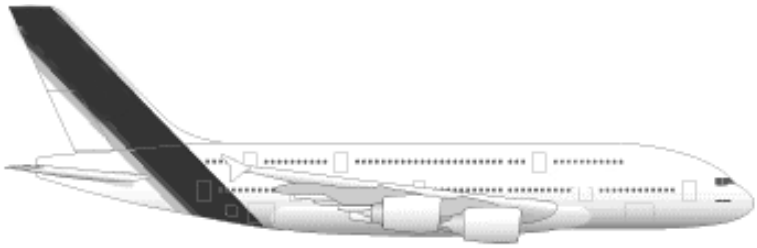
International Metalworkers' Federation (IMF)

World Aerospace Conference
Toulouse, France, 16-19 June 2002



The Aviation and Astronautics Industry:

A growth locomotive and a key technology in the 21st century

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Foreword

Eight years ago, in October 1994, the International Metalworkers Federation (IMF) held the last World Aerospace Conference in Hamburg-Bergedorf. Since then, a host of changes have taken place in this sector.

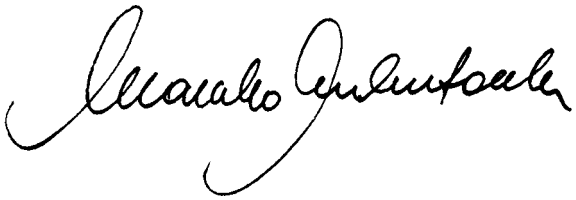
The number of companies manufacturing civilian aircraft has declined since then. McDonnell Douglas was taken over by Boeing. The number of system suppliers in the US declined sharply up until 1998. At the same time, Airbus has become an evenly matched competitor for Boeing for all aircraft types built by the two companies.

In Europe, the "economic interest group" of the Airbus consortium, comprising the French company Aérospatiale Matra S.A., the German company DaimlerChysler Aerospace AG, the Spanish company CASA (Construcciones Aeronáuticas SA) and the British company BAE Systems (British Aerospace), gave birth to the EADS – European Aeronautic, Defence and Space Company, but without British Aerospace.

As far as the trade unions are concerned, it is high time to not only organise the exchange of information between IMF members, which unionise in the aviation and aerospace industry. It is also important, after taking stock of the situation, to develop joint strategies and policies for this branch of industry.

This is the goal of the Conference which the IMF will hold from 16 to 18 June in Toulouse, France, one of the Airbus production sites. I am working on the assumption that the participants and their trade unions will share this goal.

I am hoping for a lively, open and self-critical debate which will lay the cornerstone for the IMF's further activities in this area.



Marcello Malentacchi
General Secretary

Is the aviation and aerospace industry, the growth locomotive, faltering?

Since the mid-90s, the competitive environment of the aviation and aerospace industry has changed radically owing to restructuring, especially in the US but also in Europe.

Through a process of amalgamation, leading US companies have merged with major groups in the aviation and aerospace industry. At present, the economic clout of their combined capacities surpasses the entire European aviation and aerospace industry with its decentralised and highly diverse political and economical structures. The driving force for the new structures promoted by the US government has been inter alia the synergies created by combining civilian and military capabilities.

One noteworthy consequence of this trend has been the search for integrated European solutions in civilian aviation, aerospace, defence technology and military air travel. The founding of EADS – the European Aeronautic Defence and Space Company – is one such solution, driven by the French company Aérospatiale Matra and the German firm DASA.

Today, the European aeronautics and astronautics industry primarily consists of a continental core with the EADS – but without Italian participation – and of the British BAE Systems with close ties to the related Swedish industry. However, both axes are closely linked by means of many-faceted cooperation programmes, particularly through Airbus.

For years, the aviation and aerospace industry posted average growth of some 5%, regardless of the cyclical variations which occurred in this branch as well.

This process appears to have been called into question by the events of September 11, which ushered in a radical change in civil aviation. For the first time, suicide terrorists used civilian aircraft as deadly weapons, bringing about a massive drop in passenger volume, the first since 1991, above all with regard to flights to and from the US. Airline companies cut down on their flights and parked their excess aircraft in the Arizona desert. The US airline companies laid off tens of thousands of pilots and flight attendants.

The public's faith in the safety of civil air transport seems to have been shaken. Major efforts will be required to restore this faith. In this connection, a real improvement is needed with only with regard to aircraft safety but above all airport safety, in order to maximise chances of preventing similar incidents in the future.

In the meanwhile, passenger volume seems to be picking up once again. Forecasts predict a return to the August 2001 level by the end of 2002, provided that no further such incidents occur.

Airbus and Boeing have only slightly downsized their long-term development prospects. Here, the assumption continues to be that the fleet of aircraft will more or less double by 2020 and that the branch will return to its previous growth rate of some 5% per year. Thus, the growth forecast remains rather positive.

When expressed in concrete figures, this implies an assumption that some 15,000-15,500 new aircraft worth an estimated USD 1.3 trillion will have been delivered by 2020, with an impact on infrastructure, airport extension, etc.

The aviation and aerospace industry: a key technology in the 21st century as well

Every year, some 1.7 million passengers fly using passenger aircraft. They expect air transport to meet their needs via ever cheaper, safer and more efficient aircraft.

The EU Commission assumes that air traffic volume will triple by 2020 and that new flight guidance systems, improved infrastructures and a new generation of aircraft and engines will have to be developed in response to the public's concerns with regard to safety and the environment.

Thanks to systematic research into aerodynamics, materials and their structure, system technologies and incorporation into aircraft design, the industry has been more successful than virtually all other branches in reducing the burden on the environment. Power plants and airframes have been improved. Fuel consumption and emissions of harmful substances have been halved. Today, an aircraft used for holiday air travel requires less than 4 litres of aviation fuel to fly a passenger 100 kilometres, as against over 10 litres just 30 years ago. Yet the goal must be to reduce fuel consumption and emissions even further.

The forecasts for average annual growth of 5% for passenger traffic and 7% for air freight can only come true if current infrastructure bottlenecks are eliminated. If it takes longer and longer to travel to airports and pass through security checks, and if late flights are the rule rather than the exception, at least passengers on short- and medium-haul flights will switch to alternative means of transport. This could create problems, especially for regional airline companies. And delays not only irritate passengers. Aircraft in holding patterns over airports consume more fuel, thereby increasing costs and emissions. A study by the Intergovernmental Panel on Climate Change assumes that even today, introducing advanced flight guidance and control systems could lead to fuel savings of 6 to 12 per cent.

Changes can also be seen in the military sector. The Cold War and the arms race have ended. In the US, one hears talk of a "revolution in military affairs" in connection with the technological potential of aviation and aerospace. One key area in this respect is information technology, with new capabilities for reconnaissance, communications and navigation, and for data transmission of extremely precise operational systems. The border between military and civilian technology is becoming increasingly blurred.

The current status of the aviation and aerospace industry

Jumbo jets

The past few years have not been easy ones for the industry. After sales peaked in 1999 at USD 51 billion, turnover for civilian aircraft in the US dropped to USD 46 billion in 2000. The forecast for 2001 was around USD 44 billion. After the

September 11 attacks, the turnover forecast for 2003 was even downscaled to a mere USD 37 billion, a drop of 27% when compared with the record year of 1999.

Airbus and Boeing, the only companies manufacturing planes seating more than 100, have already scaled back output. Although Boeing's share of new orders (45%) is smaller than that of Airbus, the company has been hit harder because US airline companies account for 70% of its sales.

The profits of the airline companies, the most important customers for both companies, have fallen rapidly. In 2001, the top 10 US airline companies, which account for 95% of all turnover in the industry, posted operating losses of USD 7.3 billion despite considerable Government support (USD 5 billion). Although a large share of these losses may be traced to fallout from September 11, the US airline companies had already recorded first-quarter losses in 2001 due to the business travel slump brought on by the downturn in the US economy, high fuel prices and tough competition.

The financial problems of the airline companies had already impacted on orders for aircraft seating more than 100. According to the AIA, orders worldwide nosedived in the third quarter of 2001 from 214 aircraft for the corresponding period in the previous year to 73 aircraft, a drop of 66%.

Profit margins for both companies shrank during the same time period, since fierce competition often led aircraft manufacturers to offer hefty discounts in order to woo potential customers.

Moderate growth is expected for the next few years. Growth rates will depend to a large extent on the overall economic situation, airline profits and the increase in passenger volume.

Business travel and regional airline companies

In 2000 and to a certain extent in 2001, the market for regional aircraft (25-90 seats) held up well. Not until late 2001 did the industry feel the impact of the economic downturn. For example, during the third quarter of the business year (November), the largest manufacturer in this category, Bombardier, recorded a 19% drop in orders for aircraft (from 85 aircraft to 69), while Gulfstream experienced a 21% drop during the fourth quarter of 2001.

Turnover for this segment came to some USD 14.6 billion in 2001. Although some 15 companies are active on this market, four dominate the industry. The biggest producer is the Canadian firm Bombardier, with a turnover of some USD 6.5 billion, which accounts for approximately 45% of the market. Next comes Gulfstream from General Dynamics, with a turnover of USD 3.3 billion, followed by Cessna (Textron), with USD 3.0 billion, and the business aircraft division of Raytheon, with USD 1.8 billion.

The system of part ownership of business aircraft, used primarily in the US, may have cushioned the impact of the crisis. Despite the weak economy, this system seems to be gaining in popularity.

Defence industry

This sector posted moderate profits in 2001. The two US companies which are exclusively active in the military field – Lockheed Martin and Northrop Grumman – reported operating profit margins of 6% for 2001.

After the end of the Cold War, this field was hit by defence spending cuts. With the September 11 attacks and the "war on terrorism" announced subsequently, military expenditure is expected to rise over the next few years. This trend can already be seen in the US, where additional budget increases have been decided. It must be assumed that in Europe as well, additional means will be found to re-equip national armies in order to meet the need for deployment worldwide.

The overall defence industry has a combined turnover of some USD 153 billion. Owing to the massive concentration and consolidation process in the 90s, the field is dominated by a handful of companies. The major players are Lockheed Martin (USA), with a turnover of USD 24 billion in 2001, Boeing (USA), with USD 17.6 billion, BAE Systems (UK), with USD 14.7 billion, Raytheon (USA), with USD 14.1 billion, Northrop Grumman (USA), with USD 13.0 billion, General Dynamics (USA), with USD 8.6 billion, and EADS (Europe), with USD 7.3 billion.

Maintenance, repair and overhaul

The global industry for the maintenance, repair and overhaul of aircraft primarily consists of repair services and the sale of spare parts to airline companies worldwide. The industry comprises the maintenance divisions of Singapore Airlines, Lufthansa and the power plant divisions of General Electrics, Pratt & Whitney (a subsidiary of United Technologies), Honeywell, Rolls Royce, Goodrich and Boeing.

The long-term prospects for this USD 39.5 billion industrial field will depend to a large extent on the worldwide expansion of the fleet of civilian aircraft. Growth of some 2.3% is forecast for the coming years. The number of companies active in this field is expected to rise, as average profit margins of 15-20% offer an attractive incentive. Boeing and other companies are expected to step up their activities in this field.

Power plants

With a turnover of USD 23.9 billion, this branch consists of a handful of large companies. The biggest is General Electric, with a turnover of USD 11.4 billion, followed by Pratt & Whitney, with USD 7.7 billion in 2001, and Rolls Royce, with sales of USD 4.8 billion.

Forecasts assume that some 7,700 engines worth USD 67.7 billion will be produced between 2001 and 2010.

Aerospace

The two most important segments of the aerospace industry are the manufacturing of satellites and the production and assembly of launch vehicles for transport into space.

Based on figures for the five largest manufacturers, turnover for the year 2000 was in the neighbourhood of USD 12.2 billion. The five largest manufacturers are Boeing's satellite division, with sales revenues of USD 3.0 billion, Lockheed Martin, with USD 2.8 billion, Alcatel Space Netherlands, (USD 2.7 billion), Astrium (a part of EADS) with USD 2.5 billion, and Loral Space & Communications, with USD 1.0 billion.

Over the past decade, the aerospace industry has posted annual growth rates of 20%. However, part of this growth can be traced to over-optimistic predictions of demand for telecommunications satellites. Two of the three most well-known start-ups in this field – Irdium World Communications and ICO Communications – have already gone bankrupt, while the third, Globalstar, is not far off, because customers have not caught on to the concept. This failure has had an impact on investors, who are reluctant to back satellite-based technology. Accordingly, growth in this sector will fall off significantly in coming years.

There are significant differences between the working relations, working hours and personnel policy of the companies active in the aviation and aerospace industry

The questionnaires filled out by member organisations show that there are differences in other branches of industry as well with regard to not only representation of workers' interests but also company personnel policies. This is particularly visible when a comparison is made between US and European companies.

In Europe – with the possible exception of the UK – a double-track structure for the representation of workers' interests has formed, which however is closely inter-linked. This representation of interests works on the one hand through the national trade union organisations, and on the other hand through the bodies set up in factories, such as the Betriebsrat (Germany), the comité d'établissement (France) and the comité de empresa (Spain). In the UK, in-company representation of workers' interests is handled by shop stewards, but their status is not safeguarded by legal regulations as it is on the continent.

The positions and rights of these bodies, often supplemented by company-wide or group-wide structures such as overall works councils and group works councils in Germany or the Comité du groupe in France, continue to be structured and shaped differently from one country to another. In the meantime, they have been supplemented by transnational, European bodies (European Works Council – see next chapter) and thus provide a basis for comparing different national interests and a foundation for developing a common policy for the representation of workers' interests. By doing so, it makes it considerably more difficult for the trade unions to "play one side off against the other" and to represent interests within the factory and throughout the company.

In the US, representation of workers – insofar as workers are unionised into trade unions – is regulated by the respective national trade union organisations and their local sub-divisions. Like the automobile industry, the aviation and aerospace industry belongs to industrial branches that are characterised by above-average trade unionisation. This applies above all to the large companies in the aviation industry, such as Boeing or Lockheed Martin.

With regard to working hours – the centrepiece of wage policy for many European trade unions – there are also significant differences between the US and companies in Europe. The US companies have the longest working hours (especially on an annualised basis) and the shortest holidays in comparison with the continental European countries. The replies to the questionnaire thus reveal insignificant differences in relation to Japanese companies, which reportedly still have the longest working hours.

There are also significant differences with regard to the personnel policy instruments used in the companies, above all when it comes to making up for drops in orders.

As before, "hire and fire" seems to be the main "answer" of the American companies. Boeing recently announced that it would be laying off 30,000 workers in US production sites. In contrast, European companies in similar situations try to eliminate as few jobs as possible and to hold on to skilled workers in any case. In this connection, short time is one of the main personnel policy instruments. Other instruments, such as working time accounts, which have already been successfully introduced in some companies within the automobile industry as a "working time buffer", could be employed in the future.

It is not clear how the different trade union wage strategies impact on the divergent development patterns. This is one of the questions which must be clarified at the World Aerospace Conference in Toulouse and above all thereafter. In the future, the national trade unions represented in this branch absolutely must work out joint strategies and cooperate much more closely.

EADS: European Works Council sets standards

Parallel to the establishment of the EADS company and the establishment of the Airbus company, the process of building up the European Works Council (EWC) to introduce social representation structures with a cross-border dimension moved ahead. This process was decisively backed and structured by the European Metalworkers Federation (EMF).

The establishment of the European Works Council went quickly. One decisive element was a two-fold interest:

- Staff and employee representatives had an interest virtually from the founding of the transnational company in availing themselves of information and consultation rights at the central level of the European group.

- The EADS – shareholders and management, on the other hand, did not wish to burden the difficult integration process with conflicts concerning the field of social representation of interests. Their concern was to take up and incorporate the legitimate concerns of workers and their representatives in this pan-European group.

On the basis of the EU guidelines on European Works Councils of September 1994, after three rounds of negotiations, an agreement was reached on 23 October 2000

which features the following characteristics (see Annexes 1 and 2 for the full text of the agreement).

- The EADS EWC has the right to hold four ordinary sittings per year, at least two of which must be attended by the company management;

- The EADS EWC shall form out of its ranks an Economic Council entitled to consult with and seek advice from the representatives of the Executive Committee of the EADS Board;

- A representative of the European Metalworkers Federation (EMF) shall be a non-voting member of the EWC;

- The EWC of the EADS has the right to call two experts;

- The EWC of the EADS has the right to set up European sub-works councils for EAD's centralised corporate area, e.g. for Airbus, Astrium and Eurocopter;

- The EWC of the EADS has the right to set up national works councils for every Member State in which at least two companies from the EADS group operate;

- The EWC of the EADS has the right, under special circumstances, to report directly to the shareholders in the Board of Directors at the level of the holding company.

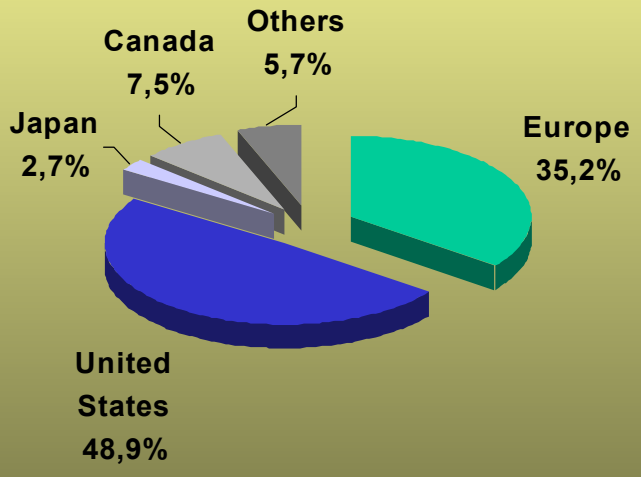
These individual rules go far beyond the "minimum standards" set by the EU guidelines. They also go much further than the regulations in most other companies, which in the meantime have set up European Works Councils.

The agreement for EADS is a sign of the future as far as the setting-up of an Economic Council with guaranteed right of access to economic information strategies is concerned. At the same time, the EWC has the right to consult with shareholders. From a corporate strategy point of view, this is particularly important. Incorporating the EMF with its own headquarters reinforces the European perspective of the EWC and gives it its own structural role. The working methods of the EWC, with four ordinary sittings and further sittings of the Economic Council, clearly point to a working structure that makes it possible to do effective work while ensuring continuity.

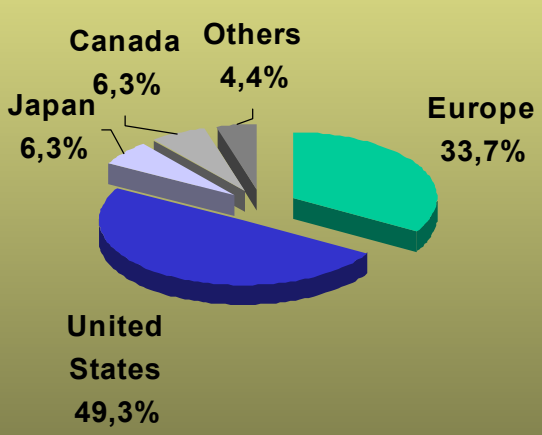
The EWC of the EADS could also set trade union and European policy goals, especially if it manages to solve conflicts between production sites and corporate areas, between the demands of nation-States and European requirements, between the need to ensure continuity and the need for corporate restructuring, and the development of a common European position and strategy, in agreement with the European metalworkers trade unions.

Aerospace industry in tables and graphs

Aerospace 2000: Employment worldwide



Aerospace 2000: Distribution of turnover



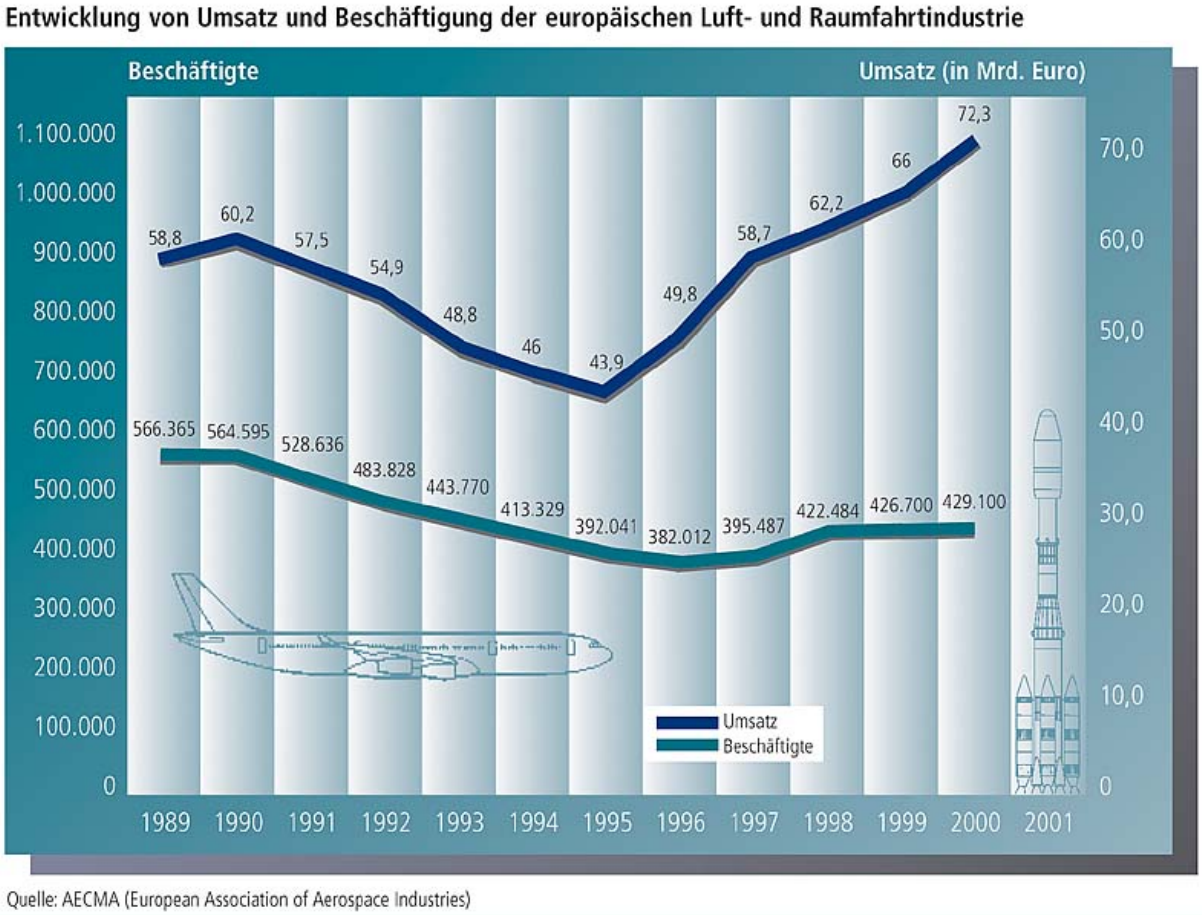
2000 Comparative Aerospace Industry
Turnover and Employment

	Turnover [+] (in Euro bn)	Employment [++] ('000)
USA *	105,6	595,9
EU	72,3	429,1
Japan	13,4	33,0 **
Canada	13,6	91,5
Others ***	9,4	70,0
Total	214,2	1219,5

Source: AECMA, AIA, AIAC, SJAC, Company Reports

(+) based on consolidated turnover
(++) at year end
(*) excluding sales and employment not directly pertaining to aerospace
(**) includes company staff only directly related to aerospace production (i.e. not comparable with other countries)
(***) PR China and CIS not included

Development of turnover (Umsatz) and employment (Beschäftigung) in the European Aerospace industry



Quelle: AECMA (European Association of Aerospace Industries)

EU Aerospace Industry

2000 Key Figures

		Growth * from 1999	Growth * from 1995
Turnover	72 billion Euro	7.2%	53%
Employment	429,100	0.6%	11%
Profitability	5%	-1.9%**	
Order Intake	150% of Turnover	+33%**	
Order Book	290 billion Euro	18%	

AECMA

*In real terms, i.e. 1999 / 1995 figures escalated to 2000 **In absolut terms

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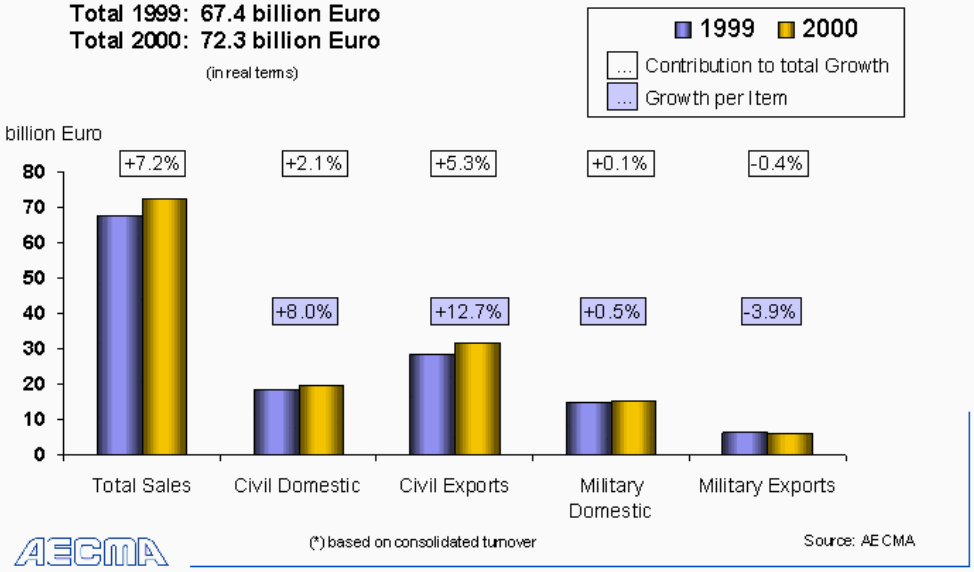
EU Aerospace Industry

Turnover* Growth from 1999 to 2000

Total 1999: 67.4 billion Euro
Total 2000: 72.3 billion Euro
(in real terms)



AECMA

(*) based on consolidated turnover

Source: AECMA

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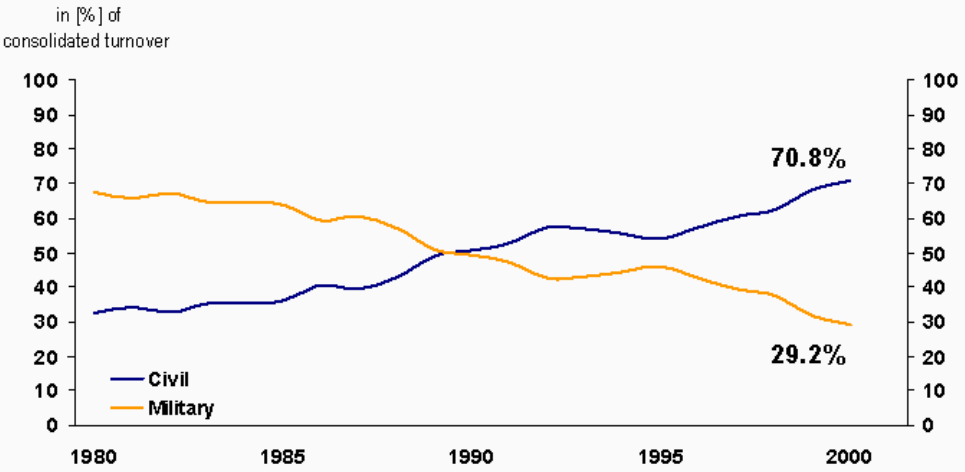
EU Aerospace Industry

Turnover*+ by Civil / Military



*) based on EU consolidated turnover
+) incl. estimates for Sweden until 1992 and non-AECMA companies until 1995

Source: AECMA

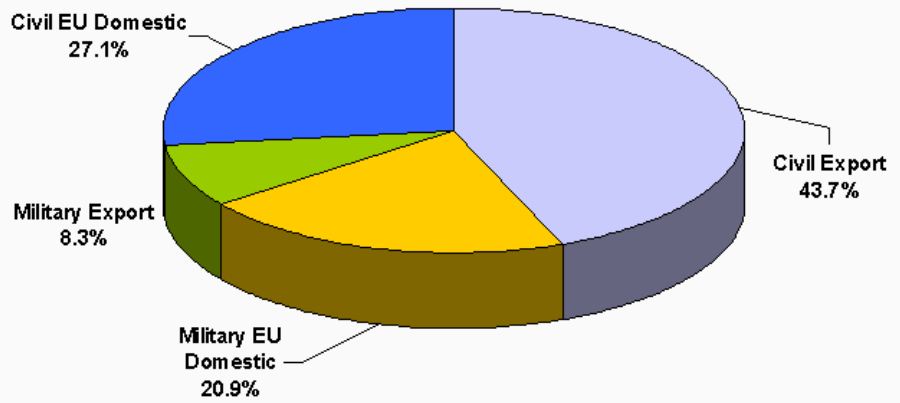
4

EU Aerospace Industry

Breakdown of Turnover*
by Civil / Military and Domestic / Export

Total: 72.3 billion Euro

Exports: 52.1%
Civil: 70.8%



(*) based on consolidated turnover

Source: AECMA

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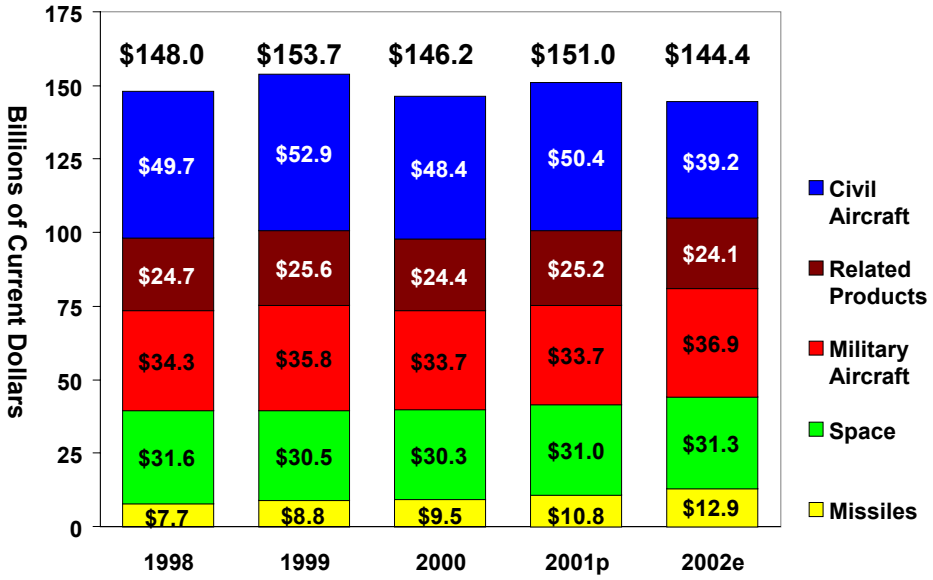
Aerospace Industry Sales



Breakdown of 2000 EU Aerospace Industry Turnover * by Product Segment

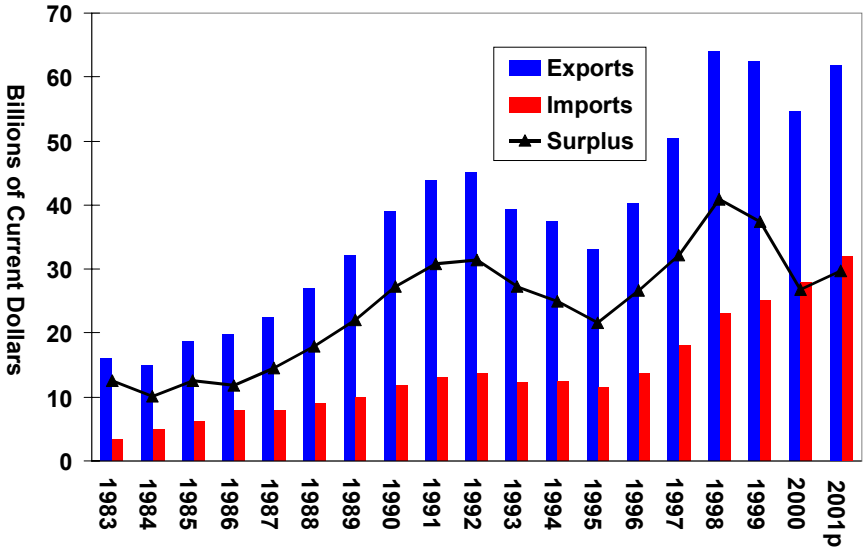
Total: 72 279 mio Euro

	Turnover in Mio Euro		Percentages	
Aircraft	66 145		91.5%	
Aircraft Final Products +#		31 856		44.1%
Large Civil Aircraft		18 331		25.4%
Regional Aircraft		1 622		2.2%
Business Jets		1 463		2.0%
Helicopter		3 756		5.2%
Military Aircraft		6 685		9.2%
Aerostructures #		2 924		4.0%
Aircraft Engines #		8 352		11.6%
Aircraft Equipment #		5 734		7.9%
Aircraft Maintenance		17 279		23.9%
Missiles +	2 150		3.0%	
Space +	3 984		5.5%	
Total	72 279		100%	

* based on consolidated turnover
\+ data comprise EU and non-EU supplied Engines and Equipment
\# excluding maintenance

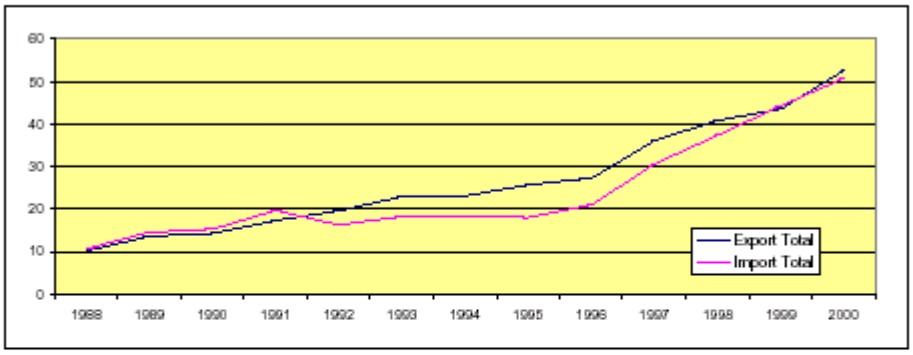
Source: AECMA

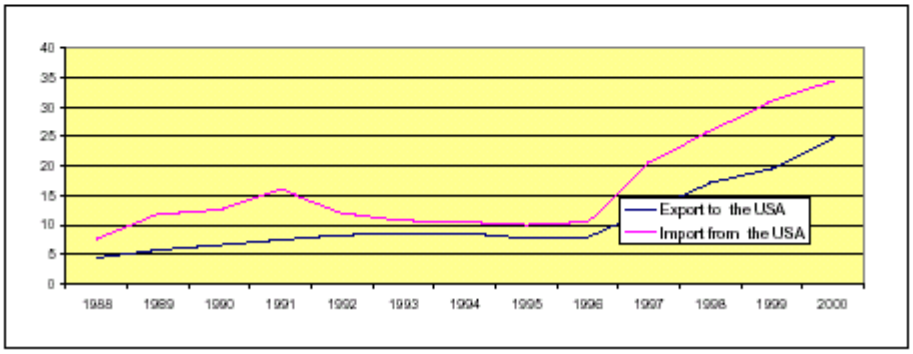
Aerospace Foreign Trade



EU15 Aerospace * Import, Export & Trade Balance

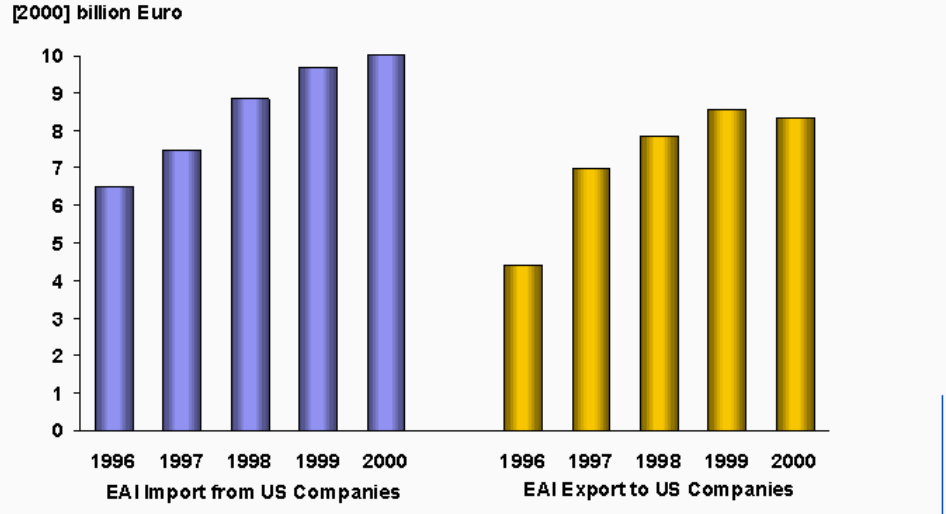
(Then Year Euro bn)





EU Aerospace Industry

EU-US Aerospace Industry-to-Industry Turnover



AECMA

Source: AECMA

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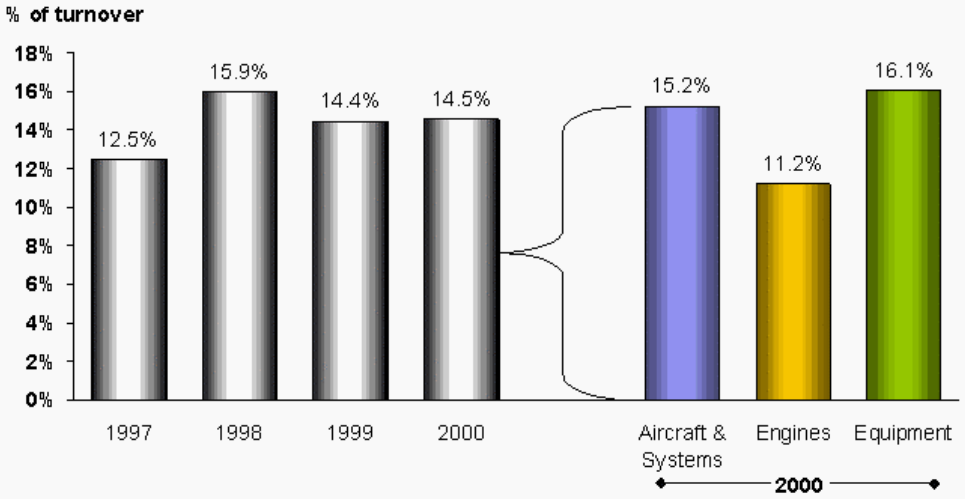
EU Aerospace Industry

R&D Expenditure*

2000 Total: 10.5 billion Euro = 14.5% of Turnover *



AECMA

*) either consolidated

Source: AECMA

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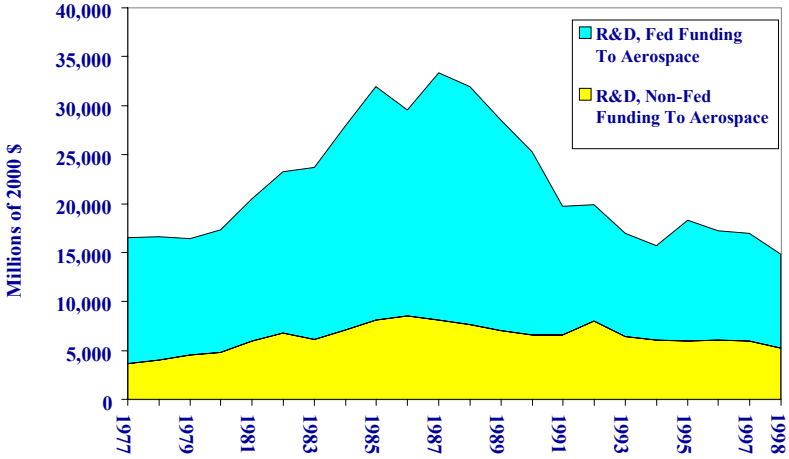
Aerospace R&D Funding



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2000 R&D Expenditure of the EU Aerospace Industry

Total: 10.5 Euro bn = 14.5% of Turnover

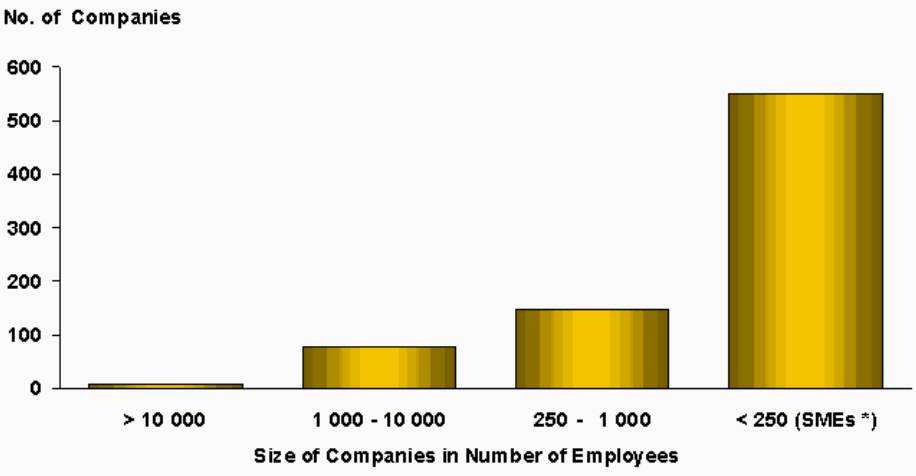
		R&D Expenditure* in % of Turnover *	R&D Expenditure* in Euro bn
Company-financed	civil	4,7%	3,4
	military	2,2%	1,6
	total	6,8%	4,9
financed by EU-Governments **	civil	1,3%	0,9
	military	6,4%	4,6
	total	7,7%	5,6
Grand Total		14,5%	10,5

Source: AECMA
*) consolidated
**) inc. ESA, national aerospace research establishments an agencies

EU Aerospace Industry

Structure

Total: 750 Companies



AECMA

*) Small and Medium-sized Enterprises

Source: AECMA

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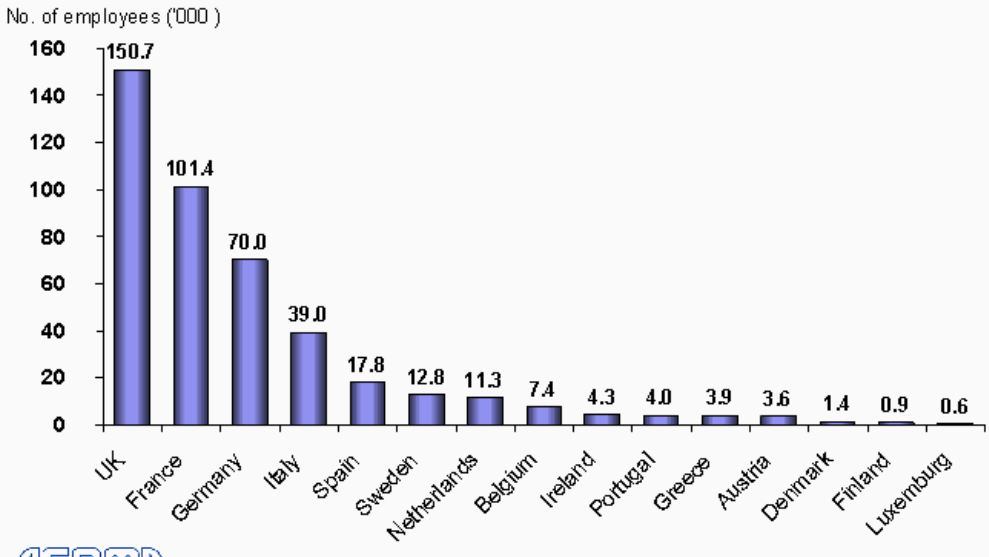
EU Aerospace Industry

Contribution to Direct Employment

2000 Total: 429100 Employees

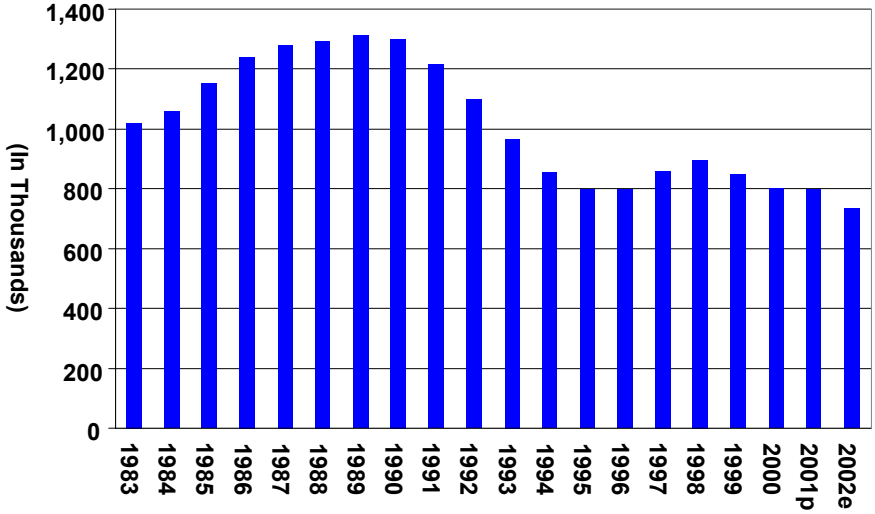


AECMA

Source: AECMA

15

Aerospace Employment



The biggest companies in Aerospace in 1999

Company	Head-quarters	Turnover Billion $	Turnover Aerospace Billion $	Employees	Turnover per Employee $
Boeing	USA	58.0	57.2	197,000	294,000
Lockheed Martin	USA	25.5	24.5	147,000	174,000
Aerospatiale Matra	F	13.7	12.8	52,400	262,000
DASA	D	9.8	9.8	46,100	212,000
CASA	E	1.3	1.3	8,200	158,000
EADS-Companies	EU	24.8	23.9	106,700	233,000
BAE Systems	UK	20.6	20.6	83,400	248,000
Raytheon	USA	13.7	12.8	105,300	188,000
United Technologies	USA	24.1	11.5	-	-
General Electric	USA	111.6	10.6	-	-
Honeywell Int.	USA	23.7	9.1	-	-
Northrop Grumman	USA	9.1	9.1	44,600	202,000
Rolls Royce	UK	7.7	6.1	40,900	188,000
TRW Aeronautics	USA	17.0	5.6	-	-
Thomson CSF	F	7.3	5.5	-	-
Bombardier	CDN	9.2	5.5	-	-
SNECMA	F	5.4	5.4	23,500	220,000
Finmeccanica	I	6.4	4.0	-	-

Quelle: Flight International

AVERAGE HOURLY EARNINGS IN THE AEROSPACE INDUSTRY
Calendar Years 1987 To Date
(Production Workers Only)

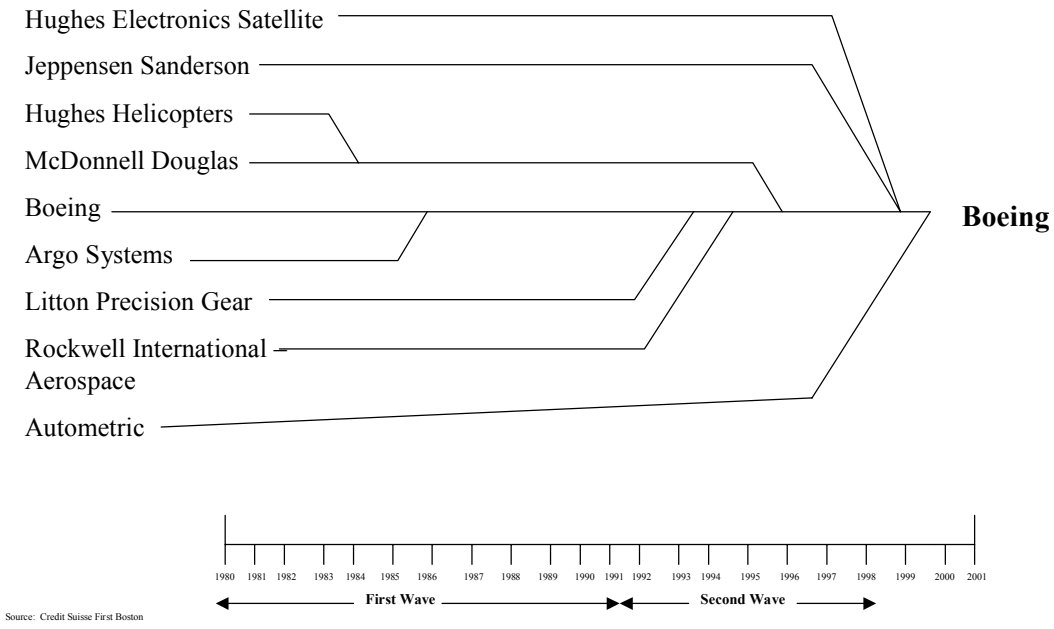
Year/ Month	Aerospace Industry	Aircraft and Parts				Guided Missiles, Space Vehicles and Parts	
	Total	Total	Aircraft	Aircraft Engines & Engine Parts	Aircraft Parts & Auxiliary Equipment	Total	Guided Missiles & Space Vehicles
SICs	372 & 376	372	3721	3724	3728	376	3761
1987	$13.10	$13.17	$13.74	$13.33	$12.23	$12.73	$13.09
1988	13.48	13.55	14.18	13.80	12.28	13.13	13.53
1989	14.10	14.17	14.89	14.42	12.81	13.70	14.20
1990	14.73	14.79	15.66	14.84	13.37	14.39	14.82
1991	15.51	15.60	16.72	15.38	14.05	14.90	15.21
1992	16.46	16.53	17.70	16.28	14.89	15.99	16.45
1993	17.18	17.23	18.43	16.70	15.72	16.80	17.43
1994	17.89	17.95	19.50	17.31	16.01	17.48	18.29
1995	17.99	18.02	19.97	17.34	15.93	17.74	18.58
1996	18.56	18.57	20.49	18.22	16.42	18.51	19.34
1997	18.94	18.88	20.76	18.58	16.76	19.53	20.75
1998	19.24	19.17	21.08	18.93	17.02	19.96	21.38
1999	19.67	19.60	21.83	19.47	17.08	20.39	21.96
2000	20.50	20.48	23.14	20.17	17.76	20.76	21.98
2001 r	21.06	21.03	23.84	20.63	18.45	21.44	22.58
2002 *	21.63	21.61	24.75	20.74	19.13	21.87	22.92

Source: US-Bureau of Labor Statistics and AIA estimates

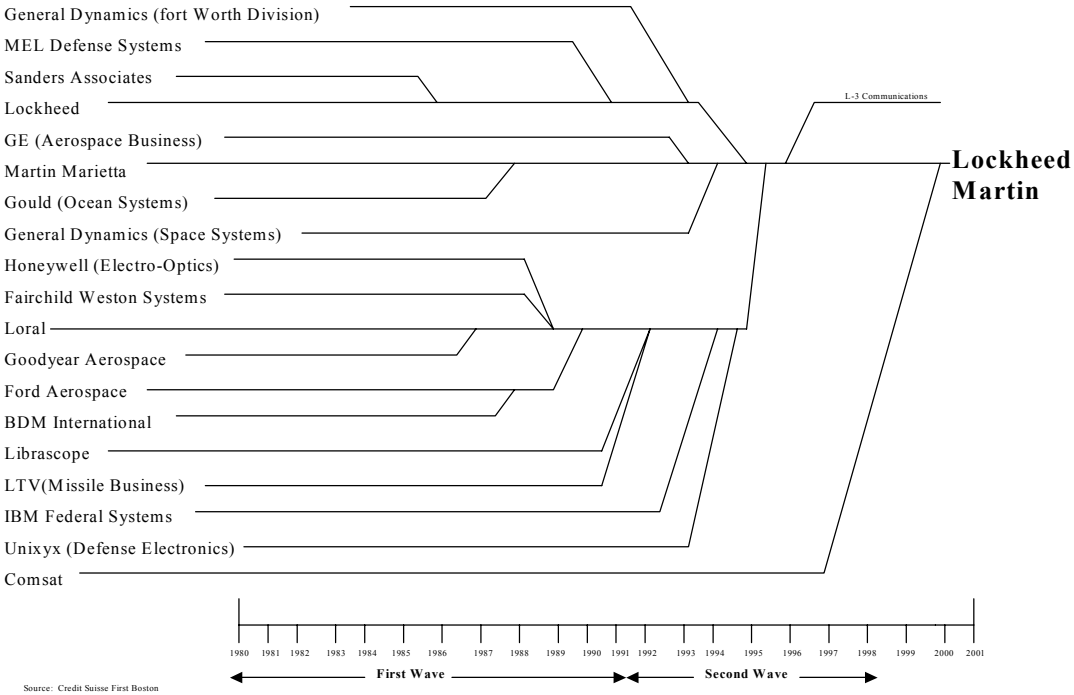
AVERAGE WEEKLY HOURS IN THE AEROSPACE INDUSTRY
Calendar Years 1987 To Date
(Production Workers Only)

Year/ Month	Aerospace Industry	Aircraft and Parts				Guided Missiles, Space Vehicles and Parts	
	Total	Total	Aircraft	Aircraft Engines & Engine Parts	Aircraft Parts & Auxiliary Equipment	Total	Guided Missiles & Space Vehicles
SICs	372 & 376	372	3721	3724	3728	376	3761
1987	42.4	42.4	42.1	42.5	42.8	42.5	42.5
1988	42.5	42.4	42.0	42.2	43.1	43.2	43.2
1989	42.1	41.9	41.4	42.7	42.3	43.0	43.0
1990	42.3	42.3	41.9	42.9	42.6	42.5	42.8
1991	41.8	41.7	41.5	42.5	41.5	42.4	42.7
1992	41.6	41.7	41.6	42.3	41.3	40.8	40.5
1993	41.6	41.6	41.0	42.8	41.8	41.4	41.7
1994	42.1	42.1	41.0	43.5	43.0	42.2	42.6
1995	42.1	42.0	40.5	44.4	42.5	43.1	43.7
1996	43.1	43.2	41.9	44.6	43.9	42.7	43.3
1997	44.6	44.7	44.2	45.1	45.1	43.1	43.2
1998	44.0	44.2	44.2	44.4	44.1	42.1	41.7
1999	42.8	42.9	42.3	44.1	42.8	41.8	40.8
2000	43.3	43.5	42.9	44.5	43.6	40.8	39.8
2001	42.6	42.7	41.8	44.1r	42.9	42.0	42.0

Source: US-Bureau of Labor Statistics and AIA estimates



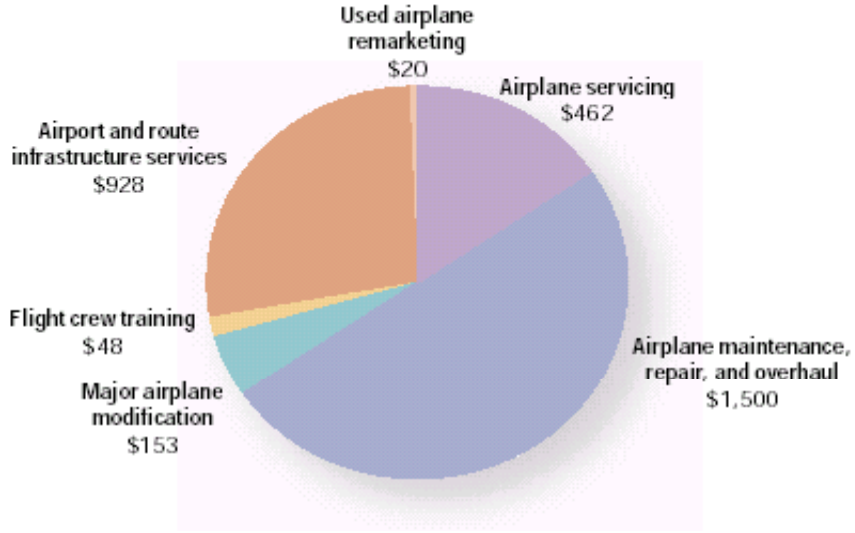
Source: Credit Suisse First Boston



Source: Credit Suisse First Boston

Commercial Aviation Support Services Markets Represent a $3.1 Trillion Opportunity

Year 2000 dollars in billions, 2001–2020



20-Year Outlook—Support Services

Worldwide demand for commercial aviation support services, 2001–2020

The world fleet will grow to 32,955 passenger and cargo jets in 2020. Total market potential for aviation support services is $3.1 trillion as follows:

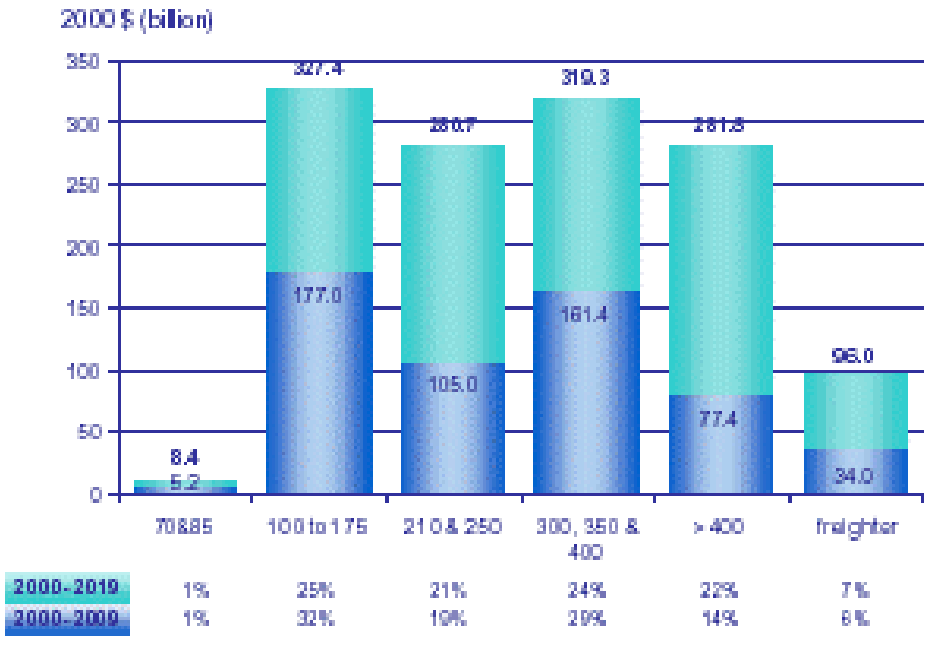
	2000 US dollars, billions
■ Airplane servicing	462
■ Airplane maintenance, repair, and overhaul	1,500
■ Major airplane modification	153
■ Flight crew training	48
■ Airport and route infrastructure services	928
■ Used airplane remarketing	20

Nearly 15,400 new aircraft will be delivered ...

	2000 - 2009	2000 - 2019
70- & 85-seater regional jets	437*	692*
Mainline single-aisle types like the Airbus A318, A319, A320 and A321	4,330	7,570
200/250-seaters like the Airbus A300, A310 and smaller model A330s	1,127	3,046
Larger twin-aisles like the Airbus A330-300 and A340	1,083	2,118
Very large and economical aircraft like the Airbus A3XX	360	1,235
Total passenger aircraft	7,337	14,661
Freighters	271	703
Passenger + freighter aircraft	7,608	15,364

* many more of these aircraft will be needed by smaller airlines and current turboprop operators not covered by the GMF

... a business worth $1.3 trillion



Sources:

Airbus: Global Market Forecast 2000 – 2019, July 2000

Boeing: Current Market Outlook 2001

AECMA: The European Aerospace Industry. Facts & Figures 2000

AECMA: 2000 Statistical Survey.

AIA – webpage: Statistics

Bundesverband der Deutschen Luft- und Raumfahrtindustrie e.V.: Jahresbericht 2000 / 2001
(Association of the German Aerospace Industry: Annual Report for 2000 / 2001)

Bundesministerium für Wirtschaft und Technologie: Bericht des Koordinators für die Deutsche Luft- und Raumfahrt
(German Ministry for Economics and Technology: Report of the coordinator for the aerospace industry)

Companies in Aerospace

Company profiles

Remarks: Following you will find some data for companies in the aerospace industry resp. for supplier companies in this sector. The data are based on questionnaires which have been sent out to the IMF affiliates.

Questionnaires have also been developped to other items as trade union policy, working time, workers representation systems etc. These questionnaires have been partly returned very late resp. the answers have sometimes been incomplete or mistakable. It was not able to clarify problems and discrepancies before printing the report. Therefore we decided that these questionannaires will not be published at this time.

These questionnaires resp. a compilation of the information will be given to the participants of the conference and the IMF affiliates later

Company profile / Questionnaires on company

Company name	**Airbus GmbH / Germany**				
Address / Location:					
Overall company data					
Turnover / Sales	1997	1998	1999	2000	2001
US-$ / Billion	11,6 182 planes	13,3 229 planes	16,7 294 planes	17,2 311 planes	20,5 325 planes
Financial Result	1997	1998	1999	2000	2001
(Profit (+) / Loss (-)	n.a.	n.a.	n.a.	n.a.	n.a.
Workforce total::	1997	1998	1999	2000	2001
		15,799	16,528	17,587	19,051
White collar:		8,144	8,361	8,782	9,347
Blue collar:		7,655	8,167	8,805	9,704
Women:		1,785	1,867	1,987	2,099
Products	Design and manufacturing of civil aircrafts Single Aisle (A 320 Family) Wide Body (A 300 Family) Long Range (A 340) Large aircrafts (A 380)				

Collective Agreements:	National	Regional	Company	Plant
Main items:		Wages / wage increases / working time / working conditions		

Company name	**The Boeing Company**				
Address / Location:	100 N. Riverside Plaza Chicago, IL 60606 U.S.A				
Overall company data					
Turnover / Sales	1997	1998	1999	2000	2001
US-$ / Billion	45.8	56.154	57.993	51.321	58.198
Financial Result	1997	1998	1999	2000	2001
(Profit (+) / Loss (-) Billion)	0.178	1.120	2.309	2.128	2.827
Workforce	1997	1998	1999	2000	2001
total::	238,000	231,000	197,000	198,100	188,000
White collar:	n.a.	n.a.	n.a.	n.a.	n.a.
Blue collar:	n.a.	n.a.	n.a.	n.a.	n.a.
Women:	n.a.	n.a.	n.a.	n.a.	n.a.
Products	**Civil Airplanes:** 717 / 737 / 747 / 757 / 767 / 777 **Military Airplanes / Missiles:** AH-64D Apache Helicopter / AV-88 Harrier II / C-17 Globemaster III / F-22 Raptor (Development) / F/A-15 Eagle / F/A-18C/D Hornet / F/A-18E/F Super Hornet / Harpoon Missile / JSF Joint Strike Fighter (Development contract) / RAH-66 Comanche Helicopter / T-45 Flight Training System / Unmanned Combat Air Vehicle / V-22 Osprey tilt-rotor aircraft **Boeing Space and Communication:** 767 AWACS / Delta space launch services / E-3 AWACS / Global Positioning System satellites (GPS) / International Space Station (contractor to NASA) / National Missile Defense Lead Systems / Space Shuttle				

Collective Agreements:	National	Regional	Company	Plant
Main items contained / regulated	no	no	no	Wages / benefits / working conditions

Company name	**EMBRAER S/A**				
Address / Location	EMBRAER- EMPRESA BRASILEIRA DE AERONAÚRICA Avª Brigadeiro Faria Lima nº 2170 PUTIM CEP12227-901 São José dos Campos-SP/ Brasil				
Overall company data					
Turnover / Sales US-$ / Billion	1997	1998	1999	2000	2001
	0.772	1.362	1.861	2.859	2.971
Financial Result (Gewinn (+) / Verlust (-):	1997	1998	1999	2000	2001
	- 0.031	+ 0.114	+ 0.227	+ 0.353	+ 0.468
Workforce total::	1997	1998	1999	2000	2001
	4,145	6,214	7,661	8,555	9,188
Angestelle:	167	208	288	361	400
Blue collar:	2,853	4,256	5,353	6,021	6,328
Women:	269	456	672	906	1.054
Products	Turbo-hélice: EMB-110 Bandeirantes / EMB-120 Brasília Jatos: ERJ-145 / ERJ-170 / ERJ190 Jato corporativo: Legacy Militär: AMX / Tucano- 312 / ALX- 314 Sistema de vigilancia: 145- SIVAM 3 modelos.				

Collective Agreements:	National	Regional	Company	Plant
Main items:				PLR / wages / working time

Company name:	**Lockheed Martin Corporation**				
Address / Location:	6801 Rockledge Drive Bethesda, MD 20817 / U.S.A.				
Overall company data					
Turnover / Sales US-$ / Billion	1997	1998	1999	2000	2001
	28.069	26.266	25.530	25.329	23.990
Financial Result (Profit (+) / Loss (-): Billion $	1997	1998	1999	2000	2001
	1.300	1.001	0.382	0.519	0.079
Workforce total::	1997	1998	1999	2000	2001
	173,000	165,000	147,000	126,000	125,000
White collar:	n.a.	n.a.	n.a.	n.a.	n.a.
Blue collar:	n.a.	n.a.	n.a.	n.a.	n.a.
Women:	n.a.	n.a.	n.a.	n.a.	n.a.
Products	Fighters (F-16 / F-22 / Joint Strike Fighter) / Freighter (C-130J) / Missile flight systems / Missiles / Ship & Submarine Combat Systems / Air traffic control systems / Fire control systems				

Collective Agreements:	National	Regional	Company	Plant
Main items contained / regulated	---	---	---	Wages / benefits / working conditions

Company name:	**Bombardier Inc.**				
Address / Location:	800 René-Lévesque Blvd. West, Quebec, H3B 1Y8, Canada				
Overall company data					
Turnover / Sales US-$ / Billion	1997	1998	1999	2000	2001
	5.92	5.85	7.61	9.42	10.71
Financial Result: (Profit (+) / Loss (-): Billion $	1997	1998	1999	2000	2001
	0.301	0.289	0.366	0.497	0.648
Workforce total::	1997	1998	1999	2000	2001
	41,150	47,778	53,000	56,000	58,000
White collar:	n.a.	n.a.	n.a.	n.a.	n.a.
Blue collar:	n.a.	n.a.	n.a.	n.a.	n.a.
Women:	n.a.	n.a.	n.a.	n.a.	n.a.
Products	Aviation: Canadair-415 turboprop / Canadair SE / Challenger 604 / Continental / Global Express / Learjet 31A, 45, 60 / CRJ 200 / CRJ 700 / CRJ 900 / Q100 / Q200 / Q300 / Q400				

Collective Agreements:	National	Regional	Company	Plant
Main items contained / regulated	no	no	no	Wages / benefits / Working conditions

Other companies / supply industry / defense products

Company name:	**DASSAULT AVIATION**				
Address / Location:	75008 PARIS France				
Overall company data: **Billion €**					
Turnover / Sales	1997	1998	1999	2000	2001
Billion €	3.004	3.082	2.889	3.485	3.470
Financial Result (Profit (+) / Loss (-)	1997	1998	1999	2000	2001
	+ 0.211	+ 0.206	+ 0.175	+ 0.237	+ 0.274
Workforce total::	1997	1998	1999	2000	2001
	9,042	9,043	8,710	8,233	8,686
White collar:	5,572	5,504	5,380	5,013	5,274
Blue collar:	3,470	3,539	3,330	3,220	3,412
Women:	1,178	1,178	1,136	1,095	1,129
Products:	Mainly: - Manufacture of business jet FALCON - MIRAGE 2000 - RAFALE				

Company name:	**General Electric Co.**				
Address / Location:	3135 Easton Tpke, Fairfield, CT 06431				
Overall company data					
Turnover / Sales US-$ / Billion	1997	1998	1999	2000	2001
	88.54	99.82	110.83	129.42	125.91
Financial Result (Profit (+) / Loss (-): Billion	1997	1998	1999	2000	2001
	8.20	9.29	10.72	12.74	13.68
Workforce total:	1997	1998	1999	2000	2001
	276,000	293,000	340,000	313,000	-
Products	**Aviation:** Jet engines (engines / spare parts / service for civil planes)				

Company name:	**Ishikawajima-Harima Heavy Industries Co., Ltd.**				
Address / Location:	2-2-1 Ohtemachi Chiyoda-ku Tokyo, JAPAN				
Overall company data (US$)					
Turnover / Sales	1997	1998	1999	2000	2001
Billion US-$	65.0	67.2	65.1	61.8	64.7
Financial Result	1997	1998	1999	2000	2001
(Profit (+) / Loss (-):	1.18	1.17	0.55	- 5.15	0.49
Workforce total:.	1997	1998	1999	2000	2001
	14,409	13,949	13,602	13,094	11,682
White collar:	10,115	9,713	9,427	8,994	7,958
Blue collar:	4,294	4,236	4,175	4,100	3,724
Women:	1,141	1,075	1,031	988	833
Products	Jet engines, ship building etc.				

Company name:	**I. T. P.**				
Address / Location:	Parque Tecnológico, Edificio 300 48170 Zamudio – Vizcaya				
Overall company data					
Turnover / Sales:	1997	1998	1999	2000	2001
Billion €	0.116	0.161	0.198	0.222	0.276
Financial Result	1997	1998	1999	2000	2001
(Gewinn (+) / Verlust (-) Billion €	0.009	0.0097	0.015	0.023	0.029
Workforce total:	1997	1998	1999	2000	2001
	849	995	1,118	1,214	1,399
White collar:	479	564	618	677	826
Blue collar:	370	431	500	537	573
Women:	77	96	117	134	190
Products	- Engineering - Manufacture of components - Maintaining - Installation - Tests / Examination				

Company name:	**Kawasaki Heavy Industries Ltd,**				
Address / Location:	1-1-3 Higashikawasaki-cho Chuo-ku Kobe City, JAPAN				
Overall company data (Billion US$)					
Turnover / Sales	1997	1998	1999	2000	2001 (Prospect)
	84.62	77.46	72.69	65.38	70
Financial Result (Profit (+) / Loss (-):	1997	1998	1999	2000	2001
	2.41	0.38	-1.69	-0.29	0.92
Workforce total::	1997	1998	1999	2000	2001
	15,931	15,750	15,649	14,619	14,067
White collar:	8,813	8,710	8,414	7,819	7,528
Blue collar:	7,118	7,040	7,235	6,800	6,539
Women:	768	742	717	673	630
Products	Ship building, aviation, jet engines etc.				

Company name:	**Mitsubishi Heavy Industries, LTD**				
Address / Location:	2-5-1 Marunouchi Chiyoda-ku Tokyo, JAPAN				
Overall company data (Japanische Yen)					
Turnover / Sales	1997	1998	1999	2000	2001
Trillionen Yen	2.7	2.7	2.5	2.5	2.6
Financial Result (Profit (+) / Loss (-): Billionen Yen	1997	1998	1999	2000	2001
	+1.926	+1.205	+441	+910	+465
Workforce total:	1997	1998	1999	2000	2001
	39,980	39,620	39,304	37,934	37,754
Products	The company is engaged in a lot of different segments as aviation, space equipment, engines, equipment for ships, manufacturing of weapons				

Company name:	**Raytheon Company**				
Address / Location:	141 Spring St. Lexington, MA 02421				
Overall company data					
Turnover / Sales US-$ / Billion	1997	1998	1999	2000	2001
	13.67	19.53	198.4	16.89	-
Financial Result (Profit (+) / Loss (-): Billion $	1997	1998	1999	2000	2001
	0.527	0.864	0.404	0.141	-
Workforce total:	1997	1998	1999	2000	2001
	119,150	108,200	105,300	93,700	-
Products	**Electronics:** Air combat and strike systems (infrared imaging systems, infrared lasers) / Airborne radar systems (F-15 radar support) / Airborne surveillance and reconnaissance systems (ARL-M Crazy Hawk) / Combat vehicle systems (AN/ALE-50 Towed Decoy System) / Ground night-vision devices (AN/PAS-18 stinger night sight) / Missile systems (Hawk / Patriot) **Aircraft:** Beech King Air (turboprops) / Hawker Horizon (business jet) / Premier I (business jet) / T-6A Texan II (military trainer)				

Company name:	**Rolls Royce plc**				
Adresse / Ort:					
Overall company data					
Turnover / Sales US - $ / Billion	1997	1998	1999	2000	2001
	7.15	7.46	7.67	8.75	-
Financial Result (Profit (+) / Loss (-): Billion US-$ / billion	1997	1998	1999	2000	2001
	0.369	0.428	0.459	0.124	-
Workforce total::	1997	1998	1999	2000	2001
	42,600	42,000	40,900	46,000	-
Products	Jet engines, diesel engines, maintenance, service				

Company name:	**Saab**				
Address / Location:					
Overall company data					
Turnover / Sales US - $ / Billion	1997	1998	1999	2000	2001
	1.134	1.037	1.096	1.954	1.520
Financial Result (Profit (+) / Loss (-): Billion $	1997	1998	1999	2000	2001
	0.054	0.118	0.089	0.114	0.109
Workforce total:	1997	1998	1999	2000	2001
	8,110	7,891	8,031	15,453	14,028
White collar:	5,515	5,484	5,968	11,192	10,957
Blue collar:	2,595	2,407	2,063	4,261	3,071
Women:	1,298	1,263	1,365	2,936	2,806
Products	Command and controll systems, Electronic warfare and signature management, Avionics, Training and simulation, Military and commercial aircraft, Technical services and mainenance, Missiles, Space equipment (computer systems, antennas, microwave electronics, seperation systems for satellites and launchers, Customer support for Saab regional aircraft, Commercial aircraft maintenance				

Company name:	**SNECMA SA** (Group) (Hispano Suiza / Messier / Snecma Moteur)				
Address / Location:					
Overall company data:					
Turnover / Sales Billion €	1997	1998	1999	2000	2001
	3.56	4.35	4.859	5.646	6.893
Financial Result (Profit (+) / Loss (-)	1997	1998	1999	2000	2001
	n.a.	0.259	0.275	0.318	0.358
Workforce total:	1997	1998	1999	2000	2001
		23,110	23,484	36,428	37,280
Products	Transmission systems for aircraft engines with more than 70 seats, turbo compressors, space engines, Elastomere etc.				

Company name:	**THALES AVIONICS**				
Address / Location:	78 VELIZY-VILLACOUBLAY France				
Overall company data:					
Turnover / Sales Billion €	1997	1998	1999	2000	2001
	0.559	0.564	0.696	0.731	n.a.
Financial Result (Gewinn (+) / Verlust (-)	1997	1998	1999	2000	2001
			+ 0.022	+ 0.036	
Workforce total::	1997	1998	1999	2000	2001
	4,129	4,159	4,109	4,165	
Angestellte :	3,622	3,633	3,620	3,684	
Arbeiter :	507	526	489	481	
Women:	1,072	1,096	1,067	1,063	
Products	avionics				

Company name:	United Technologies Corporation				
Address / Location:	One Financial Plaza Hartford, CT 06103 / USA				
Overall company data					
Turnover / Sales US - $ / Billion	1997	1998	1999	2000	2001
	24.50	25.69	23.84	26.21	27.89
Financial Result (Profit (+) / Loss (-): Billion	1997	1998	1999	2000	2001
	1.07	1.26	1.53	1.81	1.94
Workforce total:	1997	1998	1999	2000	2001
	180,100	178,800	148,300	153,800	-
Products	Airplane engines / diesel engines / maintenance / service				

Annex 1

EADS

Agreement for the establishment of a European Works Council and its derived Committees for information and consultation of the workforce concluded

between

European Aeronautic Defence and Space Company EADS N.V.

and

its Employees' Representatives

Preamble

The creation of European Aeronautic Defence and space Company EADS N.V. (hereafter "EADS N.V.") in the Netherlands with its subsidiaries in the EU-Member States leads, according to the Netherlands' bill of 23rd January 1997 for the implementation of Council Directive 94/45EC of 22nd September 1994, to establish a European Works Council for the purposes of informing and consulting employees[1].

On this way, and following the joint statement on labour relations within EADS signed at Amsterdam on 11th July 2000, a special negotiating body was set up which came into negotiations with the central management (represented by Human Resources) on 6th, 7th and 27th September 2000 in order to establish:

- a European Works Council of EADS N.V. in order to discuss transnational issues with central management and, derived from it:

- an Economic Committee entitled to meet with the Executive Committee of EADS N.V. and to discuss strategic issues with the two Chief Executive Officers,

- European Committees established for the individual Business Unites AIRBUS, ASTRIUM and EUROCOPTER in order to discuss matters of their own field,

- National Committees for France, Germany, Spain (United Kingdom to be examined later) in order to discuss matters of exclusive concerns to the respective national companies.

This new structure for social dialogue within EADS cannot replace the legal institutions or regulations in force on a national or local level.

Applicability

The present agreement is applicable to EADS N.V. and its subsidiaries in the EU-Member States.

[1] The term "consulting" means the exchange of views and establishment of dialogue between employees' representatives and central management or any more appropriate level of management.

Composition of the European Works Council
The European Works Council consists of 15 members. These members are delegated as follows:

France:	6
Germany:	6
Spain:	2
United Kingdom:	1, (2, when Airbus Integrated Company with its U.K.-subsidiary will be created)

Each member is elected or appointed pursuant to the law of the Member State in which he works. At the same time, a substitute member will be elected or appointed, to replace the member of the European Works Council in case of absence.

Only employees[2] of the EADS group may be elected or appointed as members. Membership ends automatically when a member ceases to be an employee of an undertaking of the group.

Additionally, one unofficial member (without voting rights) can be appointed by the European Metalworkers' Federation (EMF) in order to participate to European Works Councils' meetings and preparatory meetings.

If there is a significant change of the number of employees of the group – i.e. an increase or decrease of 5% -, the European Works Council and the central management will renegotiate the size and composition of the council before the beginning of each term of office. If there is an increase or decrease of 15% of the number of the employees of the group, the aforesaid parties will renegotiate immediately. If the number of employees of the group in a Member State that is not mentioned above exceeds the threshold of 1000 employees, one member shall be added to the European Works Council delegated by the employees of that respective Member State; an additional member will be added if this number exceeds 5% of total headcount of the EADS group.

Term of office
The term of office of all members (and substitutes) of the European Works Council last for periods of four years beginning after the first constitutive meeting of the council.

If something occurs, rendering the pursuit of each member's appointment impossible until the end of term (no re-appointment or re-election within the company, resignation, death etc…), a new member will be elected or appointed for the concerned national delegation for the remaining period of office.

In case of a temporary incapacity of a member to take part in a meeting of the European Works Council, he will be replaced by his substitute who will inform upfront, in writing, the EADS group headquarters of Human Resources.

[2] The term "employees" means persons working under an employment contract with an undertaking of the EADS group in the EU-Member States.

Chair, Select Committee and rules of procedure
The European Works Council elects one chairman and one co-chairman from among its number. Each of them shall be delegated from a different company in different Member States.

The chairman and the co-chairman represent the European Works council in law.

The European Works Council elects a select committee from among its number, consisting of up to six members and including both the chairman and the co-chairman. The members are delegated as follows:

France:	2
Germany:	2
Spain:	1
United Kingdom:	1

The select committee is in charge of administrative matters.

The European Works Council lays down its own rules of procedure. Before these are adopted, the central management shall be given the opportunity to state its view.

Meetings of the European Works Council
Meetings of the European Works Council will take place four times a calendar year: two of them with the central management of EADS N.V. and two of them for the representatives alone (for a maximum of one day).

The date and the agenda of the two meetings with central management are set by mutual agreement between the select committee and the central management. These meetings will take place on the same date as the two meetings of the economic committee with the two Chief Executives Officers about strategic matters (see article 7)

The place of the meetings shall be the EADS headquarters in Amsterdam unless otherwise agreed.

Notice for meeting will be sent fifteen days in advance and relevant documents will be sent to every member of the European Works Council eight days in advance, except exceptional circumstances.

Minutes, prepared documents and contributions throughout the two meetings with central management will be established in English and translated into French, German and Spanish.

Debates will be supported by simultaneous translation in English, French, German and Spanish.

In case of exceptional circumstances considerably affecting the employees' interests in at least two undertakings in two different Member States, the select committee may ask the central management to hold an additional meeting with the European Works Council; in the same way, the central management may ask to hold an extraordinary meeting.

Before any meeting with the central management the European Works Council is entitled to meet the day before without the central management being present unless the select committee ask for half a day preparatory meeting the day before and half a day reporting meeting the day after.

Competence
In the two annual meetings the central management informs and enters into consultation with the European Works Council about the development of the business situation and the prospects of the EADS group. In particular subjects will be the following issues, as far as they have transnational importance:

- The structure of the group,
- The economic and financial situation of the group,
- The probable development of activities and of production and sales,
- Investments,
- Substantial changes concerning organisation,
- Introduction of new working methods or production processes,
- Environmental care,
- Mergers,
- Relocations, cutbacks or closures of undertakings, establishments or major parts thereof,
- The employment situation and trends, and collective redundancies.

The members of the European Works Council shall inform the employees' representatives within all undertakings of the EADS group on national or local level about the contents and outcome of the information and consultation procedure taken place in the meeting.

If one of the above mentioned issues leads to an extraordinary serious situation, members of the European Works Council may ask to see the shareholders (Members of the Board of EADS N.V.). In such a case both the chairman of the European Works Council and the chairman of the economic committee submit a joint proposal to and in order to be decided by the European Works Council about the participants of the delegation (normally but not exclusively the economic committee).

Economic committee
The European Works Council elects from among its members and economic committee consisting of members from

France:	2
Germany:	2
Spain:	1
United Kingdom:	1

This economic committee elects a chairman and a co-chairman.

The economic committee is entitled to meet with members of the Executive Committee of EADS N.V. four times a year to be informed about and to discuss the economic matters set down under Article 6. Twice a year the CEOs will attend these meetings to inform about and discuss strategic matters.

Meetings will take normally half a day. The place of the meetings shall be the EADS headquarters in Amsterdam unless otherwise agreed. The date and the agenda of the meetings are set by mutual agreement between the chairman of the economic committee and the Executive Committee of EADS, respectively with the two CEO's for the two meetings about strategic matters which are held on the same date and place as the two plenary meetings of the European Works Council (see article 5).

The economic committee reports to the European Works Council.

Sub-groups' committees
The European Works Council establishes a committee for each Community-scale sub-group inside the EADS N.V. group to be called: "European Committee AIRBUS", European Committee ASTRIUM", "European Committee EUROCOPTER"…

Each of these sub-groups' committees is composed at least of one member of the European Works Council (who belongs to the respective subgroup) and additional members elected or appointed pursuant to the law of the Member State in which they work and reported to the European Works Council. All members of an aforesaid committee shall be employees of the undertakings of the respective sub-groups. The number of the additional members has to be agreed between the employees' representatives and the management of the respective sub-group within a logical frame according to the headcount and to the number of the undertakings of each sub-group.

These committees are entitled to meet with the responsible member of the Executive Committee of EADS N.V. and/or the management of the respective companies twice a calendar year, unless otherwise agreed. These committees will be informed about and discuss the matters set down under Article 6 to such an extend as the matters are of exclusive concern to the sub-group.

These meetings are held independently of the EADS N.V. European Works Council's meetings.

The meetings will take a maximum of one day. The date, place and the agenda of the meetings are set by mutual agreement between the employees' representatives and the management of the sub-group.

Minutes, prepared documents and contributions throughout the meetings will be established in English and as far as needed translated in French, German and Spanish. Accordingly, debates will be supported by simultaneous translation.

Before any meeting with the management each committee is entitled to meet the day before without the management being present.

National committees
Subject to the prior consent of the central management the European Works Council may establish a committee for each EU-Member State wherein at least two undertakings of the EADS N.V. group are registered.

Each national committee consists at least of one member from among the members of the European Works Council delegated from the respective Member State and additional members elected or appointed pursuant to the law of the Member State in which they work, and reported to the European Works Council. All members of an

aforesaid committee shall be employees of the respective national undertakings. The number of the additional members has to be agreed between the employees' representatives and the management within a logical frame according to the headcount and to the number of undertakings of each Member State.

These committees are entitled to meet with members of the Executive Committee of EADS N.V. if necessary, the management of the respective national companies and the responsible Human Resources Director of EADS N.V. headquarters twice a calendar year, unless otherwise agreed. These committees will be informed about and discuss the matters set down under Article 6 to such an extend as the matters are of exclusive concern to the respective national companies.

These meetings are held independently of the EADS N.V. European Works Council's meetings.

The meetings will take a maximum of one day. The date, place and the agenda of the meetings are set by mutual agreement between the employees' representatives of the committee and the responsible Human Resources Director of the EADS N.V. headquarters.

Minutes, prepared documents and contributions throughout the meetings will be established in the respective national language and as far as needed translated in English.

Debates will be supported by simultaneous translation if necessary.

Before any meeting with the management each committee is entitled to meet the day before without the management being present.

Experts
The European Works Council may be assisted by two experts with recognized experience on aeronautics, defence and space. They take part in European Works Council's and economic committee's meetings. The company will pay for travel expenses and for time spent (if the expert has an employment contract with one EADS undertaking).

For specific matters and when justified, the European Works Council, the economic committee and the sub-groups' committees may be assisted by one technical expert to be paid by the company. The obligation to bear the costs of the experts called in by the European Works council, the economic committee and the sub-groups' committees is limited to one expert each.

Confidentiality
The members and substitutes of the European Works Council, the economic committee, the sub-groups' committees and the national committees are obliged not to disclose or use any information, of which they got knowledge due to their membership in the European Works Council or the aforesaid committees and which have been disclosed to them by the management under strict confidentiality. This obligation applies also to the experts and other participants.

This obligation may be asked indefinitely or for a specific period specified by management.

Costs
Time spent by the members of the European Works Council, the economic committee, the sub-groups' committees and the national committees participating in the meetings and the adjoining preparatory meetings will be paid as regular working time.

Travel expenses as well as the compensation for the working time of members of the European Works Council, the economic committee, the sub-groups' committees and the national committees will be born by the companies represented, in line with the existing practices in the respective companies.

The members of the European Works Council and the members of the sub-groups' committees may ask for training in economic matters and English to be determined and organized with the Human Resources of their respective companies.

The necessary administrative costs of the European Works Council and of the economic committee will be born by EADS N.V.

Governing law
This agreement is governed by the law of the Netherlands.

Duration of the agreement
The present agreement will enter into force with its signature. The agreement is valid for an indefinite period.

The parties agree to have meeting after the first two years in order to see if any amendment is necessary.

In the same way, the parties will meet if it appears that it will be necessary to modify this agreement because of law or European regulations.

The agreement can be terminated by each of the two parties who signed the agreement at any time, however, with a notice of six month.

Announcement
The names of the members of the European Works Council, their addresses and the plants to which they belong shall be communicated without delay to the central management. The central management shall pass on this information to the management and employee representatives of the undertakings of the EADS N.V. group in the EU-Member States.

Amsterdam, 23rd October 2000

EADS

Side letter

to

**Agreement for the establishment of a European Works Council and its derived Committees for information and consultation of the workforce concluded between
European Aeronautic Defence and Space Company EADS N.V.
and
its Employees' Representatives**

To Article 7 (Economic committee)

It is the common understanding of the Special Negotiating Body and the Central Management that two employees belonging to the execitive staff of the EADS N.V. group can join the meetings of the economic committee. These two executives are not members of the economic committee.

Amsterdam, 23rd October 2000

Annex 2

EADS

European Works Council

Rules of Procedure of the European Works Council of EADS N.V.

Preamble

The present Rules of Procedure supplement the "Agreement for the establishment of an European Works Council and its derived Committees for information and consultation of the workforce", concluded between EADS N.V. and its Employees representatives on 23 October 2000.

The Rules of Procedure govern the internal cooperation between the members of the European Works Council (EWC) and its derived Committees and the mutual rights and responsibilities of the members on the basis of Dutch law. These Rules of Procedure are valid for the term of office 2000 -2004. Amendments hereto are only possible by a resolution of the European Works Council carried by a majority of the votes of its members with voting rights. Before the Rules of Procedure are adopted, the EWC shall give the Central Management an opportunity to state its view.

Article 1 Principles of cooperation

The members of the European Works Council shall endeavour to base their internal work on the principle of consensus. Every possible opportunity should be explored to reach a consensus. If this is not possible, the members shall strive to reach a fair compromise. A decision shall only be taken by a majority vote if and when all such attempts have failed.

Article 2 Elections

§ 1 General

The appropriate elections shall be held at the constitutive meeting. If new elections are required due to members of the European Works Council retiring from office, these elections shall follow at the very next EWC meeting.

Motions to vote a member out of office must be submitted in writing. Such motions must be put on the agenda of the next meeting.

Elections shall in principle be by an open vote. A secret ballot shall only be held if specifically requested. In such cases, an election committee shall be set up.

§ 2 Chair of elections

The ballot to elect the Chairman of the European Works Council will be chaired by the representative of the European Metalworkers' Federation (EMF). In the case of his incapacity, the EWC shall appoint one of its members to conduct the ballot.

§ 3 Election of the Chairman of the European Works Council

The Chairman of the European Works Council must be elected by an absolute majority of all the members with voting rights. Each member with voting rights is entitled to put forward candidates.

§ 4 Election of the Co-Chairman of the European Works Council

The Co-Chairman of the European Works Council must be elected by an absolute majority of all the members with voting rights. Each member with voting rights is entitled to put forward candidates.

The Chairman and Co-Chairman must not be representatives of the same country.

§ 5 Election of the Select Committee (SC)

The number of members and the national composition of the Select Committee are stipulated in the Agreement (2F, 2D, 1E, 1UK). The Chairman and the Co-Chairman are members of the Select Committee by virtue of their office. Other members from among the representatives of France (F), Germany (D), Spain (E) and the United Kingdom (UK) are to be proposed by their delegations. Should several proposals be submitted, an effort will be made to reach a solution in accordance with Article 1 of the Rules of Procedure.

The agreed national composition of the SC must be respected in the elections by taking account of the nationalities of the Chairman and the Co-Chairman of the SC.

§ 6 Election of the European Economic Committee

The number of members and the national composition of the European Economic Committee are stipulated in the Agreement (2F, 2D, 1E, 1UK). Candidates are to be proposed by the delegations. Should several proposals be submitted, an effort will be made to reach a solution in accordance with Article 1 of the Rules of Procedure.

The agreed national composition of the European Economic Committee (EEC) must be respected in the elections.

§ 7 Election of the Chairman of the European Economic Committee

The European Economic Committee shall elect its Chairman from among its members by an absolute majority.

§ 8 Election of the Co-Chairman of the European Economic Committee

The European Economic Committee shall elect its Co-Chairman from among its members by an absolute majority.

The Chairman and Co-Chairman must not be representatives of the same country.

§ 9 Election of Experts

The members of the European Works Council shall elect two experts. Each member with voting rights is entitled to put forward candidates. Should several proposals be submitted, an effort will be made to reach a solution in accordance with Article 1 of the Rules of Procedure. The two candidates with the highest number of votes shall be elected.

Article 3 Meetings

§ 1 Basic Principles

Meetings will be prepared in good time in accordance with the dates for the annual meetings agreed with the Central Management.

The office of the Chairman of the European Works Council is responsible for scheduling the deadlines and organising all the meetings of the European Works Council and the Select Committee.

The office of the Chairman of the European Economic Committee is responsible for scheduling the deadlines and organising all the meetings of the European Economic Committee.

The Director of the HR department of the EADS N.V. is to be involved in the organisation of the meetings with the Central Management.

Members must receive a written invitation to a regular scheduled meeting with 14 days' notice. An agenda must be enclosed with the invitation.
This notice may be shorter in the case of extraordinary sessions.

Invitations to the meetings are to include an agenda in English; the relevant office will endeavour to have the translation into the national languages ready on time.

Simultaneous interpretation will be provided into the national languages at all meetings. The selection of appropriately qualified interpreters is to be carried out in agreement with the Central Management.

All documents submitted by the management are to be translated into all the national languages. In preparing the agenda, the Chairman and Co-Chairman of the EWC will schedule sufficient time for debate.

§ 3 Minutes

The minutes of the meetings will be established in English and subsequently translated into all the national languages.

The minutes of the meetings of the European Works Council and the Select Committee will be recorded by the assistant to the Chairman of the European Works Council.

The minutes of the meetings of the European Economic Committee will be recorded by the assistant to the Chairman of the European Economic Committee.

The keeper of the minutes shall record the minutes and keep an attendance list to be signed by all the participants. The minutes must indicate the time of commencement and end of the meeting, the agenda, the results of discussions, the wording of the resolutions and any majority vote.

Any personal declarations or additions to the minutes requested by members must be submitted in writing at short notice and are to be attached as an annex to the minutes.

The minutes are to be signed by the respective Chairman and the keeper of the minutes.

In the case of meetings with the Central Management, the minutes will be drawn up by the latter and subsequently agreed with the relevant Chairman.

§ 2 Speaking time

In the course of debate, speaking time is limited to 5 minutes per contribution. Each member is entitled to take the floor several times.

Article 4 Duties of the Chairman and the Co-Chairman of the European Works Council

§1 Joint duties of the Chairman and the Co-Chairman of the European Works Council

The Chairman and the Co-Chairman of the European Works Council represent the European Works Council in law. It is the task of the Chairman and the Co-Chairman of the EWC to organise the process of European integration in accordance with Article 1.

§ 2 Duties of the Chairman of the European Works Council

The Chairman of the EWC is authorised to issue declarations relating to resolutions adopted by the European Works Council to the workforce, the Central Management and external bodies. Declarations by the Central Management must be addressed to the Chairman of the EWC, or the Co-Chairman in the case of his incapacity.

The agenda for the meetings of the European Works Council is drawn up by the Chairman of the EWC in agreement with the other members of the Select Committee.

Article 5 Committees of the European Works Council

§ 1 Select Committee

The Select Committee is in charge of all administrative matters. It draws up the annual schedule of meetings with the Chairman which is subsequently coordinated and agreed with the Central Management. This involves setting both the dates and venues of the meetings. The Select Committee prepares the topics for the meetings of the European Works Council. It leads the debate, drafts resolutions and procures the requisite documents.

The minutes of the meetings are to be distributed to all members of the European Works Council.

§ 2 European Economic Committee

The European Economic Committee is to be informed by the Executive Committee of EADS N.V. on the economic matters set down in Article 6 of the EWC agreement four times a year. Twice a year the CEOs will attend these meetings to inform about strategic matters.

The European Economic Committee shall subsequently submit a comprehensive report to the next internal meeting of the European Works Council. The European

Works Council may give the European Economic Committee the task of calling upon the Executive Committee or the CEOs for information on specific matters.

§ 2.1 Joint duties of the Chairman and the Co-Chairman of the European Economic Committee

The Chairman and the Co-Chairman of the European Economic Committee represent the European Economic Committee in law.

§ 2.2 Duties of the Chairman of the European Economic Committee

The Chairman of the European Economic Committee is authorised to issue declarations relating to resolutions adopted by the European Economic Committee to the workforce, the Central Management and external bodies. Declarations by the Central Management concerning the competence of the European Economic Committee must be addressed to the Chairman of the European Economic Committee, or the Co-Chairman of the European Economic Committee in the case of his/her incapacity.

The agenda for the meetings of the European Economic Committee is drawn up by the Chairman of the European Economic Committee in agreement with the Director of the HR Department of EADS N.V.

§ 3 European Committees

The European Committees (Airbus, Astrium, Eurocopter) shall regularly inform the European Works Council of their activities at internal meetings. Should further divisions come under European management in the future, the European Works Council shall initiate negotiations with a view to setting up European Committees in these divisions.

§ 4: National Committees

The national committees are entitled to inform the European Works Council of their activities at internal meetings.

Article 6 Working parties and project groups

The European Works Council is entitled to adopt resolutions setting up working parties and project groups on relevant matters. These working parties and project groups must report their findings to the EWC.

Article 7 Communication

With a view to facilitating internal communication, the members of the European Works Council are to receive a list indicating the company addresses, telephone/fax numbers and e-mail addresses of all EWC members.

The office of the Chairman of the European Works Council is the central coordination point for queries or communications.

Notwithstanding this principle, the office of the Chairman of the European Economic Committee is responsible for communications relating to the European Economic Committee.

Article 8 Resolutions

Before adopting any resolution, the European Works Council and its committees must explore every opportunity specified in Article 1 of the Rules of Procedure. If a vote is nonetheless required, resolutions must be adopted by a majority vote.

Article 9 Specialists

The European Works Council and the European Economic Committee are entitled to the assistance of a relevant specialist for specific matters, whereby a corresponding resolution must be adopted by the European Works Council in each individual case.

The Chairman and Co-Chairman shall conduct the necessary talks with the Central Management to this effect.

If a specialist is required in the European Committees, the committee in question shall enter into talks with the responsible management within the Group.

Should these talks prove ineffective, the Chairman and Co-Chairman may be requested to conduct talks with the Central Management.

Article 10 Continuing training

The members of the European Works Council are entitled to engage in continuing training in order to acquire the necessary knowledge to exercise their functions.

The specifics must be coordinated and organised with the human resources department of the company in question. The European Works Council is to be informed if any problems arise. The Chairman and the Co-Chairman of the EWC will discuss these problems with the Central Management upon request.

Article 11 Trade Union coordination

Trade union coordination between members of the European Metalworkers' Federation (EMF) is to be conducted by the EMF representative.

Annexes

a) Members and substitute members of the European Works Council
b) Members of the European Economic Committee
c) Members of the Select Committee
d) Members and substitute members of the European Committees
e) Members and substitute members of the National Committees
f) Definition of simple and absolute majorities

Annex f)
to the Rules of Procedure of the European Works Council of EADS N.V.

Simple majority: In the case of a simple majority, the decision is taken by the majority of the votes cast, i.e. 50% of the members entitled to vote present at the time of the vote plus one additional vote. Abstentions are to be regarded as uncast votes.
An equal number of votes for and against shall mean rejection of the decision in question.

Absolute majority: For a majority vote, a majority of the members must vote in favour of the decision in question, regardless of how many members are present or how many abstentions there may be, i.e. 50% of all members entitled to vote plus one additional vote.