

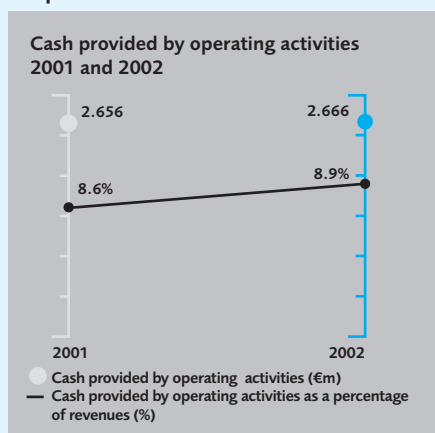
“Financial flexibility is key to our business”

Q:
 What are the main financial challenges EADS faces and how do you manage them?

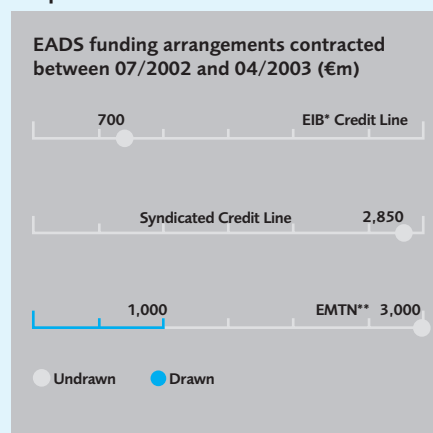
A:
 The biggest challenge is clearly the volatility of today's political and economical environment. In order to act and react quickly, EADS has to be financially flexible. Active cash management is therefore one of my top priorities. Preserving cash on the one hand and at the same time investing into future programmes – like the very large Airbus A380 – as well as supporting customers' financing for our products in a prudent way is a tightrope walk. Our continuously strong balance sheet and cash generation shows that we are successfully managing this challenge [Graph 1]. This is also reflected in the confirmation of our long-term ratings beginning of 2003 (A from Standard & Poor's and A3 from Moody's). In addition, we have made sure that we have the financial flexibility we need for our business in a downturn phase through implementation of credit lines and the successful placement of our first EURO bond [Graph 2].

Another financial challenge derives from the fact that EADS is selling products, mostly aircraft, in US dollars, generating around US\$ 20 billion of annual revenues. We automatically hedge about half of this amount through dollar denominated purchases. It is the task of the finance function to hedge the remaining exposure based on our conservative hedging policy which permits us to hedge our firm orders. During the last 24 months EADS was able to benefit from a strong dollar – 'locking in' attractive rates for the mid-term [Graph 3]. However, in the long run we cannot rely on a 'strong' dollar. We therefore have constantly to improve our productivity and cost structure to ensure long-term competitiveness.

Graph 1:



Graph 2:



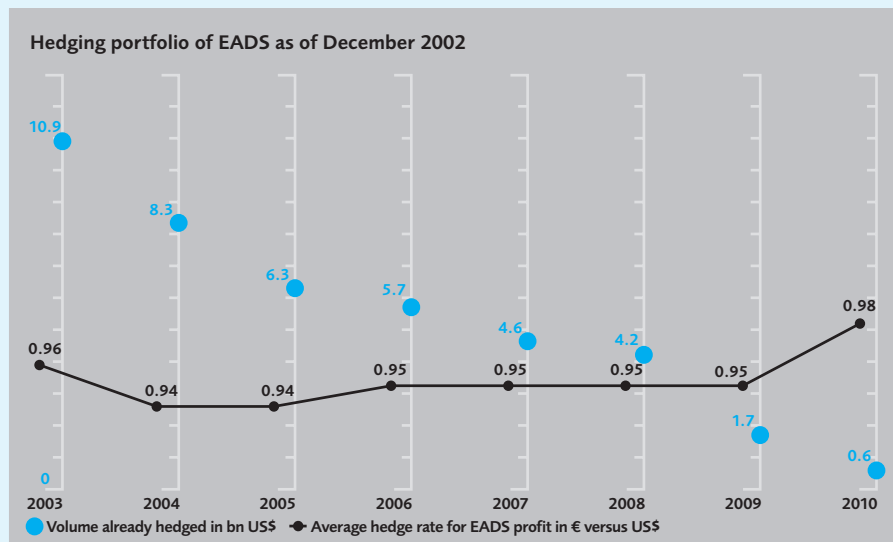
* EIB: European Investment Bank
 ** EMTN: European Medium Term Note Programme

Q:
 What is the potential for profit and cash growth at EADS?

A:
 Today EADS is going through a down-cycle in commercial aviation and is facing extraordinarily severe market difficulties in the space business. On the other hand there are opportunities in our Defence business due to stabilising or even increasing governmental defence budgets. Looking into the future, the mid-term potential for higher profits and cash generation is significant.

In 2002 Airbus generated an operating margin of 7% of revenues. This sound result was achieved with a delivery rate of 303 aircraft, while in a stabilised market, assuming a 50% market share, around 400 aircraft per year would be a normal level of activity. In addition, today's Airbus profitability is being affected by high investments for the future. Today Airbus invests 4 to 5% of its annual revenues in the development of the A380 programme. With the ramp up of A380 deliveries from 2006 onwards, Airbus will see decreasing development costs and at the same time increasing revenues, profits and cash flows.

Graph 3:



Thanks to our integration and restructuring efforts and a stabilising business, the Defence and Civil Systems division – for the first time since the creation of EADS – posted a profit in 2002. More generally for all our defence businesses, we benefit from the ramp up of large defence programmes (e.g. Eurofighter combat aircraft, Tiger and NH90 helicopters, Aster and Storm Shadow missiles), which will improve EADS results. As strategically planned, we are on track towards a more balanced portfolio between commercial and governmental business – in terms of revenues as well as in terms of profit and cash flow.

Q:
What is your mission?

A:
I am committed to generating value for our shareholders. By providing the right methodologies, tools and procedures, the finance function enables the allocation of our financial resources to the programmes that can create additional value and provide an optimum balance between risk and reward. In addition we will continue to improve the transparency of our communication towards shareholders and the financial community.

Hans Peter Ring
Chief Financial Officer
EADS Executive Committee Member