Giorgio Zappa
Chief Operating Officer
Aerospace Overview
### Key Figures 2004-2005

#### Helicopters

<table>
<thead>
<tr>
<th></th>
<th>2005 (€mln)</th>
<th>2004 (€mln)</th>
<th>%change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>2,490</td>
<td>1,453</td>
<td>71</td>
</tr>
<tr>
<td>EBIT</td>
<td>272</td>
<td>130</td>
<td>n.s.</td>
</tr>
<tr>
<td>Margin</td>
<td>10.9%</td>
<td>8.9%</td>
<td></td>
</tr>
<tr>
<td>Orders</td>
<td>3,712</td>
<td>1,252</td>
<td>n.s.</td>
</tr>
<tr>
<td>Backlog</td>
<td>7,397</td>
<td>5,238</td>
<td>41</td>
</tr>
</tbody>
</table>

#### Aeronautics

<table>
<thead>
<tr>
<th></th>
<th>2005 (€mln)</th>
<th>2004 (€mln)</th>
<th>%change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>2,046</td>
<td>1,914</td>
<td>7</td>
</tr>
<tr>
<td>EBIT</td>
<td>166</td>
<td>117</td>
<td>42</td>
</tr>
<tr>
<td>Margin</td>
<td>8.1%</td>
<td>6.1%</td>
<td></td>
</tr>
<tr>
<td>Orders</td>
<td>3,230</td>
<td>3,315</td>
<td>(3)</td>
</tr>
<tr>
<td>Backlog</td>
<td>6,865</td>
<td>5,375</td>
<td>28</td>
</tr>
</tbody>
</table>

#### Space

<table>
<thead>
<tr>
<th></th>
<th>2005 (€mln)</th>
<th>2004 (€mln)</th>
<th>%change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>736</td>
<td>775</td>
<td>(5)</td>
</tr>
<tr>
<td>EBIT</td>
<td>26</td>
<td>23</td>
<td>13</td>
</tr>
<tr>
<td>Margin</td>
<td>3.5%</td>
<td>3.0%</td>
<td></td>
</tr>
<tr>
<td>Orders*</td>
<td>599</td>
<td>1,050</td>
<td>(43)</td>
</tr>
<tr>
<td>Backlog</td>
<td>1,154</td>
<td>1,413</td>
<td>(18)</td>
</tr>
</tbody>
</table>

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### 2005 Revenues

#### Helicopters

- **Civil**: 17%
- **Military**: 44%
- **Product Support**: 39%

#### Aeronautics

- **Transport & Special Mission**: 14%
- **Aerostructures**: 28%
- **Combat & Trainers**: 46%
- **Regional A/C**: 12%

#### Space

- **Manufacturing**: 60%
- **Services**: 40%
• **Helicopters**: new US military requirements and new civil needs to drive world helicopter demand. Total market value expected to rise from $10 b to $15 b yearly in next 10 years.

• **Aeronautics**:
  - Civil - large increase in wide body to drive annual delivery value up 25% in next 20 years
  - Military - combat and transport demand to drive annual delivery value up 50% in next 10 years.

• **Space**:
  - **Satellite Manufacturing** - European institutional annual budget set to rise from Euro 4 bn to Euro 5 bn by 2008.
  - **Services** - new civil, military & security needs to drive significant growth in next 10-15 years (Galileo, Geo-database, Train internet, satellite broadband services).
### Aeronautics

<table>
<thead>
<tr>
<th>Model</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>B787</td>
<td>400+ a/c ordered, 200 in backlog</td>
</tr>
<tr>
<td>New Airbus family</td>
<td>New opportunity A350 XWB</td>
</tr>
<tr>
<td>Regional jet</td>
<td>Potential market 5,500 a/c in 20 years</td>
</tr>
<tr>
<td>C-27J</td>
<td>Requirement of 200 a/c in USA (March 2007)</td>
</tr>
<tr>
<td>Eurofighter</td>
<td>400 a/c ordered Tr1 &amp; Tr2, Export market for 200 a/c</td>
</tr>
<tr>
<td>JSF</td>
<td>3,173 a/c for 8 Partner Nations</td>
</tr>
</tbody>
</table>

### Helicopters

<table>
<thead>
<tr>
<th>Model</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>EH/US 101</td>
<td>Requirements in US/UK for 150 medium heavy</td>
</tr>
<tr>
<td>AW139</td>
<td>Annual production ramping up from 30 to 90 a/c by 08</td>
</tr>
<tr>
<td>AW149</td>
<td></td>
</tr>
<tr>
<td>BA 609</td>
<td>Purchase agreement for &gt; 60 a/c with 100 hrs of flight test time</td>
</tr>
</tbody>
</table>

### Space

<table>
<thead>
<tr>
<th>Model</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cosmo</td>
<td>4 LEO Satellites for Earth Observation by 2008</td>
</tr>
<tr>
<td>Galileo</td>
<td>European Global Navigation Satellite System 30 Satellites in 8 years</td>
</tr>
<tr>
<td>Sicral</td>
<td>Military Telecommunication Satellite System for IT MoD</td>
</tr>
</tbody>
</table>
**Actions to improve profitability**

**Helicopters**
- Definition of AW centre of excellence and launch of various cost saving initiatives across the major manufacturing processes and reduction of assembly lead times. Integration target of Euro 50 mln of additional EBIT by end 2006 well on track.
- Full integration of engineering and investment in common design tool (digital manufacturing) to improve effectiveness and productivity.
- Identification of “outsourcable” activities and launch of first initiatives (import/export and accounting backoffice at AW Group level).

**Aeronautics**
- New Typhoon Export and starting of JSF programme
- International JV dedicated to B787 and SuperJet programmes with significant rate of production and good profitability expectation
- Reviewing design, engineering, industrial and product support processes (redesign to cost C27J, offload in emerging countries)
- Continuous optimisation and improvement plans for SG&A cost reduction

**Space**
- Order margin improvements (i.e. increasing earth observation programmes)
- Cost reduction initiatives in SG&A and Sales & Marketing
- Benefits from integration plan Alenia-Alcatel Space through shared procurement, R&D savings and Sales & Marketing 50 mln of additional Ebit by 2008 (100% Alenia Alcatel))
Finmeccanica
Investor Day 2006

Giuseppe Orsi
CEO
AgustaWestland
Contents

• AgustaWestland Strategic Positioning – EH101/VH-71
• AW139/AW149 - The Solutions in the Intermediate Medium Category
• Revenues Projection 2005 - 2010
AgustaWestland Strategic Positioning
EH101/VH-71
## US Presidential aircraft : VH-71 benefits

- The VH-71 Contract has provided AgustaWestland with the following:
  - A **shop-window** for future sales opportunities (see later)
  - A basis for developing **new technology** for the EH101/US101 (VH-71), making the aircraft even more attractive
  - The **US DoD** has gained a much better understanding of AW’s capability
  - A **closer relationship** with Lockheed, Bell and US vendors

- The EH101 technological growth has been led by the following:

<table>
<thead>
<tr>
<th>US101</th>
<th>VH-71 Inc 1</th>
<th>VH-71 Inc 2</th>
<th>UK MoD potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>- GE 2500HP engine</td>
<td>- Aluminium structure for 16t+</td>
<td>- 17.2 Structure</td>
<td>- Productionised BERP IV</td>
</tr>
<tr>
<td>- 8x10 Smiths Displays</td>
<td>- Rear Airstair Door</td>
<td>- 3000HP GE engine integration</td>
<td>- RRTM 2500HP engine</td>
</tr>
<tr>
<td>- New Tail Rotor</td>
<td>- Fwd Airstair Door</td>
<td>- 64' rotor</td>
<td>- AN/AAR-57 (V)</td>
</tr>
<tr>
<td>- AMMC</td>
<td>- VIP ECS</td>
<td>- 130% transmission rating</td>
<td>- AAR Proving</td>
</tr>
<tr>
<td>- BERP IV main rotor blade demonstrator (with MoD)</td>
<td>- IRS (not confirmed)</td>
<td>- IRS (if not Inc 1)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Air transportability (C17)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
• AW has been able to gain a significant **foothold in the US market**, through the success of VH-71

• The CSAR-X offering had **huge credibility in the marketplace**, despite the political outcome of the Contract
  – CSAR requirements are growing worldwide and other non-US operators will consider the aircraft
  – Our offering in the international arena will benefit from the work undertaken to develop the capability of the US101 aircraft for the US application

• **AW/EH101 International** is the latest variant to be offered in the marketplace, derived from the technological development of the VH-71 aircraft and the operational concepts developed for CSAR-X
• **Improved Product Positioning**

  The growth of the vehicle to 17.2 tonnes has enabled the EH101 to segment the market in a *“class of its own”:*
  - NH90, EC725 and S-92 much smaller [9-12 tonnes]
  - V22 Tiltorotor, CH-47 and CH-53 much larger [22-38 tonnes]

• **Improved Market Positioning**

  Ability to meet *increased payload/range* for both fuel and personnel/equipment, where the smaller competitors fall short and the larger competitors products are too large
  - Strategic deployment for tactical roles
  - ‘Contractorised’ SAR / Public Utility
  - Offshore applications, especially in hostile environments (Arctic, etc.)

• **Improved Market Opportunities**

  Many domestic and export *opportunities*, including US:
  - Multiple roles, including SAR, CSAR, Utility, VIP, AMCM, TTT & Naval
  - Programmes in UK, Italy and all major regions of the world
  - Further US opportunities (>150 aircraft within next 5 years)
## Military & Parapublic Helicopters

### Product Portfolio of Principal Players

<table>
<thead>
<tr>
<th>CLASS</th>
<th>LIGHT</th>
<th>INTERMEDIATE</th>
<th>MEDIUM</th>
<th>MEDIUM-HEAVY</th>
<th>HEAVY</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGUSTAWESTLAND</td>
<td>A119</td>
<td>A109 LUH</td>
<td>A129 LYNX</td>
<td>NH90TTN</td>
<td>US101 Increment 2</td>
</tr>
<tr>
<td></td>
<td>AB412/B412</td>
<td></td>
<td></td>
<td>AW149 WAH-64D</td>
<td>US101 Increment 1 / EH101 International</td>
</tr>
<tr>
<td>BELL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>V-22</td>
</tr>
<tr>
<td></td>
<td>ARH</td>
<td></td>
<td></td>
<td>AH-1W/Z</td>
<td></td>
</tr>
<tr>
<td></td>
<td>OH58/TH57</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EUROCOPTER</td>
<td>EC635</td>
<td></td>
<td>AS550</td>
<td>AS532/EC725</td>
<td>CH-53E</td>
</tr>
<tr>
<td></td>
<td>AS555</td>
<td></td>
<td>TIGER</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>AS550</td>
<td></td>
<td></td>
<td>AS665</td>
<td></td>
</tr>
<tr>
<td></td>
<td>EC120</td>
<td></td>
<td></td>
<td>NH90TTH</td>
<td></td>
</tr>
<tr>
<td>SIKORSKY</td>
<td></td>
<td></td>
<td></td>
<td>NH90NFH</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>CH-53K (38500 Kg)</td>
</tr>
<tr>
<td>BOEING</td>
<td></td>
<td></td>
<td></td>
<td>H92</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>V-22</td>
</tr>
</tbody>
</table>

**Heading for Continuous Success**

- **SINGLE-TURBINE**
- **TWIN-TURBINE**
- **MULTI-TURBINE**
- **NOT IN SERVICE**
EH101/US101 - Summary

• The EH101 product benefits from a dramatic **growth in capability** which will enhance its position in the marketplace
  – Fundamentally, the development of the aircraft is being driven by the VH-71 Contract

• **New technology** now developed to meet the ever-increasing demands of our customers for safety, mission capability and performance – ‘growing’ the aircraft to 17.2 tonnes opens the market potential further

• **New customers** have approached and continue to approach us to consider the acquisition of an AW/EH101, based upon the prestigious VH-71 Contract (shop window)

• **New relationships in the US**, including armed forces, DoD, Congress, partner and vendor relations, which will inevitably aid the next US campaigns

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**Total potential market for AW/EH/US101 is between 100-150 aircraft in the next 10 years (€3-4.5 Bn)**
AW139/AW149
The Solutions in the Intermediate/Medium Category
Strategic Positioning of AW - AW139

- **New generation** twin-turbine helicopter, recognised **best in class** for performance, safety features, productivity, versatility
- The AW139 has enabled **AgustaWestland to penetrate new markets**, as a replacement of older helicopters, and satisfying the fleet size increase in growing markets
  - **Multi-role**: executive transport, offshore, law enforcement, SAR, military, utility
  - **New applications**: the large, highly sophisticated and growing market of large operators in support to Oil & Gas Producers (offshore operations) and the Homeland Security market
  - **Geography**: AW139’s capability to operate in the most diverse and harsh environments has allowed very diversified geographical penetration worldwide
- Anticipated to be the civil helicopter programme generating the **highest revenues** in the next ten years
AgustaWestland is ensuring that its overall offering related to the AW139 satisfies the most demanding requirements from the marketplace:

- The AW139 has been designed with **intrinsic growth capability**, thus ensuring that it is maintained over time with minimum further investment
- Responds to the **most stringent safety requirements** set out by the major players in the oil-and-gas industry (operators and oil companies)
- **Final assembly** in Vergiate – Italy and also in Philadelphia - USA with an objective of achieving 90 units/year output to cope with market demand; a third assembly line is under evaluation in Yeovil
- A new AW139 **Full Flight Simulator** (Level D) to be commissioned from Jan 1st, 2007 and part of Rotorsim JV, in the AW Training Academy (Sesto Calende – Italy); second one to follow in the USA
- A **worldwide support network** has been set up and is growing to support extensive operations worldwide (up to 1800 FH/year in offshore operations)
AW139 – Market Review

Situation at 30 Oct 06
TOTAL ORDERS: 188
OPTIONS: 18
ORDERS+OPTIONS: 206
TOTAL DELIVERIES: 47
BACKLOG: 159


<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit</td>
<td>48</td>
<td>25</td>
<td>58</td>
<td>57</td>
</tr>
</tbody>
</table>

(*) at 30 Oct 06

ROLEs
Situation at 30 Oct 06 - Orders

- EMS/SAR: 36 (19%)
- Law Enforcement: 47 (25%)
- Utility: 12 (7%)
- OGP: 70 (37%)
- Corporate: 23 (12%)

REGIONs
Situation at 30 Oct 06 - Orders

- Africa: 9 (5%)
- Europe: 47 (25%)
- Middle East: 38 (20%)
- Asia & Australasia: 26 (14%)
- Americas: 28 (15%)
- Global Fleet Operators: 40 (21%)

Heading for Continuous Success
• Orders and options have reached **more than 200 units**

• **Major order wins in 2006** (up to Oct):
  - U.A.E. Armed Forces
  - Spain SASEMAR (SAR)
  - Japan Coast Guard
  - Estonia Border Guard
  - Brazil Senior Taxi Aereo (Offshore)
  - Norway Lufttransport (EMS, Public trans.)

• **A reference product in the Offshore / Oil & Gas operations with:**
  - CHC Helicopter
  - Era Helicopters
  - Hawker Pacific
  - Gulf Helicopter
  - Evergreen
  - Bristow Group

• The AW139 has **unique capabilities to meet current and future SAR requirements**
  - In service for MCA in UK from mid-2008 (CHC contractor)

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**Forecast for AW139 sales in the next 20 years is predicted to be 900 aircraft, at an estimated €12 Bn**
The AW149 is AgustaWestland’s solution to the growing military and governmental needs for a new-generation, affordable, multi-purpose, medium class helicopter.

**Background**

- **Rotary wing aircraft are** more than ever an essential component of the armed forces in current and anticipated geopolitical environments.
- **Several thousand utility helicopters** in the intermediate/medium category are flying worldwide and a vast majority are ageing and need replacement.
- An increasing number of **helicopters are used in governmental / para-public roles requiring affordable aircraft** bearing civil certification (e.g. COMR in the UK).
Forecast for AW149 sales in the next 20 years is predicted to be 600 aircraft, at an estimated €12 Bn
Revenue Projection
2005 - 2010
Revenues – Evolution of the Business

2005

Revenues: 2,412 M€
ROS : more than 10%

2010

Revenues: 3,392 M€
ROS : more than 10%
Revenues – Share by Geographic Area

2005
- Italy: 17%
- UK: 23%
- Other EU: 16%
- USA: 28%
- Asia: 11%
- RoW: 5%

Revenues: 2,412 M€
ROS more than 10%

2010
- Italy: 10%
- USA: 35%
- Asia: 23%
- RoW: 5%
- Other EU: 5%
- UK: 7%

Revenues: 3,392 M€
ROS: more than 10%
Finmeccanica
Investor Day 2006

Giovanni Bertolone
CEO
Alenia Aeronautica
Mission and goals

Finmeccanica’s leading company for aeronautics, Alenia Aeronautica is growing as a major global player thanks to its overall capabilities in system development and integration.

Value creation: main drivers and goals

- Distinctive core competences
- Civil & defence cross fertilisation
- New role for supply chain
- Strategic international alliances
- Major role in the biggest fighter Programmes
- Independent prime partner in Aerostructures
- World leadership in tactical airlifter & advanced trainer
- Leading partnerships in regional jet and turboprop
Distinctive core competences

Example: composite technologies and applications

- **Eurofigther Prototype** (15%)
  - Wing panel cobbled spars

- **AMX (3%)**
  - Tailplane cocured multi spar box

- **ATR 42/72** (19%)
  - Tailplane extended cobbled bonding

- **Eurofigther (40%)**
  - Extended composite application

- **B767 (3%)**
  - Moving surfaces composite application

- **787 (51%)**
  - Fuselage "one piece barrel fuselage"
  - Cocured horizontal stabilizer

- **JSF F-35**
  - Wingbox composite-titanium integral design

- **A350**
  - SuperJet 100
  - Future Narrow Bodies
  - New composite-metal hybrid solutions

- **Neuron - Advanced UAV**
  - Advanced design technologies and tools

Years:
- **1980**
- **1983**
- **1989**
- **1995**
- **2000**
- **2005**

**YESTERDAY**, **TODAY**, **TOMORROW**
Civil & defence cross fertilisation

**B 767**
Radome and Composite Components

**ATR 42 - 72**
Balanced Partnership Stuffed Fuselage Composite Tailplanes

**B 777**
Carbon Fibre Advanced Large Components

**787**
One-Piece Barrel Leading Technologies & Process Pre Integrator role in Global Aeronautica

**SUPERJET 100**
New Product Alliance Leading Competences Injection Sales and support experience

**TORNADO**
International partnership CNC Process

**AMX**
Prime Contractor Overall Design Resp.

**C-27J**
Proprietary product Integrated civil and military certification

**TYPHOON**
Composite – Titanium advanced process Mission Systems Response Airborne System Integration

**F-35 JSF**
Wingbox carbon-titanium Ultra precision manufacturing Final Assembly & Check-out European Support Centre
New role for supply chain

Alenia’s leading edge technologies matching new market needs
787 Dreamliner

- Most successful next generation commercial programme
- Unprecedented jump in Performances & Operating Costs improvement leveraging on Leading Tech. & Business Model
- First commercial aircraft with composite fuselage (One-Piece Barrel leading technology.)
- Independent Prime Partner of Boeing (proprietary & joint I.P.), 14% Share (26% with Vought), Facilities completed
- JV Global Aeronautica with Vought, in Charleston to integrate fuselage sections
- Backlog is expected to add up to 350 shipsets by year end 2008
New role for Aerostructures

- Near to medium term key programmes to be launched by Airbus and Boeing: A350, Narrow Bodies
- Advanced technologies and processes injection to fulfill low opex & high performance new market standards
- New business model for competitiveness: few risk-sharing partners pre-integrators at first tier
- Strong growth of primary aerostructures outsourcing for new programs: total value $200 Bn over next 20 years

- Leveraging on ever improving expertise and capabilities across main programmes,
- Alenia Aeronautica is able to further develop the emerging role of pre-integrator as independent prime partner
World leadership in tactical airlifter

- Contract Awarded (~$ 1.2 billion)
- Contract expected New NATO members in short term (~$ 1 billion)

- C-27J and NATO requirements
  - Unique airlifter designed for military intra-theater operations, field performance de
  - In service with HAF. First Italian production A/C (complete intra-theater version) accepted in October by IT MoD.
  - NATO interoperability requirements lead to orders from Bulgaria and Lithuania in 2006
Strategic international alliances

JCA (Joint Cargo Aircraft)

- Joint request for proposal issued by the US Army and the Air Force last March
- Up to 207 aircraft deal, worth up to $15 bn including Training & Logistic Support
- Strategic partnership with Boeing IDS and L-3 Integrated Systems (GMAS), for engineering, production and operational support in USA
- Strategic US suppliers are involved: Rolls-Royce Corp., Honeywell, Rockwell Collins, Smiths Aerospace, Goodrich, Northrop Grumman.
- In July 2006, the C-27J and just one other (out of 4 contenders) met entry gate

Major JCA milestones

Decision date Early 2007
First aircraft delivery 12 months later

Future Worldwide Market outlook

- A growing obsolescence of medium tactical transport fleets opens many opportunities in the worldwide market.
- Potential need of medium platforms in more than 55 countries in the short-to-long term
- The JCA bid success will lead to new worldwide opportunities
- The JCA bid success will lead to new worldwide opportunities
- Up to 600 C-27Js sales expected in the next 20 years

Transport Revenue Growth

- 2005: $262 M
- 2010: $500 M

$ M  
0  300  600  2005  2010
SuperJet 100

- The potential market for 60-100 seats regional aircraft is 5,450 units in the next 20 years (SuperJet share is expected over 20%)
- Additional version could drive SuperJet 100 potential market up to 6,800 units

- 25% plus 1 share in SCAC; proprietary technologies and know-how available to improve competitiveness: material & structural design, air vehicle tech, airworthiness & western certification, ground & flight testing assets...
- 50% of the new JV with SCAC: marketing and sales to western Airlines and after-sales services for the entire fleet

Regional Revenue Growth

- 2005: $275 million
- 2010: $850 million

- $900
- $600
- $300
- $0

- 2005
- 2010
Main products portfolio evolution

- **Eurofighter**
  - Major Components >45 SS/year
  - Aircraft delivery >10 SS/year

- **C-27J**
  - C27J Italy, Greece, Bulgaria, Lithuania
  - C27J international customer
  - C27J USA (High Rate: 27 aircrafts/year)

- **JSF**
  - SDD Phase
  - Low Rate Initial production, Escalation volumes and Volumes “full capacity” (90-100 SS/year)

- **M346**
  - Series production phase (630 aircrafts market forecast next 20 years)

- **787**
  - Escalation volumes
  - Volumes “full capacity”

- **Next generation civil programmes**
  - Involvement in new programmes adequate to company capability
  - A350
  - Next generation Narrow body

- **ATR**
  - Volumes ATR >40-60 SS/year

- **SuperJet 100**
  - Sales/After sales
  - Product Improvement, High Tech Components

- Secured
- Opportunity
Revenues Breakdown
Actual 2005 and Forecast 2010

**REVENUES 2010:** EUR 4,200 Mil

- **Fighter/Trainer:** 1,300 Mil
- **Transport/Special Mission/Modifications:** 800 Mil
- **Aerostructures:** 1,250 Mil
- **Regional:** 850 Mil

**REVENUES 2005:** EUR 2,046 Mil

- **Fighter/Trainer:** 1,300 Mil
- **Transport/Special Mission/Modifications:** 800 Mil
- **Aerostructures:** 929 Mil
- **Regional:** 434 Mil
- **275 Mil**
Investor Day 2006

Back Up
### Growth and strong order backlog: results are positive...

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of Production</td>
<td>1,914</td>
<td>2,046</td>
</tr>
<tr>
<td>EBIT</td>
<td>117</td>
<td>166</td>
</tr>
<tr>
<td>Margin</td>
<td>6.1%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Net Income</td>
<td>41</td>
<td>26</td>
</tr>
<tr>
<td>FOCF</td>
<td>89</td>
<td>135</td>
</tr>
<tr>
<td>New Orders</td>
<td>3,315</td>
<td>3,230</td>
</tr>
</tbody>
</table>

- Growing in revenues
- Solid operating performance
- Ramp-up in civil and defence production accompanied by margins in line with the competitive scenarios
- Relevant positive Cash Flow
- Annual order intake/revenue ratio above 1

... and are growing
World aircraft demand is growing

Last 10 years – aircraft delivery value

- **Defence Market**
  - € 203 B’05 (4500 a/c)
  - UAV (1%
  - Trainer 5%
  - Transport 10%
  - Combat 62%

Next 10 years - aircraft delivery value

- **Defence Market**
  - € 338 B’05 (7640 a/c)
  - UAV 3%
  - Special Missions 15%
  - Transport 61%

Last 10 years – aircraft delivery value

- **Civil Market**
  - € 575 B’05 (16100 a/c)
  - Business Jet 39%
  - Regional 13%

Next 10 years - aircraft delivery value

- **Civil Market**
  - € 775 B’05 (21000 a/c)
  - Business Jet 46%
  - Regional 11%

Source: Alenia Aeronautica / Marketing
Main programmes: growth through new tenders and export campaigns

- 21% Alenia Aeronautica’s share in Eurofighter GmbH, boosting core competences in critical systems and integration.
- Eurofighter in full production for the four partner countries: Germany, Italy, Spain, UK. Order: first batch 148 units (1998) and second one 236 units (2004)
- 100,000 direct and indirect jobs (about 12,000 in Italy) in the high-technology field. More than 100 aircraft delivered; 5000 operational flying hours.
- Future enhancement and support contracts in progress
- Saudi Arabia first non-European countries to select Eurofighter (72 units)
- Export campaigns: Greece, Turkey, Denmark, Norway, Bulgaria, Rumania, Switzerland, India, Japan

• JSF, world biggest military programme, potentially exceeding 3,200 units, currently in SDD) Phase
- In 2002 Italian Government signed a MoU with US to enter the SDD phase as second level partner, investing more than 1 billion US$.
- Alenia Aeronautica is the national leader for over 25 Italian companies including major Finmeccanica Companies.
- AA successfully proposed own advanced solution for Wing weight reduction (contract awarded in 2005)
- Qualified and deep involvement in Production, Sustainment and Follow-on Development (PSFD) under finalisation:
  - Second source wing production of the entire JSF fleet
  - Final Assembly and Check-out (FACO) for the Italian, Netherland and other European partner nations
  - Regional operational support Centre

Composite structures Master, System Integrator and Project leader for other Finmeccanica Companies
Profitability increases through…

• Present and future export sales of Eurofighter and start of JSF PSFD Phase

• Opportunity offered by the JCA programme, enabling the C-27J to reach new markets and enlarge the customer base

• Readiness of next-generation advanced trainer M346 for expected revenues value, taking advantage from its affordable competitive position

• Starting of 787 Dreamliner production, high rate projected

• Setting of JV for SuperJet 100 with significant profitability expectation

• ATR revamping, targeted to reach 1,000 deliveries by next 5 years (700 up today)

• Further development of leading core technologies and improved industrial production system

• Review of “through-life” internal processes and supply chain taking advantage of the new globalised scenario opportunities

• Start of new long term after sales revenues

• Commitment for continuous improvement in SG&A cost reduction
Backlog is wide and orders are becoming more global…

BACKLOG 2005: EUR 6.9bn

- Italy 65%
- USA 23%
- Rest of World 7%
- EU 4%

ORDERS 2005: EUR 3.2bn

- Italy 30%
- USA 43%
- Rest of World 17%
- EU 10%

BACKLOG 2005: EUR 6.9bn

- Civil 30%
- Defence 70%

ORDERS 2005: EUR 3.2bn

- Civil 66%
- Defence 34%

... balancing defence with high tech civil activity
Finmeccanica
Investor Day 2006

Luigi Pasquali
COO
Telespazio
# Telespazio Services Portfolio

<table>
<thead>
<tr>
<th>Business Line</th>
<th>Market Segment</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Network &amp; Connectivity</strong></td>
<td>• Broadcaster</td>
<td>• Satellite Audio and Video distribution</td>
</tr>
<tr>
<td></td>
<td>• Institutional</td>
<td>• Satellite networks</td>
</tr>
<tr>
<td></td>
<td>• Large Account</td>
<td>• Application based services</td>
</tr>
<tr>
<td></td>
<td>• Business</td>
<td>• Multimedia applications</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• End to end system management</td>
</tr>
<tr>
<td><strong>Earth Observation</strong></td>
<td>• Public Administrations (National and Local)</td>
<td>• Satellite Data Distribution and VA Products (orthos, DTM)</td>
</tr>
<tr>
<td></td>
<td>• Space Agencies</td>
<td>• Mapping, Cadastre, GIS and databases</td>
</tr>
<tr>
<td></td>
<td>• Defence</td>
<td>• Agriculture Information Services and Statistics</td>
</tr>
<tr>
<td></td>
<td>• Int'l Organizations</td>
<td>• Aerial Remote Sensing</td>
</tr>
<tr>
<td></td>
<td>• Business (Oil &amp; Gas, Energy)</td>
<td></td>
</tr>
<tr>
<td><strong>Satellite Operations &amp; Programs</strong></td>
<td>• Commercial</td>
<td>• Ground Segment</td>
</tr>
<tr>
<td></td>
<td>• Institutional</td>
<td>• LEOP</td>
</tr>
<tr>
<td></td>
<td>• Military</td>
<td>• Operation &amp; Maintenance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Ground Segment Infrastructure</td>
</tr>
<tr>
<td><strong>Navigation &amp; Infomobility</strong></td>
<td>• Institutional Customers</td>
<td>• Engineering of GNSS based solutions</td>
</tr>
<tr>
<td></td>
<td>• Large Accounts</td>
<td>• D-GNSS High Precision VAS services (data analysis)</td>
</tr>
<tr>
<td></td>
<td>• B2B / B2B2C</td>
<td>• GNSS augmentation services (DGPS, AGPS, EGNOS data)</td>
</tr>
<tr>
<td></td>
<td>• Infomobility Services</td>
<td>• Fleet Management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Security</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• LBS &amp; VAS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Housing &amp; Hosting Services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Operations</td>
</tr>
</tbody>
</table>
COSMO-SkyMed and Galileo:
two pillars for Telespazio development

**COSMO-SkyMed**

Telespazio targets a leading role in the attractive defence and institutional market of radar based applications thanks to:

- the competences in developing ground segment and in operating satellite systems
- the significant presence in the earth observation market (among the 4 leading companies with some 10% of the world market)

Cosmo will be an important part of GMES (Global Monitoring Environment System), the most relevant European program in Earth Observation ever launched (more than 3 € bn in the next 15 years expected)

**Galileo**

Telespazio targets to get more and more of the expected impressive market of Galileo applications (100 billion Euro in the coming 20 years) thanks to:

- the full involvement in the preliminary satellite navigation programs (EGNOS to GALILEO)
- the ongoing realisation of the Constellation Control Center and the Mission Control Center
- the availability of the Galileo Test Range
- the preeminent role in developing satellite application platform for several business activities

Telespazio's success will relay also on the role of Space Services Provider Company received from the Alcatel-FNM Space Alliance
COSMO-SkyMed: the Italian Earth Observation Program

- **COSMO-SkyMed Program** is the Italian Space Agency’s (ASI) and Italian MoD Dual Use Earth Observation System

- 1.2 € bn investment

- The System includes 4 Satellites and several Ground Stations

- Users: MoDs, Civil Governments, Industry and Value Added Service companies

- Launch of 1st and 2nd satellites planned in 2nd and 3rd quarter 2007

- System fully operational in 2008

- **Telespazio has the responsibility for:**
  - Ground Segment engineering
  - Ground Stations implementation and operations
  - Services/Applications development and commercialisation

- Market exploitation of COSMO-SkyMed will be made by e-Geos, a JV Company controlled by Telespazio and participated by ASI

- **Telespazio** is targeting 400 €m in the coming 10 years for satellite time and ground infrastructures
COSMO-SkyMed: Operational Applications

- World-wide coverage
- Operational monitoring services
  (all weather + day & night acquisitions)
- High Frequency of Revisit
  (up to every 4-6 hours)
- Very High Resolution (1 metre)

✓ Maritime Surveillance
  (Border monitoring, oil spill, illegal traffic, …)
✓ Natural Hazards
  (Floods, land slides, earthquakes, subsidence, …)
✓ Mapping
  (digital elevation models, cartography, forestry, …)
COSMO-SkyMed: Telespazio Market Target

The incoming availability of High Resolution Satellite Radar Data will foster the market growth

Satellite Radar Geo Information World Market

- Data: 10 €m
- Satellite Time & Systems: 20 €m
- Value Added Services: 15 €m

2006 – 45 €m

Satellite Radar Geo Information Market Growth

€m

2006 2007 2008 2009 2010 2011

20% CAGR

Market Growth forecast by Product Line

<table>
<thead>
<tr>
<th>Satellite Time, Ground Stations, Systems</th>
<th>Data</th>
<th>Monitoring Services</th>
<th>Mapping Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>+++</td>
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</tr>
</tbody>
</table>

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COSMO-SkyMed: Telespazio Market Strategy

Market Channel Approach by Customer / Product Line

**Defence**
- Direct/Local Partner (Asia, USA, Europe, Middle East)
- Reseller Network (world-wide)
- Direct (Italy, Germany, France)

**Public & Government**
- Direct/Local Partner (Asia, USA, S. America, Russia)
- Reseller Network (world-wide)
- Direct/Local Partner (Europe)
- Local Partner (Asia, Russia, S. America, Africa)

**VAS Companies**
- Reseller Network (world-wide)

Expected Orders Intake

- Data
- Satellite Time & Systems


€m
Galileo: the European GNSS Program

- Galileo is the European Union Program for the **Global Navigation Satellite System (GNSS)** launched in cooperation with the European Space Agency (ESA).

- The System will be:
  - Owned by European Union
  - Built & Managed by the Concessionaire “Galileo Operating Company”
  - Operated by an “Operation Company”

- The Galileo Operating Company will manage also the EGNOS Program: the program preliminary to the Galileo Full Operational Services (2011)
Galileo: Telespazio Involvement and Market Strategy

Telespazio Galileo Expected Revenues (2006 - 2025)

- Facilities
  - Ground Control Centre
  - Galileo Test Range
  - Performance Centre

- Systems & Programs
  - EGNOS
  - Publice Regulated Services
  - System Update

- Operations & Services
  - Leop, ILS & Operations
  - Galileo System Test Bed V2
  - Full Operation Capabilities
  - Galileo Test Range
  - Performance Centre Operations
  - System Support Services

- Value Added Services
  - Precise navigation/monitoring (B2B)
  - Monitoring solutions for National Critical Infrastructures
  - Services and applications for major “mobility” operators
  - PRS Services / applications

Customers
- Concessionarie
- National Authorities

Concessionarie

Concessionarie
- National Authorities

B2B
- Institutional Market
Telespazio Revenues breakdown

2005 Revenues: 340 €m

2010E Revenues: ~550 €m

In next 6 years ~50% of Telespazio growth will come from Cosmo and Galileo