



SPECIAL REPORT

Farnborough Edition 2004

Chairman's Corner

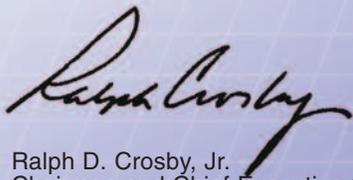
EADS North America is on track to becoming a key player in the U.S. aerospace marketplace.



As a rapidly growing and dynamic company, it is important that we keep our customers, partners, suppliers and employees up-to-date on activities of EADS North America and its business units across the country. This is the goal of our report, which is being issued in a special first edition at the 2004 Farnborough Air Show.

The mission for EADS North America is clear: to further our development as an integrated U.S. company, and sustain growth through the application of EADS capabilities in defense systems and subsystems, military transport and support aircraft, helicopters, air defense, space systems, advanced sensors and other technologies. We will do this through a five-part process of consolidation, investment, mergers and acquisitions, partnership and performance. And, we want to keep you informed each step of the way.

We are committed to a U.S. expansion that includes creating and sustaining jobs, building and operating facilities and supporting local communities. Our primary goal is to be a good U.S. citizen and a strong supporter of transatlantic cooperation.



Ralph D. Crosby, Jr.
Chairman and Chief Executive Officer
EADS North America
Member of the Executive Committee of
EADS, N.V.

The C-295 Comes to America for U.S. Army Demonstration Tour



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C-295 U.S. Tour



Lessons learned from the deployment of U.S. forces overseas and the support of troops at home have underscored the need for a new medium-sized airlifter in the Army's inventory.

The EADS CASA C-295 transport's capability to perform these increasingly vital Army intra-theater lift missions was demonstrated during a 10-state "All American tour," which included 15 stops from coast-to-coast and north to Alaska.



Alaska was one of the 10 states visited by the C-295

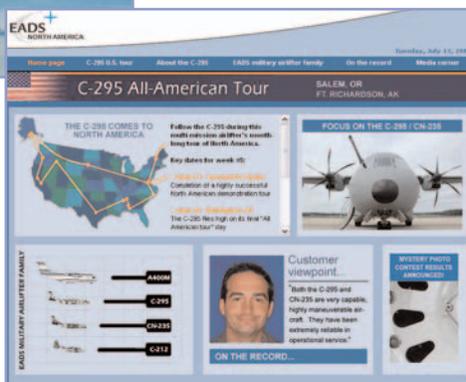
Spanning a period of five weeks, the "All American tour" gave pilots, officers and decision-makers from the U.S. Army, National Guard and various government agencies a first-hand opportunity to evaluate the C-295's operating characteristics.

Features of the C-295 that received high marks include the aircraft's excellent performance and handling qualities, its integrated self-protection system, the state-of-the-art avionics system, its glass cockpit with night vision goggle compatibility, the certified in-flight refueling capability, as well as the airlifter's large fuselage cross-section and interoperability with Army CH-47 Chinook helicopters.

"The C-295 is a 'no risk' solution for the Army as it looks to replace its current fleet of medium-sized airlifters," explained José Morales, President and CEO of EADS CASA North America. "Both the

program. The C-295 has a high degree of commonality with the CN-235, and the major EADS CASA North America training, support and logistics center being created at Mobile, Alabama for the Deepwater program can serve the Army's needs as well.

The C-295's "All American tour" was conducted from May 16 to June 16 and utilized an operational aircraft from the Spanish Air Force's 35th Tactical Transport Wing in Getafe, Spain.



<http://www.C295-tour.com>

C-295 - and its smaller counterpart, the CN-235 - are in full-scale production, and they are demonstrating their mission capabilities daily with users around the world."

Another advantage is the CN-235's selection as the maritime patrol aircraft for the U.S. Coast Guard's Deepwater

Visits and demonstration flights were performed with officers and aviators from the Army National Guard, Air National Guard, National Guard Bureau, U.S. Forest Service, the Bureau of Land Management and the National Office of Fire and Aviation. News reporters and local officials in several states also had the opportunity to attend C-295 briefings and ride aboard the aircraft. Highlights of the "All American tour" are available on the special Website: www.c295-tour.com.

Management Spotlight: Aeroframe Services' Daniel Stone



Dan Stone is an industry veteran

Daniel Stone brings 38 years of aircraft and maintenance experience to his new position as EADS Aeroframe Services' Executive Vice President & Chief Operating Officer.

He assumes the duties as the company's chief maintenance and operations officer, and also has responsibility for the direct management and administration of all maintenance activities at its 500,000-sq. ft. Lake Charles, Louisiana facility.

"We have a skilled, dedicated and experienced workforce that delivers a quality product for customers," Stone said in assessing EADS Aeroframe Services' strengths. "Our facility

is state-of-the-art, and we are expanding its back-shop capability, growing the hanger footprint and bringing in additional capital equipment to match our expansion plans."

EADS Aeroframe Services currently performs maintenance services for the Airbus A320 family and A300/A310 aircraft, with this capability being enlarged to include the A330 and A340.

"Our business development goals include increasing the focus on aircraft interiors and exterior painting, and I would like to see us bring these capabilities to a partnership with a large leasing company in support of its aircraft lease/return modification program," Stone said. "We also will focus on low-cost carriers - offering phase-type maintenance and good turn-around times to meet this emerging industry segment's specific maintenance requirements."

Program Update

New Engines for U.S. Coast Guard HH-65s

The U.S. Coast has kicked off the major re-engining modernization for its Eurocopter HH-65 Dolphins fleet in a fast-paced program with American Eurocopter that will cover the service's inventory of 96 helicopters.

This upgrade effort is part of the Coast Guard's Integrated Deepwater System (IDS) Program, which will modernize and replace the service's aging ships and aircraft, as well as improve its command, control and logistics.

By re-engining its HH-65s, the Coast Guard will increase the helicopters' safety and efficiency, and provide additional operating capability for the service's evolving homeland security missions.

American Eurocopter received an order from the Integrated Coast Guard Systems industry team in May for the initial two HH-65 re-engining kits, and the first helicopter is now completing its upgrade for a return to flight in August.

An American Eurocopter technical team has been assigned to the U.S. Coast Guard's Aircraft Repair and Supply Center in Elizabeth City, North Carolina to support the project.

"This is a challenging program, and we are using American Eurocopter's full experience in upgrading the AS 365 helicopter family for the Deepwater effort," explained Pierre Nardelli, American Eurocopter's Executive Vice President and Chief Operating Officer.

American Eurocopter has become the worldwide center of excellence for the re-engining/modernization of Eurocopter's AS 365-series helicopters (which include the HH-65), and this expertise is being applied to the U.S. Coast Guard program.

This re-engining work includes the installation of more powerful Turbomeca Arriel 2C2 turboshaft engines and replacement of mechanical engine controls with a fully digital control system. Other American Eurocopter customers that already have implemented the AS 365-family upgrades include the Maryland State Police and Pennsylvania's Life Lion aero-medical service.

EADS is one of the largest U.S. Coast Guard Deepwater program subcontractors, supplying products and services from three of its divisions.

In addition to the HH-65 modernization with Eurocopter, EADS Defence and Security Systems Division will provide the latest member of its TRS-3D naval radar family for the National Security Cutter, and EADS Military Transport Aircraft will supply and maintain a fleet of CN-235 medium-range maritime patrol aircraft.

Ralph Crosby, EADS North America's Chairman and CEO, noted that "the Deepwater program demonstrates the operational effectiveness of EADS' ability to win and execute business in the U.S. defense and public safety sectors."



Upcoming Events

Farnborough Air Show

Farnborough, Hampshire, England
July 19-25

- EADS North America headquarters, American Eurocopter, ATR North America, Fairchild Controls, EADS Test & Services North America

Experimental Aircraft Association - AirVenture Oshkosh 2004

Oshkosh, Wisconsin,
July 27 - August 2

- Socata Aircraft

Air Force Association - Air & Space Conference /Exhibition

Washington, D.C.
September 13-15

- EADS North America headquarters, Fairchild Controls

AUTOTESTCON 2004

San Antonio, Texas
September 20-23

- EADS Test & Services North America

Aircraft Owners and Pilots Association Expo

Long Beach, California
September 21-23

- EADS Test & Services North America

TBM 700 Annual Convention

Santa Fe, New Mexico
September 22-26

- Socata Aircraft

National Business Aviation Association - 57th Annual Meeting & Convention

Las Vegas, Nevada
October 12-14

- EADS North America headquarters, American Eurocopter, EADS Aeroframe Services, EADS Barfield Sogerma Barfield, Socata Aircraft

Air Cargo Management Group - Cargo Facts Aircraft Symposium

Miami Beach, Florida
October 19-21

- ATR North America

New Team Members

As a dynamic and growing company, EADS North America and its business units are expanding their management and employee teams, adding capability and expertise. New members of the EADS North America team are:

EADS North America headquarters

Charles Coolidge, Jr. (Lt. Gen., ret.)
Vice President, Air Force Programs

Rachelle Schroeder
Director, Government Relations

Jean-Marie Giraud
Program Manager, U.S. Coast Guard

EADS Aeroframe Services

Daniel Stone
Executive Vice President &
Chief Operating Officer

Socata Aircraft, Inc.

Jayson A. Gehri
Marketing Manager

Muriel Sergent
Marketing Manager

Elizabeth Klimchok
Marketing Coordinator

Mark Diaz
Area Sales Manager -
Northwest U.S.

Kim Smith
Aircraft Technician

EADS Sogerma Barfield, Inc.

Frederic Denise
Chief Operating Officer

Fairchild Controls Corporation

John Neel
Principal Mechanical Engineer

Shaun Kendle
Mechanical Designer

EADS CASA North America

Norbert H. Fortier (Lt. Col., ret.)
Director, Army Transport Aircraft
Programs

Business Unit Profile: Socata

A very special aircraft will be exhibited at this summer's EAA AirVenture show in Wisconsin: the 300th EADS Socata TBM 700 turboprop, which rolled off EADS Socata's assembly line last month and was delivered to Florida-based Socata Aircraft for the North American marketplace.

The TBM 700 is the first civilian single-engine turboprop to be built in large numbers, and it has become highly popular among U.S. business and private operators.

EADS Socata's no. 300 aircraft is the latest configuration available - the TBM 700C2 version, which includes an optional forward door for the pilot and a reinforced wing that allows a significant increase in useful load.

Launched in 1987 with Texas-based Mooney Aircraft Company, the high-speed TBM 700 was targeted as a replacement for costly twin-piston aircraft - which, at the time, represented the backbone of entry-level business aviation.

Socata was assisted by the design office of France's Aerospatiale (a company that later became part of EADS), whose engineers applied advanced aerodynamics originally developed for the ATR 72 commuter aircraft, and used computer-assisted design techniques.

The result was a fast, cost-effective aircraft capable of carrying six persons at 300 KTAS over a range of 1,315 naut. mi. (2,435 km.). This made it the fastest civilian pressurized single propeller aircraft in production.



The TBM 700 is used throughout the U.S.

EADS North America Highlights

- **EADS Test and Services North America** and **TYX Corporation** have received a U.S. Navy contract to modify the Reconfigurable Transportable Consolidated Automated Support System's (RTCASS) system software and run time system. This work will be done primarily at company facilities in St. Louis, Missouri and Reston, Virginia. The period of performance is two years.
- Tom Paskett, Jim Bertrand and Butch Thornburg - who work on **EADS Test and Services North America's** test system contract at Hill Air Force Base, Utah - have won the Spirit Award for the second year running. The Spirit Award was created to provide peer and supervisor recognition of individuals for their superior accomplishment, productivity gain or other personal effort that contributes to the efficiency, economy or other improvement in government operations at Hill Air Force Base.
- **Fairchild Controls Corporation** was given the go-ahead for production of environmental cooling systems (ECS) to be used on Raytheon's ATFLIR (Advanced Targeting Forward Looking Infrared) targeting pod. The ATFLIR is used on the F/A-18 Navy Hornet combat aircraft, and was proven in operations during the Desert Storm Gulf War.
- **Fairchild Controls Corporation's** Jennifer Young, Dave Hanna and Mike Stouffer received a special recognition certificate for Consumption Based Ordering (CBO) from the Boeing Company in Mesa, Arizona. These employees monitor Fairchild Controls' environmental cooling system material in Boeing's inventory for production of the Apache Longbow helicopter, and their outstanding performance is one of the reasons why Fairchild Controls has "Gold Supplier" status in Boeing's supplier rating system.