

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 employees¹.

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 employees² 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 extent 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 extent 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 executive 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