

A message from the Chief Operating Officer for Finance

Dear
Shareholders,
Customers and
Employees,



2005 was the best year ever in EADS history. Financial discipline, vigorous business development, a strong management team and a dedicated workforce- these remain the success factors for delivering excellent financial performance for the sixth consecutive year!

Airbus leadership continued in 2005, the best year ever in terms of deliveries, order intake and profitability. The €93 billion order intake achieved in 2005 validates our belief that the aviation market remains in a vigorous up-cycle. Most impressively, our order backlog of over €250 billion is at historic levels – offering five years of forward visibility.

The civil helicopter, freighter conversion and turboprop businesses performed exceptionally well. Our defence businesses also contributed stronger results and Space continued its recovery by posting further improved results. This is fresh evidence that EADS is becoming a successfully balanced concern in almost every relevant aerospace segment.

Another favourable development was the partial recovery of the U.S. Dollar in 2005. Cautiousness is still required however. We, therefore, strengthened our hedge book appropriately, in line with business conservatism and sound profitability targets.

Existing cost-savings programs such as Airbus Route 06 continued to be actively pursued. And we see further cost-savings potential across our other businesses.

During 2005, we maintained significant cash reserves of over €5 billion. We have deliberately conserved cash in order to give us the financial flexibility to: fund new internal initiatives; invest in innovation; and take advantage of business development and M&A opportunities as they arise. Moreover, a conservative approach to cash is a key element of our single A rating – a real competitive asset in our industry.

EADS now has a strong basis for future growth. All the fundamentals are in place. The next phase in our history of ambitious achievement will be characterized by three paths or enablers of growth: internationalisation, innovation, and improvement.

Internationalisation means enhancing our position in the growth markets of the world. We are implementing this process through a targeted combination of direct investment, strategic partnerships, and M&A, backed by a global procurement network. The mix will be specifically adapted to the local or regional context, as we look toward Asia and the Americas for new sources of high margin sales.

Innovation is already a hallmark of EADS – As our A380 illustrates. Yet the task we have set before the company is to bring to market breakthrough products at a more accelerated pace. Behind the scenes, we are focusing intensely on making our industrial and management processes more creative, more cutting edge. We want to ensure that management is looking ahead, targeting the necessary resources on the types of innovation that deliver the best overall value for our military and commercial customers.

Improvement in performance must be a constant task of management. We are determined to deliver impressive results for our shareholders in 2006 and beyond. Indeed, our aspiration is to achieve performance standards which are benchmark for our industry.

Improvement also means being best-in-class when it comes to business intelligibility. In 2005, we implemented our integrated state-of-the-art Risk Management and Internal Control system. This system augments an already impressive array of tools which enable high transparency in our reporting. Given the long-term nature of our businesses and required investments we consider that the further development of the Risk Management processes are crucial for actively steering towards a predictable, sustainably excellent and constantly improving organisation.

Finally, we are seeing a further maturation in the EADS shareholder structure. On 9th April 2006, two of our founding shareholders, DaimlerChrysler and Lagardère SCA, announced their intention to reduce their holdings while still remaining committed to being long-term shareholders of EADS. This increases the free float, both now and over the next three years, enhancing the attractiveness of EADS as a global investment.

We are looking forward to an exciting 2006, and to delivering the results you have come to expect of EADS.

Yours truly,



Hans Peter Ring
Chief Operating Officer for Finance