Helicopters: Consolidating an industrial and commercial presence in civil and military

Giuseppe Orsi, CEO
AgustaWestland is a world technology leader in the helicopter industry

- The Company strength is based on an **extensive, new, technologically advanced**, product range
- **Design Development & System Integration in-house capability** in critical areas
- **Comprehensive customer support**: Integrated Operational Support (IOS) and Power By Hour (PBH) solutions; training solutions (ATIL, Rotorsim)

### 2008 revenues by segment and geographic area:

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY 08</th>
<th>FY 07</th>
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<tbody>
<tr>
<td>Revenues</td>
<td>3,035</td>
<td>2,980</td>
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<tr>
<td>New Orders</td>
<td>5,078</td>
<td>3,970</td>
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<tr>
<td>Backlog</td>
<td>10,480</td>
<td>9,004</td>
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<tr>
<td>Helicopter Delivered</td>
<td>226</td>
<td>188</td>
</tr>
</tbody>
</table>

- **EBITA margin steadily above 10%**

![Helicopter images]
Complete, technologically advanced, new product range

<table>
<thead>
<tr>
<th>LIGHT</th>
<th>INTERMEDIATE</th>
<th>MEDIUM</th>
<th>MEDIUM/HEAVY</th>
<th>HEAVY</th>
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<tbody>
<tr>
<td>AW119 Ke</td>
<td>AW129</td>
<td>AW149</td>
<td>Apache AH Mk1</td>
<td>AW101 SAR</td>
</tr>
<tr>
<td>AW109 Power</td>
<td>Super Lynx 300</td>
<td>AW139</td>
<td>NH90 (TTH)</td>
<td>AW101 Utility</td>
</tr>
<tr>
<td>AW109 LUH</td>
<td>Future Lynx</td>
<td>BA609</td>
<td>NH90 (NFH)</td>
<td>AW101 Naval</td>
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<td>Grand</td>
<td></td>
<td></td>
<td></td>
<td>US101</td>
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</tbody>
</table>

> 4,000 helicopters in service in more than 80 countries
A strong, diversified Backlog

Backlog at 03/31/2009
€10.5 bln

- Italy: 23%
- UK: 6%
- USA: 28%
- Rest of Europe: 7%
- Rest of the world: 36%

Commercial: 82%
Institutional: 18%

Cumulated Orders 2009 – 2011
c. €14 bln

- Italy: 15%
- UK: 48%
- USA: 18%
- Rest of Europe: 11%
- Rest of the world: 8%

Commercial: 79%
Institutional: 21%

Top 5 Programs in Backlog at 03/31/2009
- NH90
- T129 Atak - Turkey
- Integrated Operational Support
- Wild Cat (AW159)
- North Africa (AW101 – Lynx)

Total 47%

Top 5 Programs in Cumulated Orders 2009-2011
- Integrated Operational Support
- CH47 - Italy
- North Africa (A109 LUH – Lynx)
- AW101 India
- NH90

Total ca 28 %

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The US: Strong presence, multiple short- and medium-term opportunities

- **Industrial/commercial presence in the US and recent achievements**
  - Long term AW presence, with > 220 AW helicopters in service (over than 300 Helicopters including Central and South America)
  - Established in 1986 in Philadelphia, final assembly for worldwide AW119 production and for US AW139 customers, warehouse, and service stations
  - AW139 training center and flight simulator is under construction
  - Hagerstown support and repair facilities
  - Strategic leverage DRS products and capabilities to (synergize) on government programs (e.g. payloads, system integration, MRO)

- **Opportunities in the US**
  - Largest civil helicopter fleet in the world, expected to grow by another 30% over the next 10 years
  - AW products competitive in several applications (AW139 utility, OGP, etc.)
  - US Army – ARH
    - Potential Requirement (tbd) for more than 500 a/c
    - Several AW platforms suitable
  - DHS – Customs & Border Protection
    - 2 AW139 delivered in 2007, provide excellent capability
    - Review ongoing for modernization plans based on new requirements
  - USAF – CVLSP (Common Vertical Lift Support Program)
    - Multi-role requirement (Space Command, VIP, etc.)
    - UH-1N replacement: AW139 ideally suited
VH-71 Program Review

Team VH-71 – comprised of Lockheed Martin (prime contractor and systems integrator), AgustaWestland (helicopter designer and manufacturer), and Bell (production and support) selected to produce the next Presidential Helicopter in early 2005

- All increment 1 helicopters delivered (9)
- Flight test ongoing at NAS Pax River and Owego, NY
- Meeting/exceeding all performance criteria
- U.S. President’s budget submission to Congress recommends termination of program
  - First step in a long process of Congressional review
  - We are working closely with supporters to continue the program
- AW/Finmeccanica entitled to receive Termination Cost as per contract provisions should the program be terminated
Italy and UK
Strong presence and promising outlook in these 2 domestic markets

意大利
- 第四大军事/政府直升机机队。老化机队，对国际部署要求高
- 确认或预期的大规模换装项目：NH-90（陆军/海军），CH-47（陆军），AW101 CSAR（空军）
- AW129陆军机队升级、国土安全/边境巡逻、军事辅助项目未来机遇

英国
- 莫D确认全军AW 159野生猫头鹰订购（陆军34、海军28、改进12）以及订单增长6亿欧元
- 第二大军事/政府直升机机队。大规模、长期、远征性任务（伊拉克、阿富汗）
- 现有（苏利安、梅林）和未来（阿帕奇、野猫）综合作战支援项目确保稳定、长期（25年分5年）收入。SKIOS和IMOS价值5亿英镑
- 中型提升、训练、生命和能力延长项目未来机遇

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Well positioned to satisfy worldwide demand for Rotorcraft and related services

**Rest of Europe**

- Leader in European NATO Countries helicopter fleets, in terms of size/value → strong base for support business and future replacement opportunities, also to support growing international commitments
- Acquisition programs in several EU and other countries for law enforcement, border patrol, maritime surveillance tasks → product range ensures a competitive positioning
- Most relevant Countries/areas: Scandinavia & Finland, Iberian Peninsula, Eastern Europe and the Balkans

**Rest of the world**

- Demand for military helicopters remains sustained worldwide for both military and government roles: transport, utility, SAR/CSAR, VVIP
- Major programs in the Middle East and Asia/Pacific (Turkey, North Africa, India, Saudi Arabia)
- Commercial market: reasons for growth, especially in the operators market, remain in place. AW139 is the strongest contender worldwide in the large-sized intermediate category market
Committed to investing for the present and the future

Total Investments 2009-2011 €636 mln

- Capex 67%
- R&D Capitalized 33%

Main Programs for Capex

- Machineries Replacement for cost reduction and efficiency
- AW 149 industrialisation
- Updated Information Technology Systems (SAP integration)
- Facility expansion and New NH90 assembly line

Total R&D 2009-2011 €1,203 mln

- R&D Capitalized 17%
- R&D Internally Funded 9%
- R&D Customer Funded 74%

Main 3 Programs for Total R&D

- XX9: new medium-light multirole helicopter; increased market requirement; will fill the gap between the 109 and the 139. First prototype in 2012
- AW149: new medium multirole helicopter; growing military and governmental needs of customers around the world; several thousand utility helicopters in the intermediate/medium category are flying worldwide; a vast majority need replacement. First prototype in 2010
- BA609 TILTROTOR; vertical take off; speed and range comparable to fix wing. Two prototypes already flying

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Facing the crisis proactively

- The current global financial crisis is mitigated by
  - Strong current backlog in excess of €10 bln
  - Diversified and geographically spread customer base
  - Modern and market appealing products

- Launched a series of initiatives to sustain sales and minimize impact on cash flow of the expected slow down in the commercial market including
  - Partnerships with primary financial institution to support commercial customer
  - Accelerated deliveries to customers/programs in money
  - Maintaining dynamic and flexible production capabilities
Aeronautics: Building an industrial and commercial presence in civil and military sectors

Giovanni Bertolone, CEO, Alenia Aeronautica
Giuseppe Giordo, President & CEO, Alenia NA
Strong role in Defense and Commercial Aeronautics

Alenia Aeronautica is a major global player with capabilities in system development and integration

- Major roles in larger fighter programs
- Independent prime partner in aerostructures
- World leadership in tactical airlifter & advanced trainer
- Leading partnerships in regional jet and turboprop

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY 08</th>
<th>FY 07</th>
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<tbody>
<tr>
<td>Revenues</td>
<td>2,530</td>
<td>2,306</td>
</tr>
<tr>
<td>New Orders</td>
<td>2,720</td>
<td>3,104</td>
</tr>
<tr>
<td>Backlog</td>
<td>8,281</td>
<td>8,248</td>
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</tbody>
</table>

- EBITA sustainable in double digit range

2008 Revenues by segment and geographic area:

- 30% Aerostructures
- 42% Combat & Trainer
- 10% Transport & Special Missions
- 58% Regional

- Italy 17%
- Rest of Europe 9%
- USA 16%
- Rest of the world 16%
Backlog and new business pipeline support
Aeronautics’ flexibility and accountability

Top 5 Business lines in backlog at March 31, 2009
80% of total backlog

- Eurofighter production & product support
- ATR & Special missions
- C-27J
- Logistics & product support
- Boeing 787

Top 5 Business lines in new business pipeline
60% of cumulated orders 2009-2011

- EFA upgrade production & product support
- M346 advanced trainer for Italian and foreign AF
- Regional & Special missions
- C-27J
- Boeing 787

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Product portfolio with strong commercial fit drives Aeronautics growth

- **Italy**
  - M346 15 a/c for Italian Air Force
  - Special Missions ATR 72 MP for Italian MoD

- **Rest of Europe**
  - EFA T3: the order will be divided into two main blocks:
    - T3 Block 1 for 112 a/c is expected in 2009
  - EFA export campaigns (Switzerland, Romania, Bulgaria, Croatia)
  - C27J Slovakia
  - Regional ATR 72/42, Superjet-100
  - M346 Greece
Product portfolio with strong commercial fit drives Aeronautics growth

**United States**
- JCA Program
- B787

**Rest of the world**
- M346 for UAE, Singapore
- Special Missions ATR Algeria
- EFA opportunity in Middle East, India
- C27J
  - Direct Commercial Sales
  - Foreign Military Sales
- Regional
  - ATR
  - Superjet 100

A portfolio of important acquisitions already in advanced negotiations with geographically diverse customers.
Investing in enabling products and technologies for innovation

Total Investments 2009-2011 ~ €1.3 bln

- R&D Capitalized 32%
- Capex 68%

Main 5 Programs ~ 65% of total capex
- Boeing 787
- M346
- C-27J
- UAV
- EFA

Total R&D 2009-2011 ~ €1,050 mln

- R&D Capitalized 39%
- R&D Internally Funded 8%
- R&D Customer funded 53%

Main 5 Programs ~ 85% of total R&D
- M346
- Boeing 787
- C-27J
- Special Missions
- EFA
Accountability, flexibility and technology are the shield against current financial crisis

In the current economic and financial downturn, Alenia can rely on:

- Strong visibility based on a robust order backlog and order intake
  - A robust back-log, based on the strong orders from institutional customers
  - World leader in own product (C-27J, M346) and mid size special missions
  - Orders 2009-2011 from customers with defence budget expected in positive growth (e.g. UAE, Greece, Turkey, India)

- Industrial flexibility driven by product, program and geographic diversification
  - Diversification of programs (in terms of both life-cycle and capability required)
  - High investment level in programs at advanced stages of negotiation with customers in divers markets

- Reorganization of company already completed
  - Alenia has implemented a new organization structure aimed at providing every business unit with all necessary “management tools” to face the industrial and commercial challenges
Presence in the US today

- Long-term relationships with US companies play important role in growth of Alenia’s capability;
- Alenia North America’s mission is to be the partner of choice in the North American market

- Focused on
  - Managing industrial assets and introducing new products in the US and Canada
  - Dedicated to expansion of the industrial and commercial presence of Alenia/controlled companies in North America

- Strong employment growth, (doubled in the past 3 years)
- Alenia procures over $500 mln from US suppliers each year

Wide and integrated industrial network covering commercial and military requirements

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Contractual roles, joint ventures & teaming agreements

- **G222 ANAAC Program**
  - Prime contractor with U.S. Air Force

- **U.S. Army & U.S. Air Force Joint Cargo Aircraft (JCA) Program**
  - Global Military Aircraft Systems (GMAS), JV with L-3 Integrated Systems

- **Boeing 787 Program**
  - Global Aeronautica, 50/50 JV with Boeing Commercial Aircraft

- **Joint Strike Fighter**
  - Alenia North America provides engineers for Lockheed Martin-led IPTs

- **Canadian Air Force Fixed Wing Search and Rescue (FWSAR) Program**
  - Team Spartan with L-3, Rolls-Royce and Honeywell, Dowty
Current US programs: JCA and G222 ANAAC

- **JCA**
  - JCA program is on time and on budget
  - JCA is critical to both the Army and Air National Guard’s capability to perform State missions and support operations in combat environments, such as Afghanistan
  - JCA 1 and JCA 2 delivered to the customer

- **G222 ANAAC**
  - Alenia North America is prime contractor for the G222 Afghan National Army Air Corps (ANAAC) Italian Air Force aircraft re-acquired by Alenia Aeronautica under AMI C-27J contract
  - The aircraft will be refurbished and modified, with major upgrades to communication and navigation systems and ballistic protection for the cockpit
  - 18 aircraft to be delivered to the U.S. Government within two year period to support the U.S. Government’s transition efforts and the organic development of Afghan capability in Kabul
  - First aircraft will be delivered in 3Q 2009 (one year after contract award) with 3 more aircraft by the end of 2009. (Additional order for two aircraft expected in 2009)
Collaboration opportunities with DRS

Opportunities identified exploring DRS products & services on Alenia platforms to further enhance market presence in the US and Canada.

- C27J: Gunship and SAR Mission System
- M346: Replacement of USAF T-38 Advanced Jet Trainer (470 in service)
- UAV development as a result of DRS’ strong position in the defense electronic sector.
- ATR Special Mission Variants: Boarder Patrol System
The Ideal Commercial and Technological Fit for Finmeccanica

Providing Direct Access to the US Customer

Mark S. Newman, Chairman and CEO
Leading supplier of defense technologies, services and support to military forces, intelligence agencies and prime contractors worldwide

Well aligned with top US Department of Defense (DoD) priorities

Highly diversified business

Established footprint on key military platforms

First quarter results above plan

<table>
<thead>
<tr>
<th></th>
<th>Proforma 2008</th>
<th>1Q 2009</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>$3,893.5</td>
<td>$972.8</td>
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<tr>
<td>New Orders</td>
<td>$3,738.3</td>
<td>$1,446.6</td>
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<tr>
<td>Backlog</td>
<td>$3,334.9</td>
<td>$3,808.7</td>
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EBITTA margins above 10%

2008 Revenue by Group and Geographical Location

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Strong business pipeline provides stability

Funded Backlog by Customer at 03/31/2009 $3.8 bln

- Army Comms, 7%
- Army Computers, 7%
- Army Aviation, 7%
- Army Logistics, 3%
- Navy/Marine Corps, 18%
- U.S. Gov’t Agencies, 6%
- Air Force, 4%
- U.S. Commercial, 2%
- International Military, 6%

Top 5 Programs in Funded Backlog
~20% of Total Funded Backlog
- Joint Battle Command-Platforms
- Driver Vision Enhancer
- Improved Bradley Acquisition Subsystem
- Defense Comms & Army Transmission System
- Thermal Weapon Sights

Cumulative Bookings 2009-2011: $11.2 bln

- United States Government 91%
- United Kingdom 3%
- Rest of World 4%
- U.S. Commercial 2%

Top 5 Programs in Cumulative Bookings
~10% of Cumulative Bookings 2009-2011
- Mast Mounted Sight
- Improved Bradley Acquisition Subsystem
- Joint Battle Command-Platforms
- Defense Comms & Army Transmission System
- Thermal Weapon Sights
DRS’s established footprint on key platforms drives future growth

- $18 bln per year for the next five years is expected to be spent on equipment reset
- Modernization/technology insertion of current force is increasingly important due to continuing combat operations and funding changes to FCS program
- Reset and modernization initiatives represent a multi-bln opportunity

US Navy shipbuilding program calls for 79 new ships over the next seven years
The shipbuilding program represents a $1.5 bln addressable market for DRS
# Strategic Business Goals

**DRS Technologies**

| Incumbent position on SBlnet, Strong FMF position in the Middle East (Jordan & Egypt) |
| UAVs, Aircraft Combat Maneuver Instrumentation, EW trainers, MRO |
| Leading position in U.S. for vehicle systems, sensors, computers and situational awareness; leading intel technologies |

## Market, Offering and Objectives

| Homeland Security |
| Scalable solutions, unmanned aerial & ground sensors, integrated radar, electro-optical (EO) and comms systems |
| Strengthen the combined strategy of becoming a global leader in Land Border / Maritime Surveillance and Critical Infrastructure Protection Solutions |

| Aeronautics |
| Cargo aircraft, trainers, Maintenance, Repair & Overhaul, aerial targets and training systems, UAVs |
| Establish a Center of Excellence for sustainment, maintenance & overhaul of airborne platforms, manned and unmanned, operating the entire logistic supply chain |

| Land Battlespace |
| Land vehicles and soldier systems |
| Become a worldwide leader for advanced electro-optical / situational awareness capabilities |

## Finmeccanica Companies

| Strong market position in Italy, the UK and North Africa |
| Fixed wing aircraft, helicopters, UAVs, training systems and avionics |
| Substantial position in platforms, products and system solutions in Europe and ROW markets |

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**Excellent and Affordable Technology**

**Driving Profitable Growth**

**New York, May 19, 2009**
Joint business development initiatives underway and bearing early fruit

Since closing, DRS and Finmeccanica Companies have teamed for program wins and market expansion

Examples of early achievements:
- **Products:** Vertical integration of respective capabilities e.g. Egypt – comms radios with SELEX Comms; C2 software in Jordan with SELEX SI
- **Technology:** Joint development with SELEX Galileo for next generation detector under DARPA funding
- **Services:** First teleport use in place at year-end 2008. Second already planned as a result of the teaming agreement with Telespazio

Well balanced and diversified to compete in the re-prioritized marketplace

Major initiatives in US and worldwide:
- C-27J Cargo Aircraft and M346 trainer with Alenia North America
- SBInet and Saudi ARAMCO with SELEX SI
- NAVAIR Subsonic Aerial Target (SSAT) with SELEX Galileo
- US Customs and Border Protection license plate reader program with ElsagDatamat
- Weaponization of land vehicles into US Forces with Oto Melara

Complementary capabilities should enhance technological edge, product portfolio, market presence and operational efficiency

Other areas already addressed:
- Expanded collaboration on technology and related products in the areas of cooled/uncooled detectors, optics, airborne EO/IR stabilized gimbals, and space-borne attitude sensors
- Combined portfolio for soldier systems (situation awareness and comms), CIED, electronic warfare for COMINT / SIGINT
- Technology development & manufacture of airborne, ground and naval radar
- Initiatives launched to cross-fertilize and improve industrial effectiveness across the Group focused on best practices sharing

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Discretionary investments are strategically focused on future growth

Production/technology upgrade Capex is complementary to strategic R&D investments

Facility Upgrade/Expansion Capex targets growth areas such as Aviation Maintenance, Repair and Overhaul (MRO) that are complementary to Finmeccanica core competencies

Research & Development expenses will total approximately 7% of annual revenue over the next three years

Discretionary investments focused on growth areas such as Border Security, Intelligence, Surveillance & Reconnaissance (ISR), and Power Technology

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Secretary of Defense Gates’ Objectives
- Reshape priorities of US defense establishment
  - Balance US defense portfolio between conventional and irregular capabilities
  - Institutionalize programmatic response for today’s conflicts
  - Create a responsive planning and procurement process
  - Better align cost of war funding

Potential Funding Outcome
- FY10 Budget highlights released May 7, 2009
- FY11 and beyond Defense Plan will reflect ongoing Quadrennial Defense Review (QDR)

DRS Impact
- Neutral to positive
- Diversified/balanced portfolio offers:
  - Advantage of replacing new start work with legacy program modernization
  - Potential to compete for emerging “irregular warfare” opportunities
  - Agility and responsiveness will dictate success

DRS is well-positioned to compete in this reprioritized marketplace
The global geo-political environment has an overriding influence upon our military customer. Resulting operational commitments will be supported in spite of economic hardships.

More prudence in the spending of US defense dollars is occurring as a result of the global financial crisis.

The defense industry represents a significant part of the industrial base in the US, therefore Congress will want to balance maintaining current job levels with DoD budget requests and equipment needs.

DRS programs are expected to be well funded in response to worldwide commitments and emergent requirements.

- DRS has a solid business pipeline of $3.8 bln in funded backlog
- DRS has minimal exposure to large platform cuts

Strong customer support and program diversity combined with an established footprint on the current force mitigates impact of possible future changes in funding of new programs/platforms.
DRS supports both the current force and future force, thus changes to new platform builds should be neutral as spending on modernization of the current force increases.

US DoD commitment to equipment reset remains robust.

Forecasted increase in troop strength supports our position as a leading provider of soldier systems and sustainment systems.

Global focus on irregular warfare and homeland security creates new opportunities.

Leveraging Finmeccanica’s existing infrastructure in select countries allows DRS to grow its international presence more quickly and cost efficiently.

DRS’s balance and diversity provides the Company with a coveted position in the marketplace and strengthens Finmeccanica’s strategic growth strategy within and outside USA.