows the same principles as the remuneration policy for EADS Executive Committee Members.

The Executive Board members are entitled to receive a total target compensation divided into a fixed part and a variable part; total compensation is 50% fixed and 50% variable calculated for half on EADS profit sharing (financial indicator : EBIT) and for half on individual bonus. They receive neither Board attendance fees nor any dedicated compensation as members of the Board.

### 3.3.3 Stock Option Plans ("SOP")

Executive Board members are eligible for the EADS SOPs. One of the criteria for vesting of stock options for Executive Board members will be conditional upon the achievement of the operative mid-term plan.

The Remuneration and Nomination Committee makes recommendation to the Board, who finally decides on the individual grant allocation.

### 3.3.4 Employee Share Ownership Plan ("ESOP")

EADS Executive Board members are eligible for the ESOP under the same conditions as any of EADS' employees, being people under contract with EADS or with its subsidiaries. Those shares cannot be sold during a minimum period of 1 year.

### 3.3.5 Pension benefits

The Executive Board members have pension promises as part of their employment agreements. The general policy is to give them annual pensions of 50% of their annual base salary after five years in the Executive Committee of EADS at the age of 60 to 65. This obligation will increase to 60% after second term.

### 3.3.6 Policy for termination package

Non-Executive Board members have no termination package. Executive Board members are entitled to a termination package when the parting results from a decision by the Company. Such package varies according to the type of their contracts.



## 4. FINANCIAL HIGHLIGHTS

EADS prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). To be in full compliance with IFRS, EADS changed its accounting policy regarding IAS 38 "Intangible Assets", in particular capitalization of product related development costs. This change in accounting policy had no material effect on the Financial Statements 2003. Previous financial statements were not impacted by this change.

### 4.1 Revenues

In 2003 EADS' revenues reached € 30.1 billion.

Table 1 – Revenues by division

(in millions of €)	2003	2002	Change
Airbus	19,048	19,512	(464)
Military Transport Aircraft	934	524	410
Aeronautics <sup>1</sup>	3,803	3,834	(31)
Space	2,424	2,216	208
Defence & Security Systems <sup>1</sup>	5,165	4,770	395
HQ / Consolidations	(1,241)	(955)	(286)
<b>Total Total EADS Group</b>	<b>30,133</b>	<b>29,901</b>	<b>232</b>

<sup>1</sup> New structure of Aeronautics and Defence divisions

**Airbus** delivered 305 aircraft, slightly above its target of 300, after delivering 303 aircraft in 2002. Revenues slightly decreased by 2% due to the weaker US dollar against the Euro which was partly offset by a better mix of deliveries.

Revenues at the **Military Transport Aircraft** division increased by 78% mainly originating from the A400M programme.

Revenues at the **Aeronautics** division remained stable compared to 2002, with particularly good performances at Eurocopter and EFW, offset by lower deliveries at Socata and ATR.

**Space** revenues increased by € 0.2 billion compared to 2002 thanks to the 100% consolidation of Astrium. This was partially offset by lower revenues in Space Transportation (closure of the

The consolidated financial statements include the subsidiaries under the control of EADS. Investments in which EADS has significant influence ("associated companies") are accounted for using the equity method. For investments in material joint ventures, EADS uses the proportionate method of consolidation. The effects of intercompany transactions are eliminated.

Ariane IV programme and slowdown of the Ariane V programme).

**Defence & Security Systems** revenues increased by 8% driven by the ramp-up of Eurofighter and missile programmes.

### 4.2 EBIT pre-goodwill amortization and exceptionals

EADS uses EBIT ("Earnings Before Interest and Taxes") 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, as well as impairment charges.



Table 2 – Reconciliation Income from operating activities to EBIT\*

(in millions of €)	2003	2002
<b>Income from operating activities</b>	<b>561</b>	<b>160</b>
Goodwill amortization and related impairment charges	567	936
Exceptional depreciation (fixed assets)	214	227
Exceptional depreciation (inventories)	15	16
Income from investments	186	87
<b>EBIT pre-goodwill amortization and exceptionals</b>	<b>1,543</b>	<b>1,426</b>

\* Pre-goodwill amortization and exceptionals

Table 3 – EBIT\* by division

(in millions of €)	2003	2002	Change
Airbus	1,353	1,361	(8)
Military Transport Aircraft	30	(80)	110
Aeronautics <sup>1</sup>	217	180	37
Space	(400)	(268)	(132)
Defence & Security Systems <sup>1</sup>	171	122	49
HQ / Consolidations	172	111	61
<b>Total EADS Group</b>	<b>1,543</b>	<b>1,426</b>	<b>117</b>

\* Pre-goodwill amortization and exceptionals

<sup>1</sup> New structure of Aeronautics and Defence divisions

In 2003 EADS achieved an EBIT of € 1,543 million, an 8% increase from 2002 and significantly above the target set at about € 1.4 billion.

**Airbus** division EBIT reached € 1,353 million, at about the same level as in 2002 thanks to a better aircraft model mix that was offset by the R&D cost increase.

The **Military Transport Aircraft** division achieved the turnaround reaching € 30 million EBIT in 2003 thanks to better performance. 2002 had been affected by the insolvency of a customer.

The **Aeronautics** division accounted a strong performance increase of 21%, mainly a result of further improvement in profitability at Eurocopter.

**Space** division negative EBIT of € 400 million was worse compared to 2002 due to the restructuring programme and the corresponding charges of € 288 million booked. However, without the restructuring charges and the negative consolidation effect, the operational performance of Space improved compared to 2002. Space division's target is to achieve EBIT breakeven in 2004.

The **Defence & Security Systems** division EBIT was boosted by 40%. Main contributors were the Eurofighter and missile programmes.

The EBIT contribution from Headquarters increased, namely thanks to the higher contribution from the Dassault Aviation investment. Part of this is due to the "catch up" impact of the IAS restatement of the 2002 Dassault Aviation contribution.

### 4.3 Net Cash

As of December 31, 2003, the Net Cash position defined as the difference between (i) cash, cash equivalents and securities and (ii) financial liabilities (as recorded in the consolidated balance sheet) of EADS was € 3,105 million, compared to € 2,370 million in 2002 on comparable terms. This improvement was much better than expected and driven by stronger operating cash flows.

Cash provided by operating activities (including working capital variation) significantly increased to € 4,709 million (2002: € 2,666 million) thanks to better hedge rates and to higher level of customer advance payments.



Cash used for investing activities amounted to € 3,475 million including capital expenditure for the A380 programme and customer financing net increase cash impact (€ 1,093 million).

Cash flow provided by financing activities amounted to € 852 million including Eurobond loans of € 1,500 million and cash distribution paid to shareholders of € 240 million in 2003.

#### 4.4 Order Intake and Order Book

EADS **order intake** reached € 61.2 billion in 2003, an increase of 97% compared to 2002 and exceeding 2003 revenues by factor 2. (Defence orders contribution: half of EADS' order intake).

Table 4 – Order Intake and Order Book by division

(in millions of €)	Order Intake		Order Book	
	2003	2002	2003	2002
Airbus	39,904	19,712	141,836	140,996
Military Transport Aircraft	20,326	403	20,007	633
Aeronautics <sup>1</sup>	3,661	4,095	9,818	10,162
Space	6,062	2,145	7,888	3,895
Defence & Security Systems <sup>1</sup>	6,288	5,413	14,283	13,406
HQ / Consolidations	(15,091)	(759)	(14,552)	(753)
<b>Total EADS Group</b>	<b>61,150</b>	<b>31,009</b>	<b>179,280</b>	<b>168,339</b>

<sup>1</sup> New structure of Aeronautics and Defence divisions

**Airbus** order intake recovered with 254 commercial aircraft ordered (in 2002: 233 net orders booked). Moreover, order intake value was enhanced by the larger size of the aircraft ordered with new orders for the A380. Airbus' 2003 order intake also includes Airbus work-share on the A400M program for about € 14 billion.

**Military Transport Aircraft** division order intake was driven by the A400M contract (€ 19.7 billion).

**Aeronautics** division orders of € 3.7 billion declined compared to 2002 mainly due to the much lower order intake level received by ATR.

The **Space** division order intake of € 6.1 billion nearly tripled

compared to 2002 mainly due to the Skynet 5 and various civil satellite orders.

**Defence & Security Systems** division order intake increased by 16% due to the Aster phase 3 contract in December 2003 and higher orders for Eurofighter.

##### Order Book

The EADS order book improved by 6.5% to a total of € 179.3 billion at the end of 2003. With a constant €-US dollar exchange rate, the order book growth would have been much higher.

The Defence order book part reached € 45.7 billion, more than doubling compared to 2002 (€ 22 billion).

#### 5. POLICY ON DIVIDENDS

The amount of the proposed cash distribution of a gross amount of € 0.40 per share with respect to the year 2003 results from the Company's performance during the year 2003, and from the examination of payout ratios based on net income before goodwill amortization for a collection of relevant European companies.

In the future, EADS' dividends and attributions to reserves will be proposed to the shareholders by the Board depending on factors such as EADS' distribution capacity arising from performance, its priorities for cash utilization and confidence in future prospects (payment levels will also take external factors into account, such as the dividend policies of relevant European and international companies).

## 6. PRESENTATION OF THE RESOLUTIONS PROPOSED BY THE BOARD

### First resolution

We propose that this AGM accepts and approves this Board Report including, in order to comply with Dutch law and the recommendations of the Dutch Code, the chapter on Corporate Governance, the policy on dividends, the proposed remuneration policy and the arrangements for the grant of stock options and rights to subscribe for shares for the members of the Board of Directors as described in this Board Report.

### Second and third resolutions

We propose that this AGM approves the audited annual financial statements for 2003 and resolves that the net profit of € 152 million, as shown in the profit and loss statement for the financial year 2003, shall be added to retained earnings and that a payment of a gross amount of € 0.40 per share shall be made to the shareholders from distributable reserves on June 4, 2004.

### Fourth resolution

We recommend that this AGM discharges the members of the Board from their responsibility for the conduct of the Company's business with respect to the financial year 2003.

### Fifth resolution

We recommend that the Company's auditors for the financial year 2004 should be Ernst & Young Accountants whose registered office is at Drentestraat 20, 1083 HK Amsterdam, the Netherlands, and KPMG Accountants N.V. whose registered office is at Churchillplein 6, 2517 JW The Hague, Netherlands. Our proposal is thus to renew the same auditors as for the current financial year.

### Sixth and seventh resolutions

We recommend that this AGM (i) takes note of the resignation of Messrs. Eckhard Cordes and Jean-René Fourtou as members of the Board and (ii) appoints Messrs. Rüdiger Grube and François David as their respective successors effective as of the end of this AGM.

Mr. **Rüdiger Grube** is member of the Board of Management of the DaimlerChrysler AG in charge of corporate development since 2002. He started his career in 1989 at Messerschmitt-Bölkow-Blohm (MBB). In 1995, he became

Director of Corporate Planning and Technology of Deutsche Aerospace AG. In 1996, he was appointed Senior Vice President and Head of Corporate Strategy at Daimler-Benz AG and subsequently of DaimlerChrysler AG. In 2000, he became Senior Vice President for Corporate Development. Mr. Grube holds an engineers' degree in aircraft construction and engineering from the University in Hamburg and a doctorate in industrial science.

Mr. **François David** is Chairman and CEO of Coface, an international credit insurance and credit management service provider since 1994. He started his career in 1969 in the French Ministry of Finance as civil administrator at the foreign economic relations department in which he held various responsibilities. In 1986, he was named Director of the Cabinet of the Minister of Foreign Trade. In 1987, he was appointed Director of external economic relations within the Ministry of Economy, Finance and Budget. In 1990, he was named International Managing Director of the Aerospatiale Company. Mr. David is an alumnus of the École Nationale d'Administration, a graduate of the Institut d'Études Politiques de Paris, and he holds a degree in sociology.

### Eighth resolution

We propose that this AGM approves the cancellation of the shares repurchased by the company, up to the maximum amount of 5,727,515 shares to compensate the dilution effect resulting from the issuance of the same number of shares for the purpose of the ESOPs 2001, 2002 and 2003.

### Ninth resolution

We propose that this AGM approves the renewal of the authorization to the Board to repurchase shares of the Company, for a new 18-month period by any means, including derivative products, on any stock exchange or otherwise, as long as, upon such repurchase, the Company will not hold more than 5% of the Company's issued share capital and at a price not less than the nominal value and not more than 110% of the price at which the Company's shares were quoted at close of business on any stock exchange on the trading day before such repurchase. The above authorization will supersede and replace the authorization granted by the AGM on May 6, 2003.

## 1. CONSOLIDATED ACCOUNTS

### 1.1 Consolidated Income Statements

(in millions of €)	2003	2002
<b>Revenues</b>	<b>30,133</b>	<b>29,901</b>
Cost of sales	(24,594)	(24,465)
<b>Gross margin</b>	<b>5,539</b>	<b>5,436</b>
Selling expenses	(776)	(829)
Administrative expenses	(1,386)	(1,422)
Research and development expenses	(2,189)	(2,096)
Other income	196	248
Other expenses	(823)	(1,177)
<i>thereof goodwill amortization and related impairment losses</i>	<i>(567)</i>	<i>(936)</i>
<b>Income from operating activities</b>	<b>561</b>	<b>160</b>
Income from investments	186	87
<i>thereof income from associates</i>	<i>224</i>	<i>108</i>
Interest income net	(203)	(81)
Other financial result	148	21
<b>Financial result</b>	<b>131</b>	<b>27</b>
Income taxes	(474)	(453)
<b>Profit (loss) from ordinary activities</b>	<b>218</b>	<b>(266)</b>
Minority interests	(66)	(33)
<b>Net income (loss)</b>	<b>152</b>	<b>(299)</b>
<b>Earnings per share</b>	<b>€</b>	<b>€</b>
Basic and diluted	0.19	-0.37
<b>Cash distribution per share (2003: proposal)</b>	<b>0.40</b>	<b>0.30</b>

## 1.2 Consolidated Balance Sheets

At December 31

(in millions of €)	2003	2002
<b>Assets</b>		
Intangible assets	9,694	9,789
Property, plant and equipment	11,448	10,509
Investments in associates	1,640	1,333
Other investments and long-term financial assets	2,489	2,396
<b>Fixed assets</b>	<b>25,271</b>	<b>24,027</b>
Inventories	3,279	2,700
Trade receivables	4,001	4,114
Other receivables and other assets	10,280	5,256
Securities	468	799
Cash and cash equivalents	7,404	5,401
<b>Non-fixed assets</b>	<b>25,432</b>	<b>18,270</b>
<b>Deferred taxes</b>	<b>2,724</b>	<b>2,992</b>
<b>Prepaid expenses</b>	<b>951</b>	<b>965</b>
<b>Total assets</b>	<b>54,378</b>	<b>46,254</b>
<b>Liabilities and shareholders' equity</b>		
Capital stock	813	811
Reserves	9,589	9,658
Accumulated other comprehensive income	5,934	2,452
Treasury shares	(187)	(156)
<b>Shareholders' equity</b>	<b>16,149</b>	<b>12,765</b>
<b>Minority interests</b>	<b>2,179</b>	<b>1,361</b>
<b>Provisions</b>	<b>8,726</b>	<b>8,248</b>
Financial liabilities	4,767	3,830
Trade liabilities	5,117	5,070
Other liabilities	11,318	10,246
<b>Liabilities</b>	<b>21,202</b>	<b>19,146</b>
<b>Deferred taxes</b>	<b>3,664</b>	<b>2,014</b>
<b>Deferred income</b>	<b>2,458</b>	<b>2,720</b>
<b>Total liabilities and equity</b>	<b>54,378</b>	<b>46,254</b>



### 1.3 Consolidated Statements of Cash Flows

(in millions of €)	2003	2002
Net income (loss)	152	(299)
Income applicable to minority interests	66	33
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization of fixed assets	2,375	2,768
Valuation adjustments	263	177
Deferred tax (income) expenses	(138)	255
Results on disposal of fixed assets/businesses and result of associates (equity method)	(274)	(227)
Change in provisions	246	(845)
<b>Change in other operating assets and liabilities:</b>	<b>2,019</b>	<b>804</b>
- Inventories, net	160	274
- Trade receivables	168	895
- Trade liabilities	116	(139)
- Other assets and liabilities	1,575	(226)
<b>Cash provided by operating activities</b>	<b>4,709</b>	<b>2,666</b>
<b>Investments:</b>		
- Purchases of fixed assets and increase in equipment of leased assets	(2,951)	(2,314)
- Payments for investments in financial assets and acquisitions of subsidiaries	(820)	(1,134)
- Proceeds from disposal of fixed assets and decrease in equipment of leased assets	55	240
- Proceeds from disposal of financial assets and subsidiaries	416	849
- Change in finance lease receivables	(359)	(599)
Change in securities	336	(264)
Cash from changes in consolidation	(152)	5
<b>Cash used for investing activities</b>	<b>(3,475)</b>	<b>(3,217)</b>
Change in financial liabilities	1,132	(774)
Cash distribution to EADS N.V. shareholders	(240)	(403)
Repayments/ dividends to minorities	(38)	(127)
Capital increase	21	16
Purchase of treasury shares	(31)	(156)
Others	8	(3)
<b>Cash provided by (used for) financing activities</b>	<b>852</b>	<b>(1,447)</b>
Effect of foreign exchange rate changes on cash and cash equivalents	(83)	(82)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,003</b>	<b>(2,080)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>5,401</b>	<b>7,481</b>
<b>Cash and cash equivalents at end of period</b>	<b>7,404</b>	<b>5,401</b>

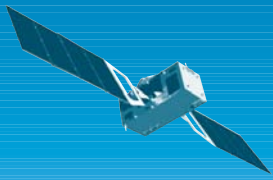
## 2. EADS N.V STATUTORY ACCOUNTS

### 2.1 Balance Sheet

	At December 31	
(in millions of €)	2003	2002
<b>Assets</b>		
Goodwill	4,354	4,618
Financial assets	9,647	5,479
<b>Fixed assets</b>	<b>14,001</b>	<b>10,097</b>
Receivables and other assets	3,778	5,343
Securities	307	657
Cash and cash equivalents	6,117	3,793
<b>Non-fixed assets</b>	<b>10,202</b>	<b>9,793</b>
<b>Total assets</b>	<b>24,203</b>	<b>19,890</b>
<b>Liabilities and Stockholders'equity</b>		
Capital stock	813	811
General reserves	15,336	11,954
<b>Stockholders'equity</b>	<b>16,149</b>	<b>12,765</b>
Financial liabilities	194	-
Other liabilities	7,860	7,125
<b>Liabilities</b>	<b>8,054</b>	<b>7,125</b>
<b>Total liabilities and stockholders'equity</b>	<b>24,203</b>	<b>19,890</b>

### 2.2 Statement of Income

(in millions of €)	2003	2002
Income from investments	398	118
Other results	(246)	(417)
<b>Net result</b>	<b>152</b>	<b>(299)</b>



## How to get to the Sheraton Amsterdam Airport Hotel

### By air

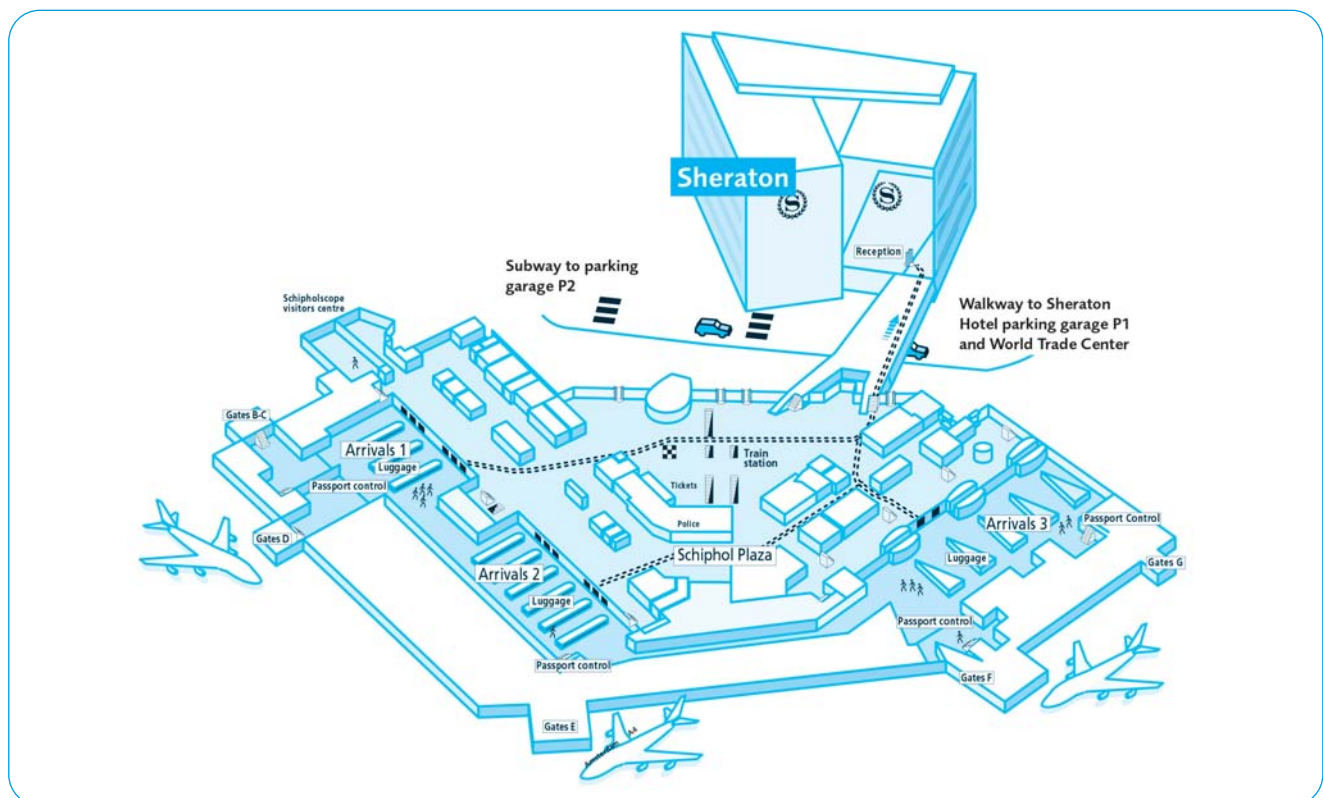
#### Arrival Terminals Schiphol Airport

- From the Arrival Terminal (1,2 or 3) follow the signs Schiphol Plaza. From Schiphol Plaza follow the signs WCT / Sheraton directing to the Traverse walkway. In this walkway pass the Ticket machines and you will find after 50 metres the Sheraton Amsterdam Airport Hotel on your left hand.

### By railway

#### Arrival Train: Schiphol Airport

- From the train platform go up with the escalator to Schiphol Plaza. From Schiphol Plaza follow the signs WCT / Sheraton directing to the Traverse walkway. In this walkway pass the Ticket machines and you will find after 50 metres the Sheraton Amsterdam Airport Hotel on your left hand.

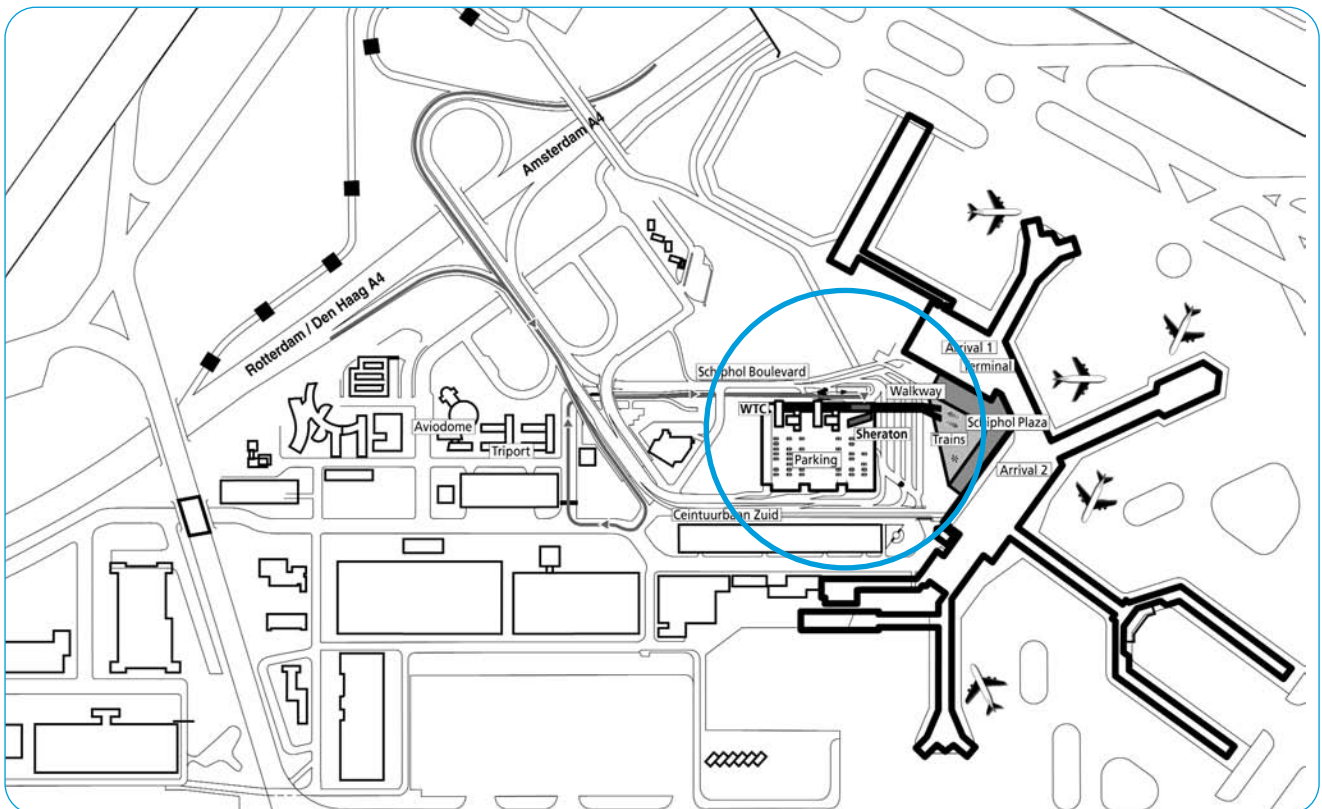




## By car

### A4: from the Hague / Rotterdam & Amsterdam

- From the A4 Motorway take Exit: Schiphol and follow the signs WTC Kantoren / Sheraton until the Sheraton Parking. Within the parking take the elevator to the second floor. On the second floor (you are now in the Traverse walkway) go to the right in the direction of Schiphol Airport Arrival & Departure. After 50 metres you will find the entrance of the Sheraton Amsterdam Airport Hotel on your right hand.



**Shareholders Information** (free call)

France: 0 800 01 2001  
Germany: 00 800 00 02 2002  
Spain: 00 800 00 02 2002  
mailbox: [ir@eads.net](mailto:ir@eads.net)



**European Aeronautic Defence and Space Company EADS N.V.**

Limited liability company (naamloze vennootschap)  
Le Carré, Beechavenue 130-132, 1119 PR Schiphol-Rijk, The Netherlands  
Registered at the Chamber of Commerce in Amsterdam under number 24288945



# Additional documentation request form



## Annual General Meeting on Thursday, May 6, 2004 at 10:30 a.m.

Please send to EADS head offices:

- **in Germany** : 81663 Munich,
- **in Spain** : Avenida de Aragón 404, 28022 Madrid.

Or at:

- Deutsche Bank AG, TSS/GES. Post IPO Services, 60262, Frankfurt am Main, Germany and
- EADS Securities Department, Logival, 6 rue Laurent Pichat, 75216 Paris cedex 16, France

Account Number <sup>1</sup> :

I, the undersigned <sup>2</sup>

Last Name and First Name: .....

Residence (complete address): N° ..... Street: .....

Postcode: ..... City: .....

Country: .....

e-mail: .....

acting in my capacity as person holding EADS shares through Euroclear France S.A., having already received the documents concerning the Annual General Meeting (agenda and text of draft resolutions), request EADS to send me, at its expense, before the said meeting, the following documents. Board report, 2003 audited annual financial statements and auditors' report.

These documents will also be available on EADS web-site [www.eads.net](http://www.eads.net).

Signed ....., on ..... 2004

Signature:

<sup>1</sup> If any.

<sup>2</sup> For legal entities indicate the exact corporate name.



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France: 0 800 01 2001  
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Spain: 00 800 00 02 2002  
mailbox: [ir@eads.net](mailto:ir@eads.net)



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