



New Business and Commercial Opportunities for Defense

Leveraging DRS inside and outside the US

Giorgio Zappa,
Chief Operating Officer

Defense Electronics, Defense Systems and Space



Defense Electronics

| (€mln) | FY 08 | FY 07 | %Change |
|-----------|--------|-------|---------|
| Revenues | 4,362 | 3,826 | 14% |
| EBITA Adj | 442 | 427 | 4% |
| Margin | 10.1% | 11.2% | - |
| Orders | 4,418 | 5,240 | (16%) |
| Backlog | 10,700 | 8,725 | 23% |

DRS consolidated from October 22, 2008



Defense Electronics

- Finmeccanica's companies, active in the Defense Electronics and Security industry, include: **SELEX Sistemi Integrati**, **SELEX Galileo**, **Elsag Datamat**, **SELEX Communications** and **DRS**
- The Defense Electronics 2008 results include the consolidation of DRS Technologies as from October 22

Defense Systems

| (€mln) | FY 08 | FY 07 | %Change |
|-----------|-------|-------|---------|
| Revenues | 1,116 | 1,130 | (1%) |
| EBITA Adj | 127 | 125 | 2% |
| Margin | 11.4% | 11.1% | - |
| Orders | 1,087 | 981 | 11% |
| Backlog | 3,879 | 4,099 | (5%) |



Defense Systems

- Defense Systems includes the missile activities of MBDA (in which Finmeccanica holds a 25% stake), **Oto Melara** and WASS (torpedo systems)
- The figures relating to the MBDA joint venture are consolidated proportionately at 25%

Space

| (€mln) | FY 08 | FY 07 | %Change |
|------------|-------|-------|---------|
| Revenues | 994 | 853 | 17% |
| EBITA Adj. | 65 | 61 | 7% |
| Margin | 6,5% | 7.2% | - |
| Orders | 921 | 979 | (6%) |
| Backlog | 1,383 | 1,423 | (3%) |



Space

- Finmeccanica operates in the space industry through the Space Alliance between Finmeccanica and Thales via two joint ventures: **Telespazio** (in which Finmeccanica holds 67%) and Thales Alenia Space (in which Finmeccanica holds 33%)
- The figures relating to the two joint ventures are consolidated proportionately at 67% and 33% respectively

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Defense and Security Systems

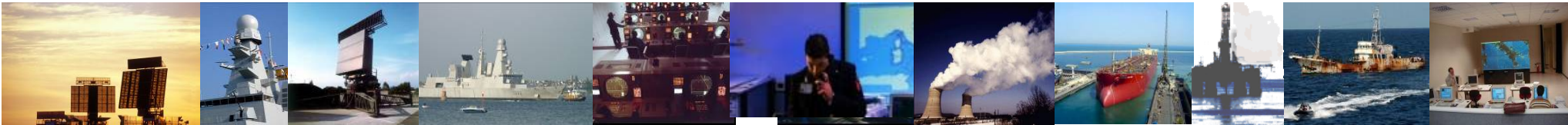
Marina Grossi, CEO

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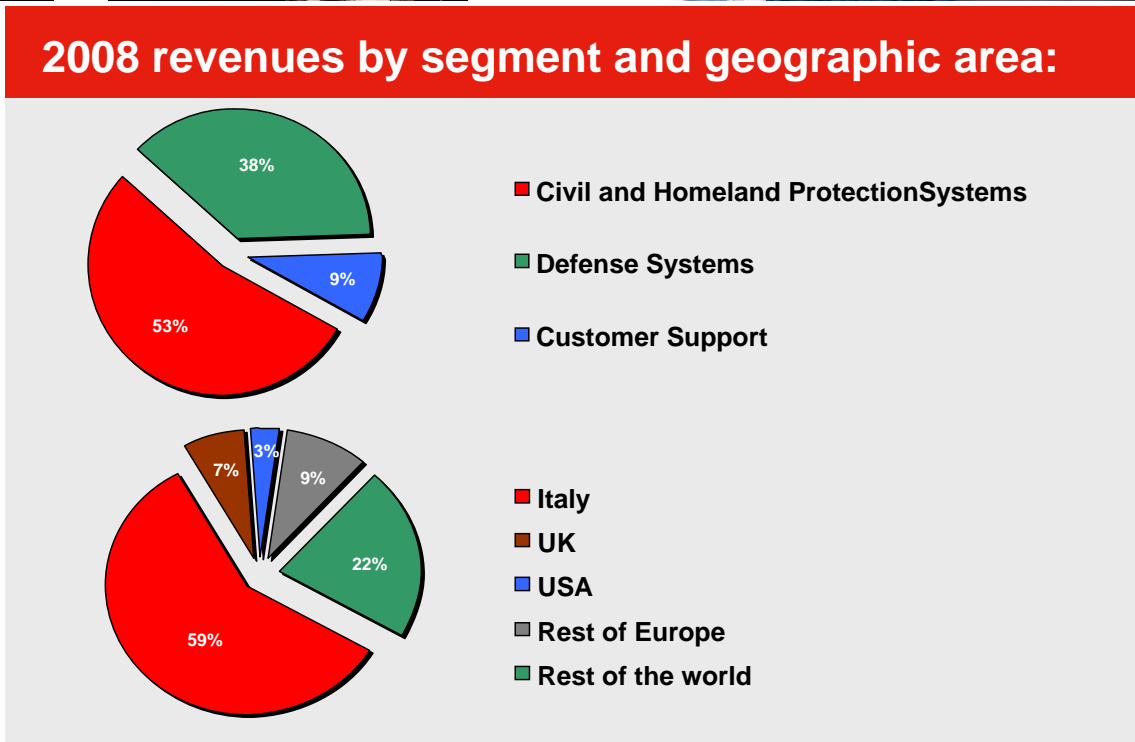
Solid business projected forward

- ✦ Major world player in Integrated Systems for Homeland Defense and Security
- ✦ Consolidated world player in land and naval radar sensors
- ✦ Key global player in Naval Combat System Integration, C4I and Air Defense Systems
- ✦ Leading Provider of Air Traffic Control Systems and Turn-key Airports worldwide



| (€ln) | FY 08 | FY 07 |
|------------|-------|-------|
| Revenues | 758 | 712 |
| New Orders | 1,225 | 1,060 |
| Backlog | 2,211 | 1,786 |

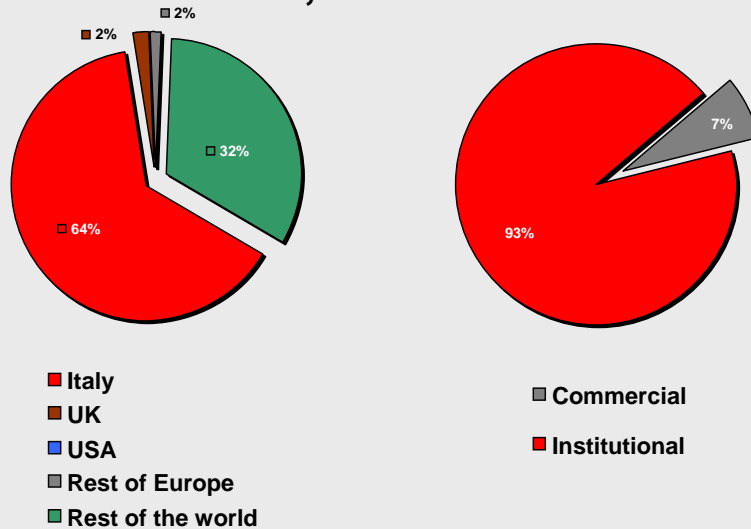
- ✦ Strong future growth while maintaining double digit profitability



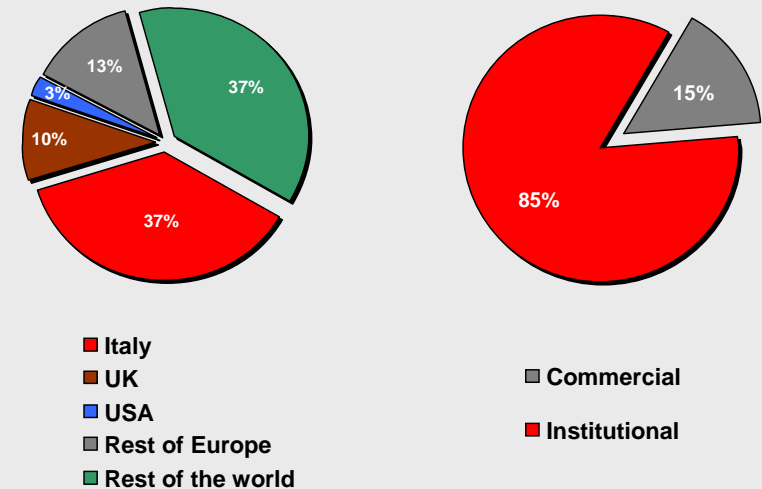
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Balanced and stable base for fair financial return in the future

Backlog at 03/31/2009
€2,146 mln



Cumulated Orders 2009 – 2011
ca. €4.1 bn



Top 5 Programs in Backlog at 03/31/2009

- Air Traffic Management & Airport Systems
 - European Multi-Mission frigates (FREMM)
 - Integrated System for National Civil Protection
 - Horizon Class Frigates
 - Modernization of Radar Coverage (Wi-Max)
- Top 5 programs cover about 85% of Backlog

Top 5 Programs in Cumulated Orders 2009 - 2011

- Air Traffic Management & Airport Systems
 - Vessel Traffic Management Systems
 - Homeland Protection
 - Digitalized Brigade (Forza-NEC)
 - Customer Support
- Top 5 programs cover about 50% of Cumulated Orders 2009-2011

Strong presence in home markets

In its domestic markets through acquisition SELEX SI is consolidating and expanding its business in Homeland Defense and Homeland Security activities as System Integrator

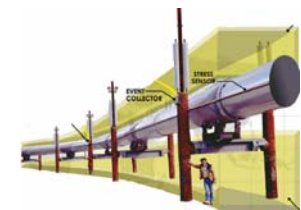
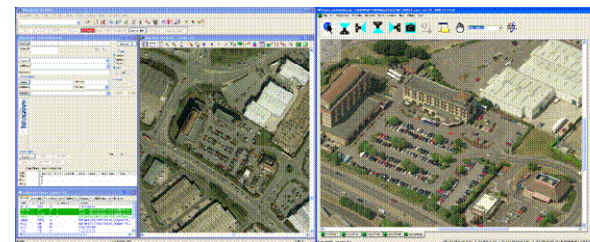
For example:

ITALY

- ✦ Milan Expo 2015 Security
- ✦ Critical Infrastructure Protection
- ✦ Air Traffic Control/Air Traffic Management nationwide system
- ✦ Modernization of Air Surveillance Network
- ✦ Army Digitization

UK

- ✦ London 2012 Olympics Security
- ✦ Battlefield Digitalization
- ✦ Critical Infrastructure Protection
- ✦ Resilience Modeling & Simulation



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Diversification by region reduces risks

SELEX SI is consolidating and increasing its presence in key markets through partnerships and local presence (e.g. UAE, Saudi, Russia, Malaysia). Some main opportunities in key countries:

SAUDI ARABIA

- ⇒ Border Surveillance
- ⇒ Long Range Air Defense Radar Systems
- ⇒ Security of Pilgrimage Railways
- ⇒ Oil Extraction & Distribution Protection

INDIA

- ⇒ National Coastal Surveillance
- ⇒ Naval Programs
- ⇒ Harbor Protection
- ⇒ Battlefield Management System

BRAZIL

- ⇒ Frigates Naval Combat Systems
- ⇒ Oil Platform Protection

RUSSIA

- ⇒ Homeland Protection
- ⇒ Winter Games 2014 Security
- ⇒ Railways Security

EU

- ⇒ Maritime Domain Awareness
- ⇒ Border Security
- ⇒ Command & Control for
- ⇒ Out-of-area Operations

MIDDLE EAST

- ⇒ Vessel Traffic Systems
- ⇒ Shipborne Command & Control Systems
- ⇒ Anti-piracy Centers
- ⇒ Air Traffic & Turn-key Airports

LYBIA

- ⇒ Border Surveillance
- ⇒ Airspace Surveillance



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International company with solid US partnerships to drive US and international opportunities

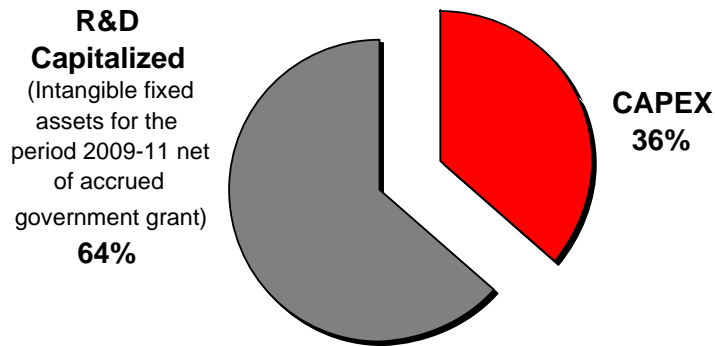
- **Presence in the US with facilities in Kansas and Washington DC**
- **Growth of Kansas facility capabilities (eg Vessel Traffic System, Security for ports/airports)**
- **Established history of supply to US and cooperation with US Leading Companies (eg radars to US Marine Corps, nav aids to US forces deployed worldwide)**
- **Pursuit of various opportunities through DRS**
 - ✓ **US Navy programs (new ships, refit)**
 - ✓ **Advanced technology in radar systems (active arrays)**
 - ✓ **Penetration in international markets (Middle East, Saudi Arabia, Africa, etc)**
 - ✓ **Production license from SELEX SI to DRS of high technology products (high mobility, out of area)**
 - ✓ **Homeland Security & Border Control (national and foreign) with vertical integration of respective capabilities**



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Investment strategy for balanced portfolio

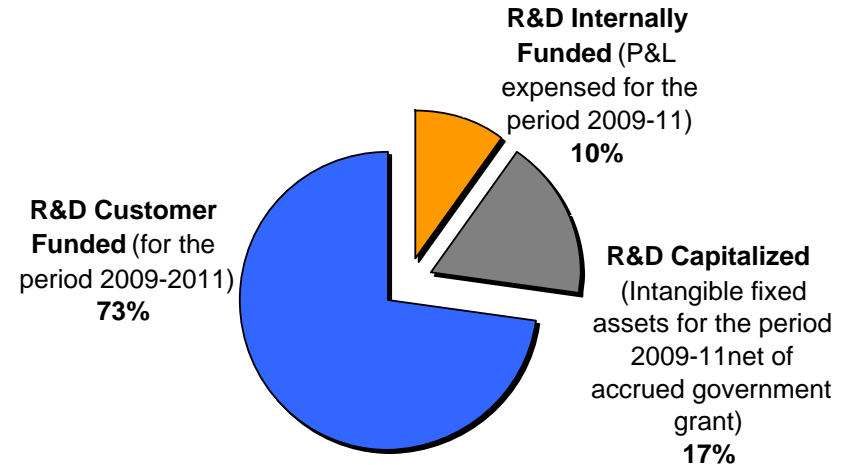
Total Investments 2009-2011 €143 mln



Main 5 Programs for Capex

- ✦ Fixed assets for advanced technology (Active Arrays)
- ✦ Synthetic environments
- ✦ Testing
- ✦ Maintenance
- ✦ Mandatory

Total R&D 2009-2011 €530 mln



Main 5 Programs for Total R&D

- ✦ Sensor and Centers Development for Civil applications
- ✦ Sensor for defense applications
- ✦ Active array and multi-functional radar technology
- ✦ Open Network Centric Warfare / Network Enabling Capabilities architectures
- ✦ Large systems

Facing the crisis

Demand for Security and Systems Integration only slightly affected by economic downturn

SELEX SI invested in due time to:

- ✦ Enhance customer perception of SELEX SI capabilities as being able to meet their strategic needs**
- ✦ Aggressively pursue high potential markets (less affected by economic downturn)**
- ✦ Assure “local” presence in key countries**
- ✦ Increase customer loyalty and partnership to mitigate risks of shift & deletion**



Battlespace Systems

Steve Mogford, CEO



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Performance through diversity

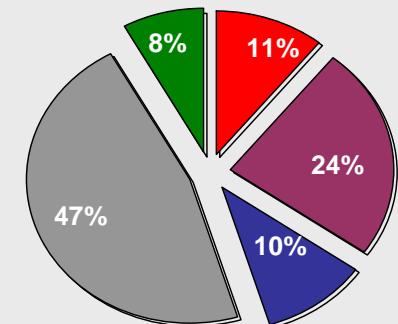
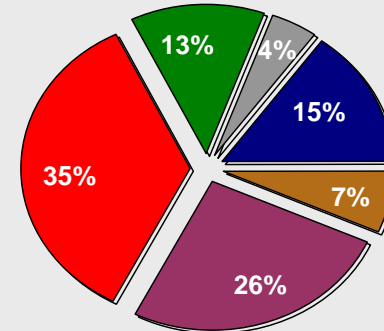
**Delivering to our customers' total awareness, total protection.
 Helping them see, keeping them safe**

SELEX Galileo is committed to developing and sustaining, through continuous innovation, the most accurate and reliable systems to *see, hear and feel* the situation in which our users are operating and to enable them an effective and timely reaction to keep themselves and those they are protecting out of harm's way.



| (€mIn) | FY 08 | FY 07 (*) |
|-------------------|-------|-----------|
| Revenues | 1,645 | 1,755 |
| New Orders | 1,293 | 2,429 |
| Backlog | 3,496 | 4,364 |

2008 revenues by segment and geographical area:



- EO & Naval
- Air Systems, UAS & Simulators
- Italy
- USA
- Battlespace Protec. & Awareness
- Space
- UK
- Rest of Europe
- Radar and Advanced Targeting
- Support & Service Solutions
- Rest of the world

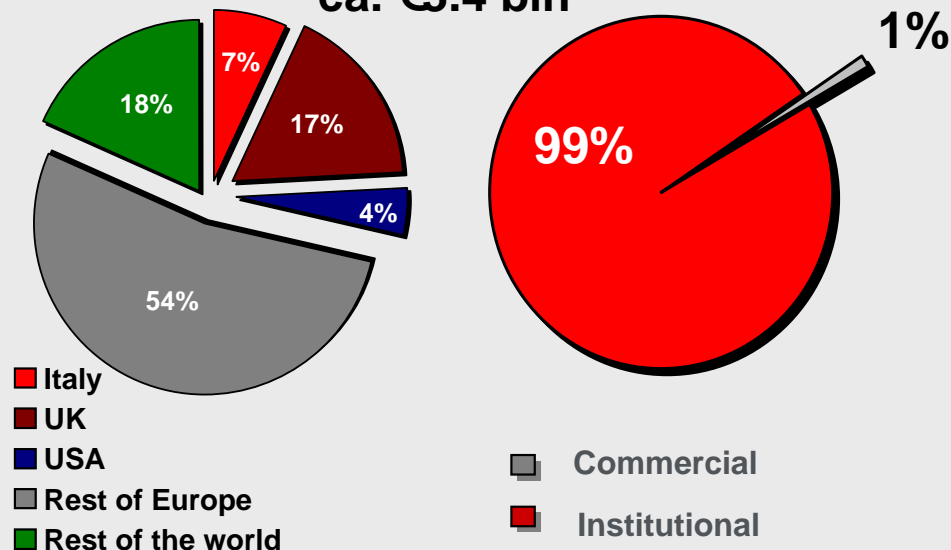
(*) Data comparison is affected by €£ foreign exchange. Net of FX Revenues 2008 would have been 6% higher than FY 2007

➤ **EBITA margin constantly in double digit range**

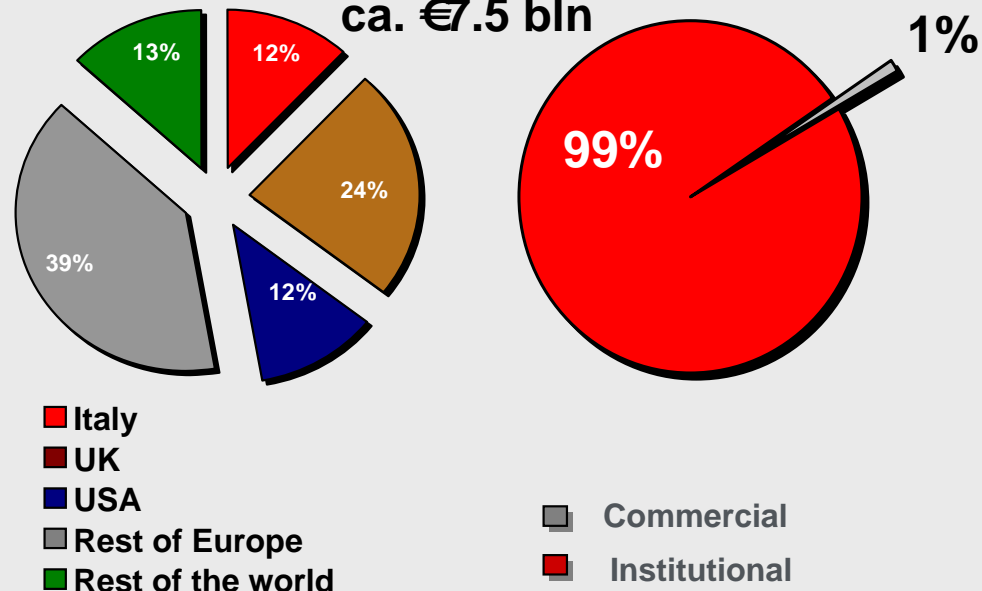
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Governments as customer in several home markets

Backlog at 03/31/2009
ca. €3.4 bln



Accumulated Orders 2009 – 2011
ca. €7.5 bln



Top Programs in Backlog at 03/31/2009

- ✦ Airborne Surveillance
- ✦ Eurofighter Typhoon
- ✦ Fixed Wing Partnered Support
- ✦ Infra Red Countermeasures
- ✦ Rotary Wing Partnered Support

➤ Total 77% of top 5 programs in Backlog

Top Programs in Accumulated Orders 2009 - 2011

- ✦ Airborne Surveillance
- ✦ Eurofighter Typhoon
- ✦ Infra Red Countermeasures
- ✦ Land Programs
- ✦ Partnered Support

➤ Total 45% of top 5 programs in Accumulated Orders 2009-2011

Well placed to respond to customers' operational needs

Italy

- ✓ Airborne Surveillance
- ✓ Forza NEC
- ✓ Soldato Futuro
- ✓ Typhoon Partnered Support
- ✓ Unmanned Air Systems

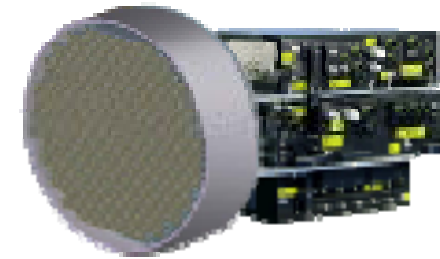
UK

- ✓ Land Systems
- ✓ Typhoon E-scan Radar
- ✓ Typhoon Partnered Support
- ✓ Unmanned Systems



Rest of Europe

- ✓ Airborne Surveillance
- ✓ E-Scan Radar
- ✓ Typhoon Export



Rest of the world

- ✓ Airborne Surveillance
- ✓ Armoured Fighting Vehicle Upgrades
- ✓ Defensive Aids
- ✓ E and M-scan Radar
- ✓ Unmanned Air Systems



Delivering On Our US Strategy



- ☛ **US based, US staffed operating under SSA**

- ☛ **Exploitation of E-Scan Radar Technology**

- ✓ US Coastguard
- ✓ US Border Controls



- ☛ **Electronic Warfare**

- ✓ Apache integrated defensive aids processor



- ☛ **Targeting Systems**

- ✓ Principal provider of high energy lasers to Lockheed Martin

- ☛ **Countermeasures**

- ✓ Large scale deployment across US Air Force



Early successes

- ✓ Exploiting UK's leading position in cooled detector technology
- ✓ Detector technology selected by DARPA to improve vision in helicopter 'brown out'
- ✓ Dual wave band thermal imagers for US

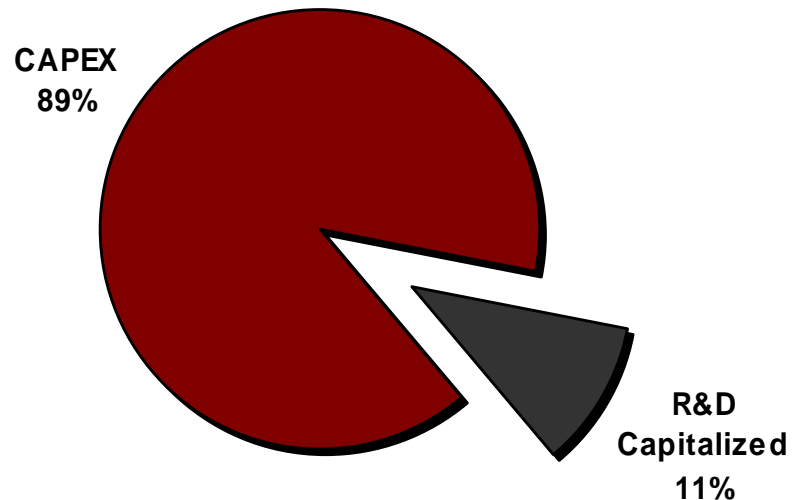
Next key targets

- ✓ Exploitation of Soldato Futuro system components for US forces application
- ✓ Land vehicle systems architectures for European and export programs



Investments (Capex and R&D capitalized) and total R&D

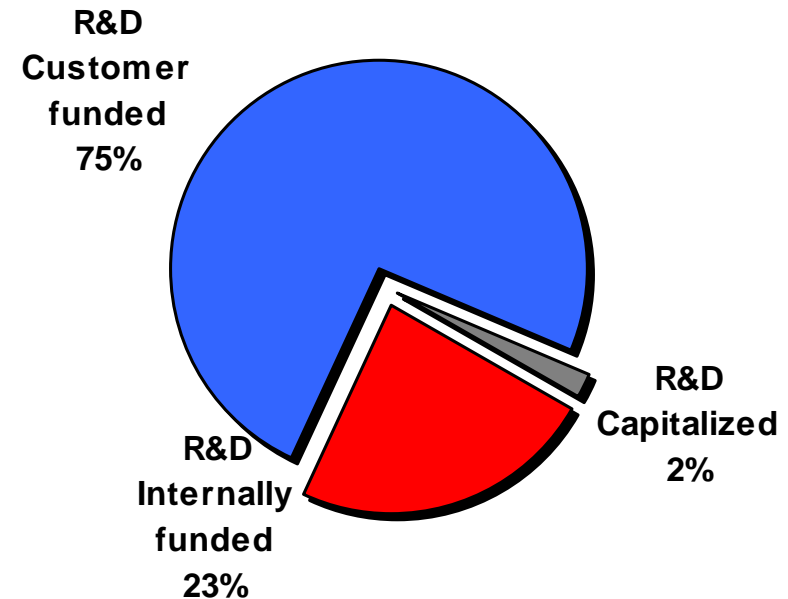
Total Investments 2009-2011 €189 mln



Main Programs for Capex

- ✦ E-scan export
- ✦ Future Integrated Land Systems
- ✦ Infra Red Search and Track Support System
- ✦ Logistic Center
- ✦ Typhoon Capability Increase

Total R&D 2009-2011 €1,023 mln



Main Programs for Total R&D

- ✦ Airborne Surveillance Systems
- ✦ Defensive Aids Systems
- ✦ Fighter Radar
- ✦ Flight Mission Simulators
- ✦ Tactical Electronic Warfare

Facing the crisis

☛ **A diversified geographic customer base**

- ✓ EU, USA, South America, Africa, Middle East

☛ **Accessing a high proportion of stable programs**

- ✓ Involved in a number of significant European collaborative programs e.g. EF Typhoon, NH-90, AW-101
- ✓ Some programs may have slowed, but not cancelled
- ✓ Engaged in long term partnered support contracts for avionic systems

☛ **Unmanned Air Systems present significant opportunity**

- ✓ Rapidly growing market
- ✓ SELEX Galileo has an in-house tactical system solution based on the FALCO air vehicle, and has a comprehensive sensor portfolio that is platform independent

☛ **New markets opened up within the Finmeccanica family**

- ✓ For example, training aircraft market through launch of the M-346

☛ **Land battlespace opportunities growing rapidly**

- ✓ Digitised Brigades / Expeditionary Warfare / Situation Awareness
- ✓ Relevant products for many applications: Forza NEC; Soldato Futuro; Urgent Operational Requirements

A large, stylized sunburst graphic on the left side of the slide, composed of several curved lines radiating from a central point, with some lines ending in dark grey triangular shapes.

Law Enforcement and Automation

Carlo Gualdaroni, CEO

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Well placed to address IT and Security needs

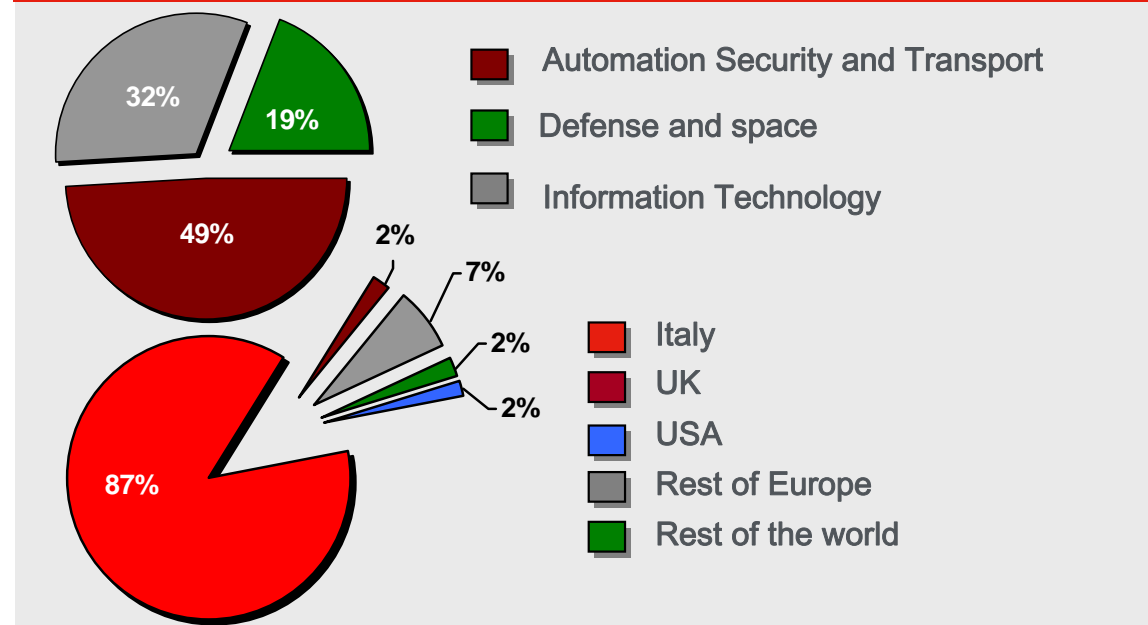
- Systems and products for **postal and industrial automation**, based on innovative technologies
- **Security solutions** for national critical infrastructures, territorial areas, transport and ICT networks
- Technology, plant, IT systems and advanced sensors for **intermodal passenger and freight transport**
- Automation, logistics and IT systems for the international **defense, space and environment** sectors
- Innovative **IT systems and services** deriving from specific system integration and IT architecture know-how



| (€mln) | FY 08 | FY 07 |
|------------|-------|-------|
| Revenues | 699 | 633 |
| New Orders | 940 | 870 |
| Backlog | 1,169 | 947 |

- **Targeting sustainable high single digit EBITA margin**

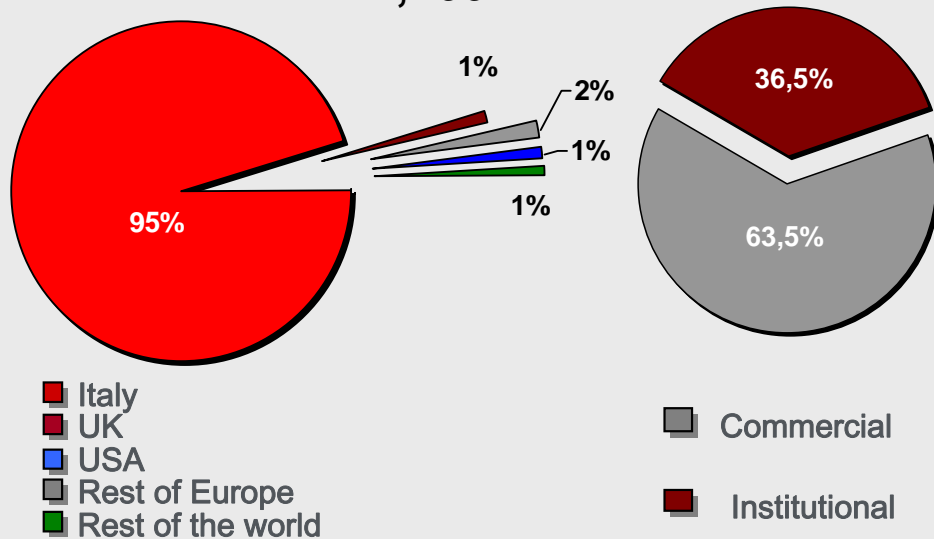
2008 revenues by segment and geographic area:



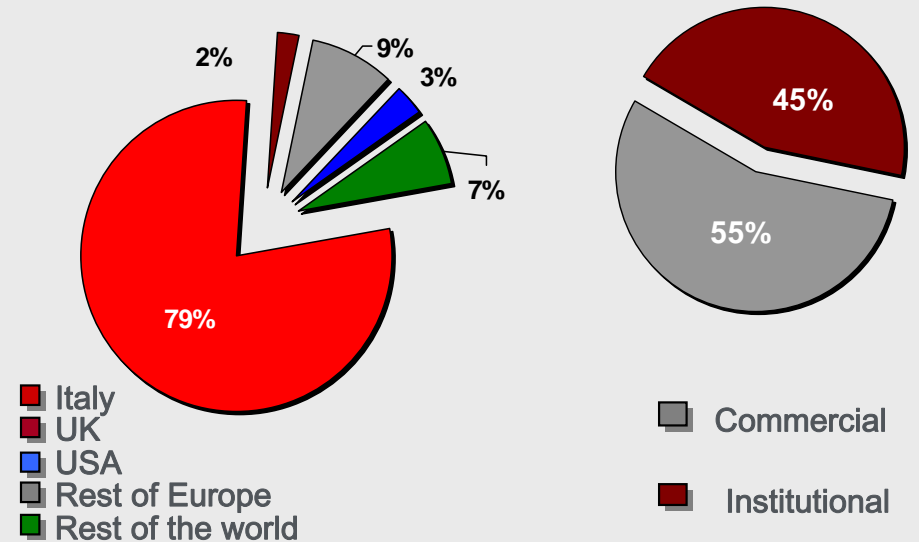
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Strong customer base diversification increases business resilience

Backlog at 03/31/2009
€1,166 mln



Cumulated Orders 2009 – 2011
about €2.6 bln



Top 5 Programs in Backlog at 03/31/2009

- ✦ Poste Italiane, SMI Maintenance services
- ✦ CNIPA (Digitalization of Italian Government Entities)
- ✦ United Postal Corporation, Russia Hybrid Mail
- ✦ Italian Transportation Ministry, Vessel Traffic Services
- ✦ FREMM Program C&C

➤ Top 5 programs: 33% Backlog

Top 5 Programs in Cumulated Orders 2009-2011

- ✦ Secure Communications
- ✦ Bucharest mail sorting centre
- ✦ North Africa: VTS, Coastal Security
- ✦ Poste Italiane, new postal machines
- ✦ Alenia Aeronautica, facility management

➤ Top 5 programs: 9%
Cumulated Orders 2009-2011

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Growing opportunities in domestic and selected international markets – increasingly diversified

Italy

- ✓ Focus on Ground Support Systems and Defense logistics (Defense Information Infrastructure, Mission Planning)
- ✓ Acquisition of follow on projects from the UIRNET (ICT platform for national interports) and “Industria 2015” programs
- ✓ Increasing market share in ICT for Central Government

UK

- ✓ Market penetration with Law Enforcement offering and strengthening of market share in postal automation

Rest of Europe

- ✓ Strengthening of market share in postal automation in Russia, Greece, Eastren Europe, Poland
- ✓ Market penetration with Law Enforcement and secure communications offering in France, Greece and Serbia
- ✓ Opportunities for Intelligent Transport Systems in Russia

Rest of the world

- ✓ Market penetration with Law Enforcement offering in Canada, Mexico, Australia, New Zealand, India, Chile, Middle East
- ✓ ICT: opportunities in Gulf countries, Middle and Far East with Islamic Banking suite and ANTS (mobile telecom service assurance)
- ✓ Transport: Russia and Mediterranean for Intelligent Transport Systems and China for River Logistics



Well positioned in the US market



Our presence in the US

- ✓ Focus on solutions for criminal intelligence gathering, homeland security, law enforcement, stolen cars recovery, AMBER alerts, highway and traffic safety, school bus safety
- ✓ Present customers: 450 agencies, 36 States
- ✓ US market share for mobile plate reader (MPH-900) >85%
- ✓ 2009-2011 orders forecast: about \$ 117 mln

Opportunities in the US: main projects for 2009-2011

- ✓ Central Manhattan Security Initiative
- ✓ Federal Project for the Mexican Border
- ✓ DC National Capital
- ✓ Domestic Federal Projects
- ✓ International DHS (Dept. Homeland Security) projects



“Working with the MPH-900 is like fishing with dynamite... it's tremendous”

Roger Vanderpool, Arizona DPS' Director

“It was DNA 10 years ago; LPR is the NEXT Revolution in Policing...”

Stanley Erickson, US National Institute of Justice

Opportunities to leverage DRS

☼ Law Enforcement and Security

- ✓ Short-term: joint bid for CBP (Customs & Border Patrol)
- ✓ Medium-term: in place cooperation in the areas of:
 - Network security, integrating Elsas Datamat routers in DRS TLC platforms
 - Handheld products (i.e. PSS) for the US Defense



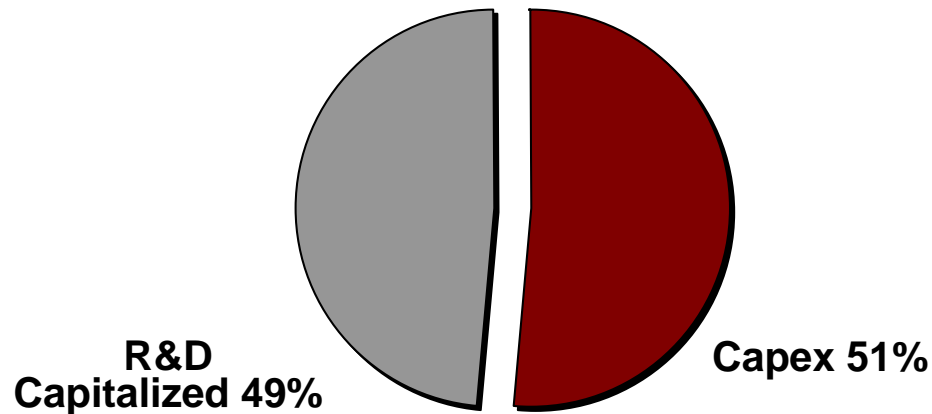
☼ Postal Automation – USPS (US Postal Service)

- ✓ Short-term: Automated Letter Movement System (Field Demonstration)
- ✓ Medium-term: Residual Mail Automation Equipment
- ✓ Long-term: Next Generation Mail Processing System

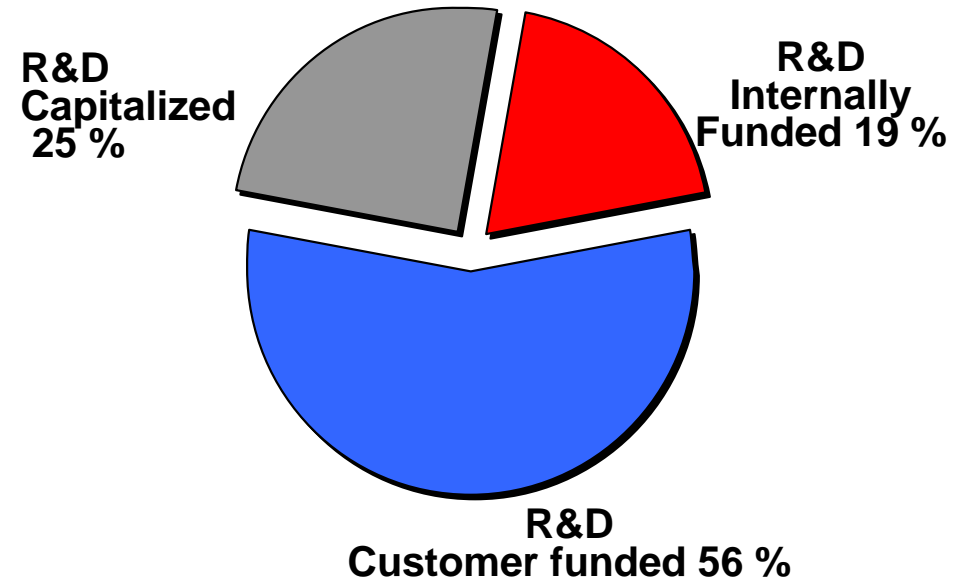


High quality and focused investments sustain future growth

Total Investments 2009-2011: about €61 mln



Total R&D 2009-2011: about €19 mln



Main Programs for Capex

- ⇒ Hardware and Software solutions
- ⇒ Equipment for production facility
- ⇒ Building maintenance

Main Programs for Total R&D

- ⇒ Multisorter Product Suite
- ⇒ Improvement of postal machines
- ⇒ Unattended Ground Sensors
- ⇒ Development of M-DLP v2

Turning the crisis into opportunity

- ✦ **Main impact** of the financial downturn on **Automation & Communications**
- ✦ **Downturn is a new opportunity**: increase in orders for IT solutions mitigate the possible reduction in Automation & Communications as customers are looking for cost-saving programs
- ✦ We're able to face the crisis:
 - ✓ Continued **investment in innovative solutions/products** and constant presence and **promotion** with customers of our new solutions/products to maintain/increase market share
 - ✓ **Focus on strategic and commercial partnerships** with strong players and suppliers in their domestic markets (DRS, Xerox, EADS)
 - ✓ **Concentrate commercial efforts** on countries in which our positioning is strong as a result of references and lobbying ability, focusing primarily on an excellent offering
 - ✓ Strong lobbying of SACE, EBRD and EIB to identify direct financing sources for projects (**buyer financing**) in response to the reduced support from supernational entities



Military and Public Safety Communications

Giancarlo Grasso, CEO

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Communications: Key to Finmeccanica's system competitiveness

With more than 100 years of experience, SELEX Communications designs and delivers solutions for:

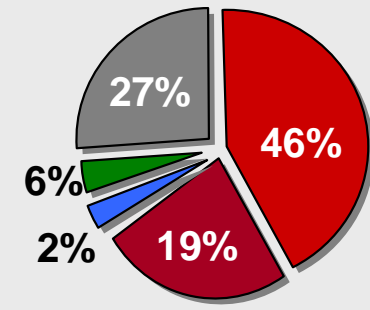
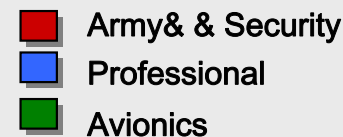
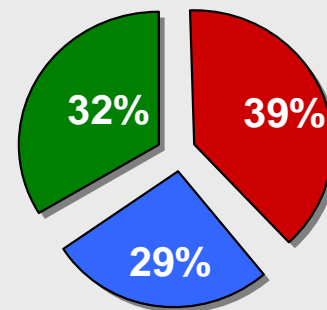
- ✦ Tactical, naval and strategic communications networks
- ✦ Avionics communications navigation and identification systems
- ✦ Professional communications for Institutional and Commercial organisations
- ✦ Secure communications



| (€mln) | FY 08 | FY 07 |
|------------|-------|-------|
| Revenues | 755 | 787 |
| New Orders | 829 | 1,042 |
| Backlog | 1,534 | 1,530 |

- ✦ Strong recovery driving EBITA margin to high end single digit

2008 revenues by segment and geographical area:

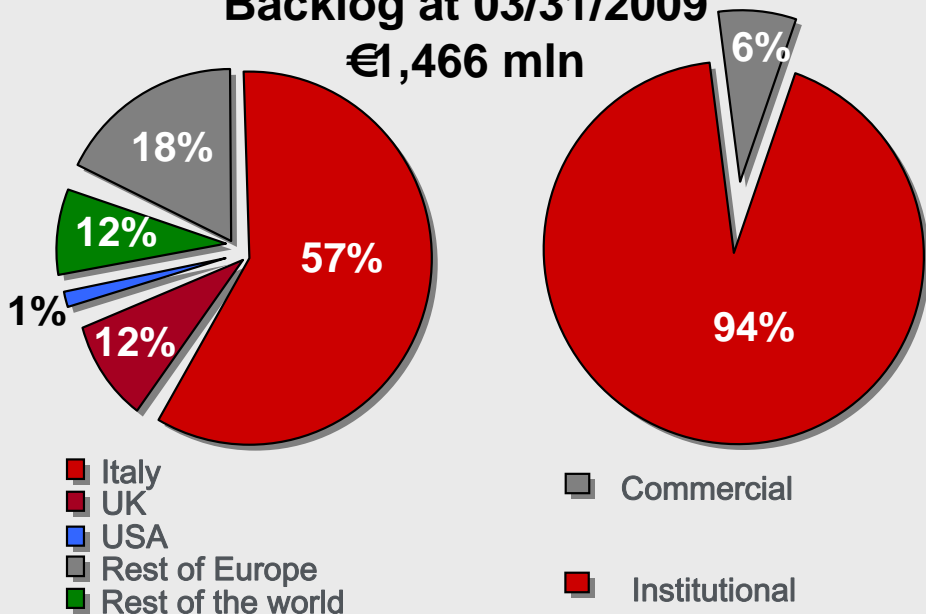


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Strong focus in Italy and UK with a growing presence in international markets

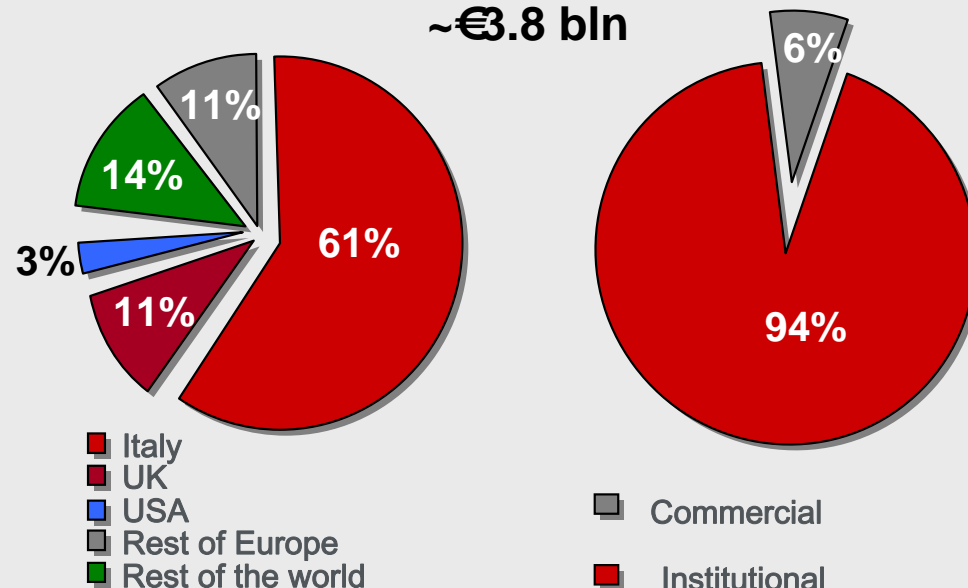
Backlog at 03/31/2009

€1,466 mln



Cumulated Orders 2009 – 2011

~€3.8 bln



Top 5 Programs in Backlog at 03/31/2009

- ✦ Tetra Italy
- ✦ EFA
- ✦ NH90
- ✦ FREMM
- ✦ FALCON

➤ Total 46% of top 5 programs in Backlog

Top 5 Programs in Cumulated Orders 2009 - 2011

- ✦ TETRA
- ✦ Military Comms UK
- ✦ EFA
- ✦ Italian Army Program (NEC Force)
- ✦ Cockpit Panels

➤ Total 50% of top 5 programs in Cumulated Orders 2009-2011

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Military and professional opportunities leading the growth in domestic markets

Italy

- ✓ Tetra network for joint police forces
- ✓ Network Enabled Capability Force (Forza NEC, Future Soldier)
- ✓ DII: Defence Information Infrastructure
- ✓ Network surveillance for MOI
- ✓ COMINT (COMmunications INTelligence)

UK

- ✓ Soldier Radios
- ✓ Crypto equipment for all defense service applications
- ✓ IFF (Identification Friend or Foe) Naval and Rotary
- ✓ IFF for Sweden Gripen project
- ✓ Counter IED (Improvised Explosive Device)



Company versatility for international SUCCESS

Rest of Europe

- ✓ NATO HF and deployable communications systems
- ✓ EFA/NH90
- ✓ TETRA and GSM-R for Railways and Oil & Gas Companies
- ✓ C4ISR (Command Control Communications Computers Intelligence Surveillance Reconnaissance) for Romania

Rest of the world

- ✓ Communication Technology Centre for UAE
- ✓ Communications for Asian Battle Management System
- ✓ TETRA for tactical applications (Tetratac)
- ✓ TETRA and GSM-R for Railways and Oil & Gas Companies
- ✓ TETRA/DMR (Digital Mobile Radio) for Mediterranean and Asian Countries



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SELEX Communications and DRS: communications key to US and worldwide competitiveness



Industrial/commercial presence in USA and Recent Achievements

- ✓ Soldier radios (30000 units sold)
- ✓ Crew counter IED system
- ✓ Radio panels and cockpits for JSF

Opportunities in the US

- ✓ Special Forces hand held communications radios
- ✓ US Army situation awareness systems
- ✓ State and Local Police Forces communications systems
- ✓ Federal First Responders Agency communications systems

Potential opportunities with DRS

In the US

- ✓ Army situation awareness tactical systems
- ✓ US Army and Special Forces dismounted soldier communication systems
- ✓ Cooperation on SDR for aircraft training system
- ✓ IFF (Identification Friend or Foe) for US Air Force
- ✓ Special Forces vehicles intercommunications systems
- ✓ Crew Counter IED (Improvised Explosive Device) systems

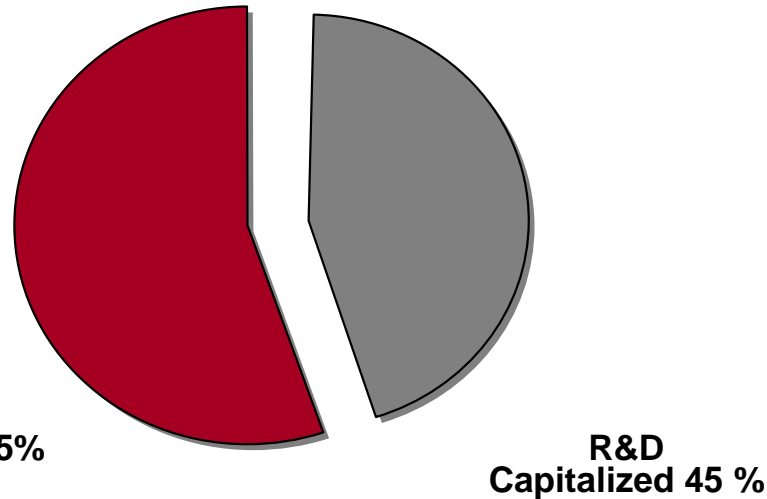
Outside the US

- ✓ Eastern Europe C4I Military systems
- ✓ Tactical communications switching systems for Egypt MoD
- ✓ Middle East border security communications systems

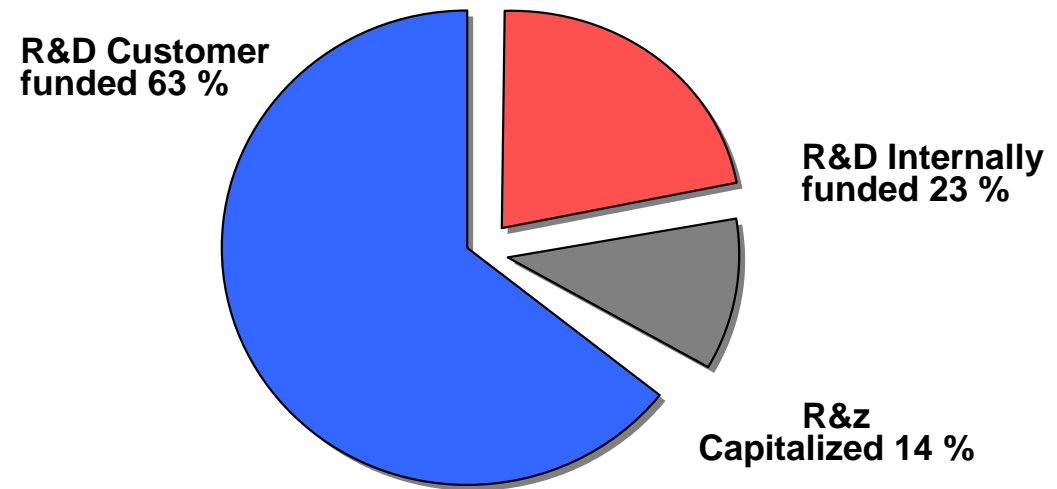
**Excellent and Affordable Technology
Driving Profitable Growth**
New York, May 19, 2009

People and knowledge founding pillars for durable success

Total Investments 2009-2011 ca. €151 mln



Total R&D 2009-2011 ca. €492 mln



Main 5 Programs for Capex

- ☛ Tetra Italy
- ☛ Software Defined Radio
- ☛ Switching
- ☛ Avionic programs
- ☛ SAP

Main 5 Programs for Total R&D

- ☛ Tetra Italy
- ☛ EFA
- ☛ NEC Force
- ☛ FREMM
- ☛ NH90

Communications solutions driving future economic development

✦ In the current world of financial crisis

- ✓ Governments are reacting also by financing infrastructure projects, such as railroads and public safety and security communications

✦ SELEX Communications competitive advantage in this area

- ✓ Offering of “communications solutions” based on state of the art products (SW Defined Radio, Full IP Architectures, IFF, Broadband communications, Integrated Multi-technology networks)
- ✓ Significant programs for Domestic Institutions (Battlespace Digitalization, Future Soldier, Force Protection, Public Safety Networks), strong basis for export markets
- ✓ Local presence in countries (Romania, Turkey, Russia), which are expected to invest in communications programs

✦ Recent actions to support growth

- ✓ Cost reduction and focus on competitive products
- ✓ Collaborations in Middle East and Mediterranean countries
- ✓ Leverage on synergies with Finmeccanica companies



Weapon Systems

Carlo Alberto Iardella, CEO

Excellent and Affordable Technology
Driving Profitable Growth
New York, May 19, 2009

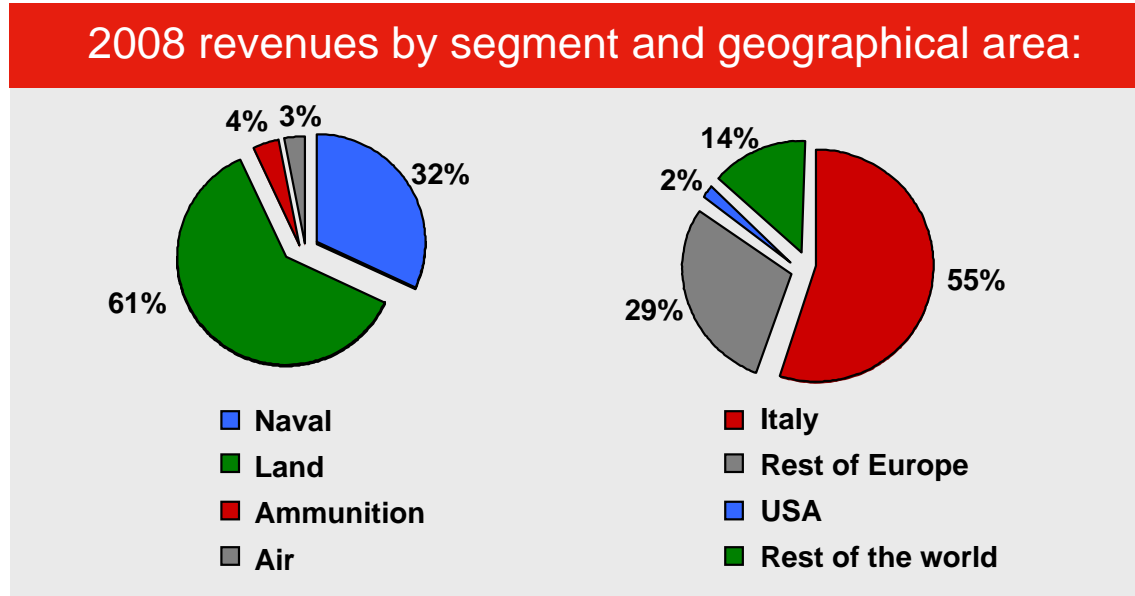


Good and sustainable performance in 2008

- **National Champion for Armament Systems**
- **International leading player for naval guns and land turrets**
- **State of art technologies and innovative solutions for guided ammunitions**



| (€mln) | FY 08 | FY 07 |
|------------|-------|-------|
| Revenues | 340 | 304 |
| New Orders | 337 | 305 |
| Backlog | 1010 | 1024 |



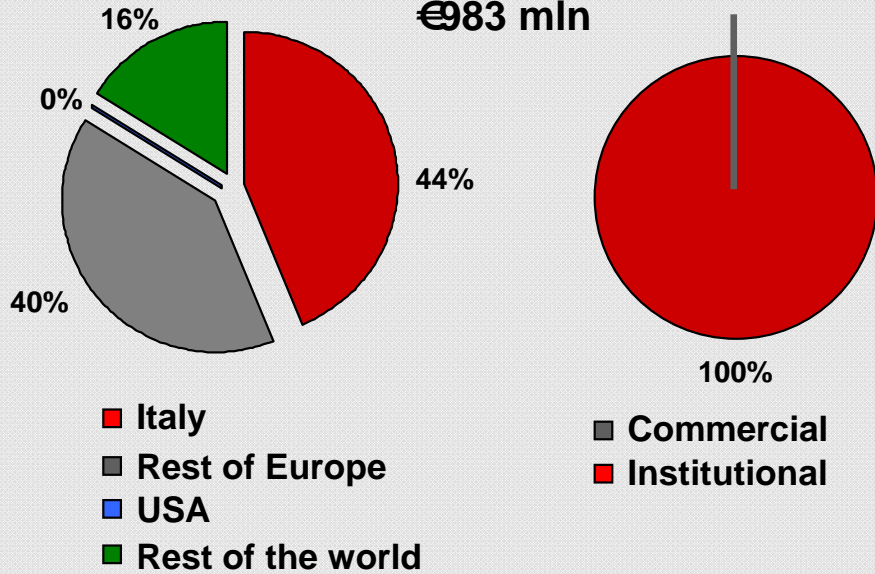
- **EBITA margin consistently in the high single digit range**

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Well diversified by customers and geography

Backlog at 03/31/2009

€983 mln

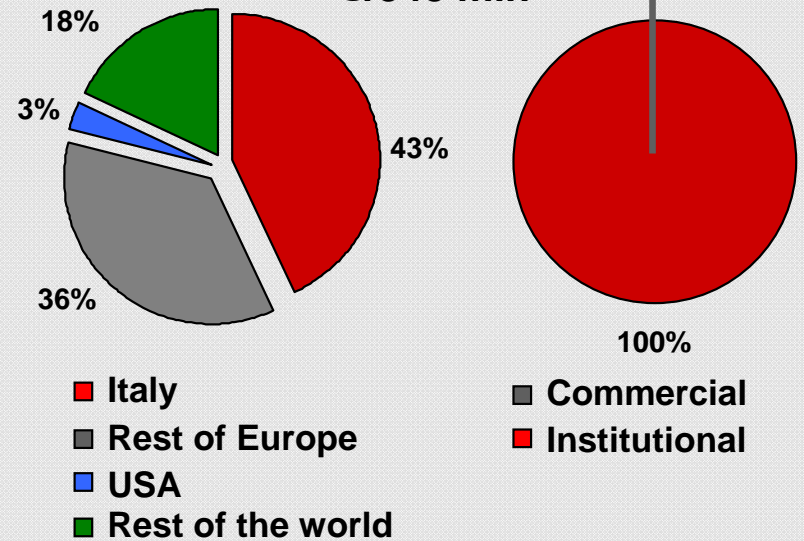


Top 5 Programs in Backlog at 03/31/2009

- ☼ Naval Guns for IT/FR FREMM
- ☼ 127/64 LW, Germany
- ☼ Hitfist, Poland
- ☼ Weapon Systems, Turkey
- ☼ S.P. Artillery, Turrets and Launchers for Italian Army
- Total 61% of Backlog

Cumulated Orders 2009 – 2011

€1348 mln



Top 5 Programs in Cumulated Orders 2009 - 2011

- ☼ 127/64 LW Naval Gun
- ☼ 76/62 Naval Gun
- ☼ Naval Small Caliber Guns
- ☼ Turrets
- ☼ Guided Ammunitions
- 72% of Cumulated Orders 2009-2011

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Well diversified by products and customers (1/2)

Orders 2009 - 2011

Italy

- ✓ FREMM 127/64LW, 76/62 Strales and Naval Small Calibers
- ✓ Hitfist and Hitrole
- ✓ Robotic Applications
- ✓ Air Weapons
- ✓ Guided Ammunitions



DART Ammunition

Rest of Europe

127/64LW



76/62



Guided Ammunitions



Naval Small Calibers



Air Weapons



Hitfact



Hitfist



HITFIST

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Well diversified by products and customers (2/2)

Orders 2009 - 2011

Rest of the world

127/64LW



76/62



Guided Ammunitions



Naval Small Calibers



Hitfist



Air Weapons





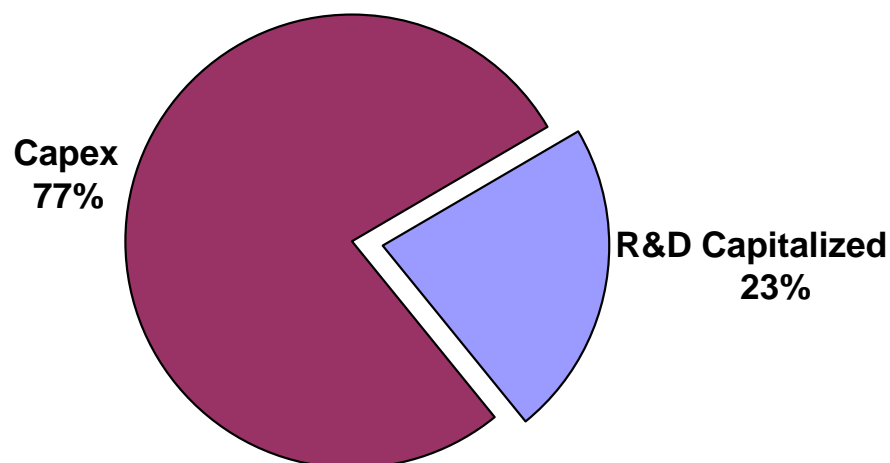
- ✦ Industrial presence in the US, Lester & Washington DC, with OTO North America Inc.
- ✦ Qualification of 76/62 SR Naval Gun partially funded by Congress
- ✦ Opportunities for LCS program (200 m€) (Littoral Combat Ship)
- ✦ Initial talks and promotion for guided ammunitions
- ✦ With DRS promotion of turrets within Marine Corps and other Forces



Investments (Capex and R&D capitalised) and total R&D

Total Investments 2009-2011

€31 mln



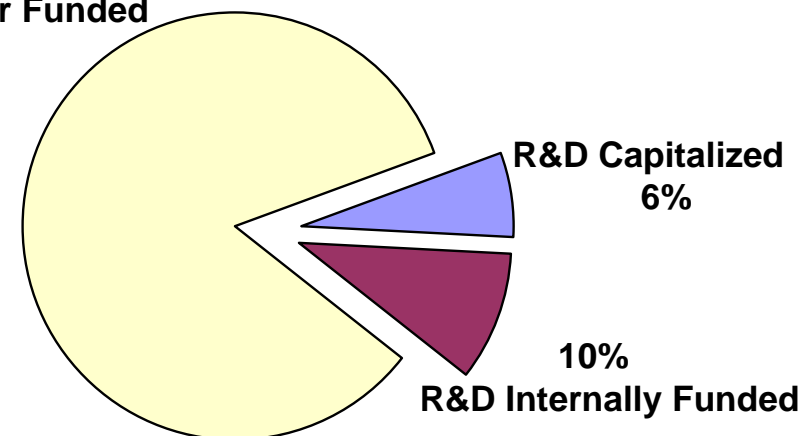
Main 5 Programs for Capex

- ✦ Guided Ammunitions
- ✦ Turrets
- ✦ 127/64 LW Naval Gun
- ✦ 76/62 Strales
- ✦ Robotics

Total R&D 2009-2011

€108 mln

R&D Customer Funded
84%



Main 5 Programs for Total R&D

- ✦ 76/62 USA Qualification
- ✦ Overhead Weapon Station
- ✦ Multirole System
- ✦ Guided Ammunitions
- ✦ Vehicle Protection

- ✦ The current financial crisis means customers will focus on primary needs and look for cost-effective and innovative solutions
- ✦ Customers' needs don't decrease because of the crisis: it's spending power that decreases. So...
 - ✓ Customers will revise inventories
 - ✓ Customers will squeeze quantities, but they will pay extra for good performance
- ✦ Our products are innovative and give extra performance at competitive prices

***We are setting the basis to anticipate
Customers' needs***

A stylized sunburst graphic on the left side of the slide, consisting of several curved lines radiating from a central point, with some lines ending in dark grey triangular shapes.

Space Services and Systems

Giuseppe Veredice, CEO

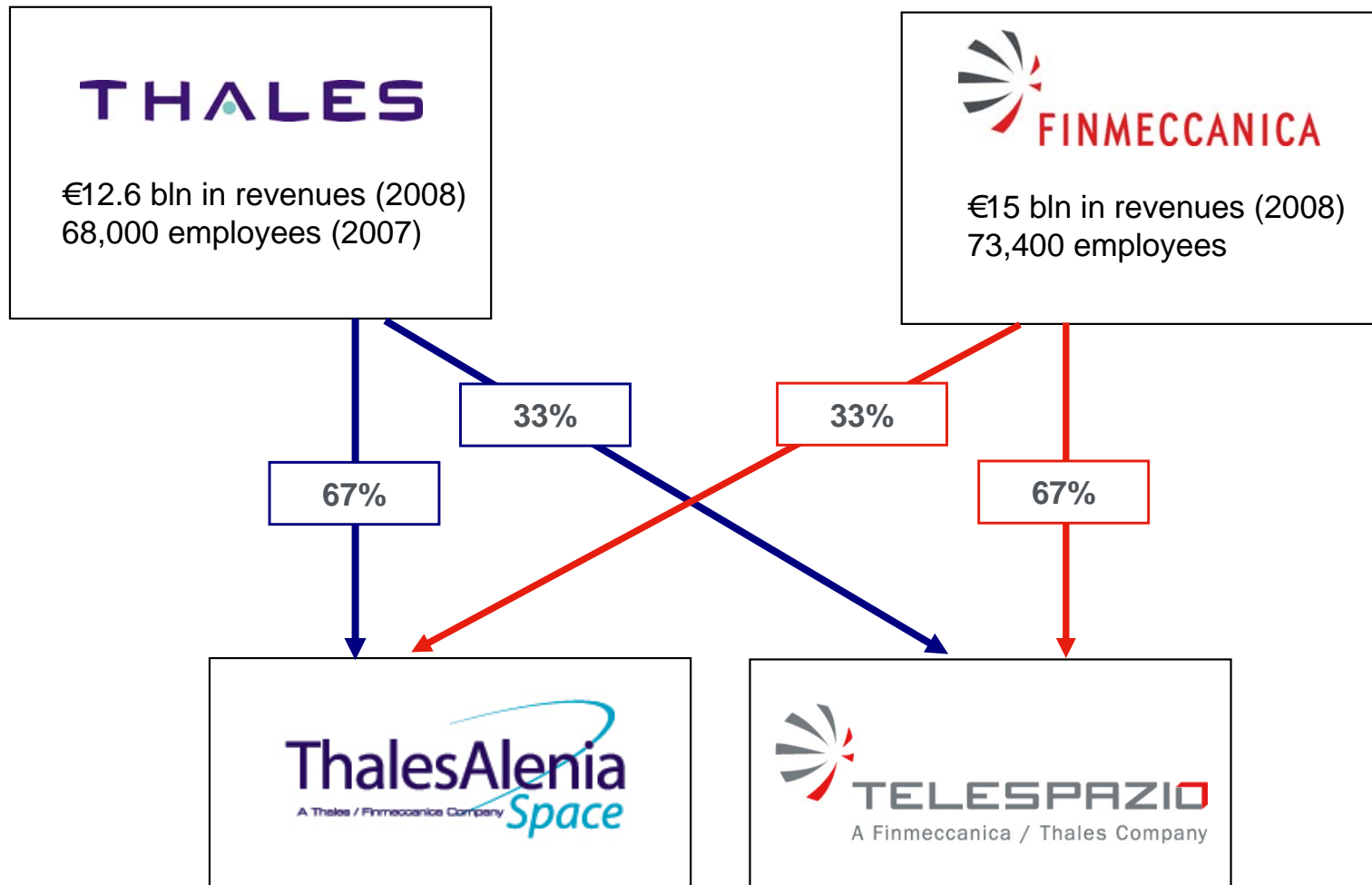
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The "Space Alliance"



SPACEALLIANCE



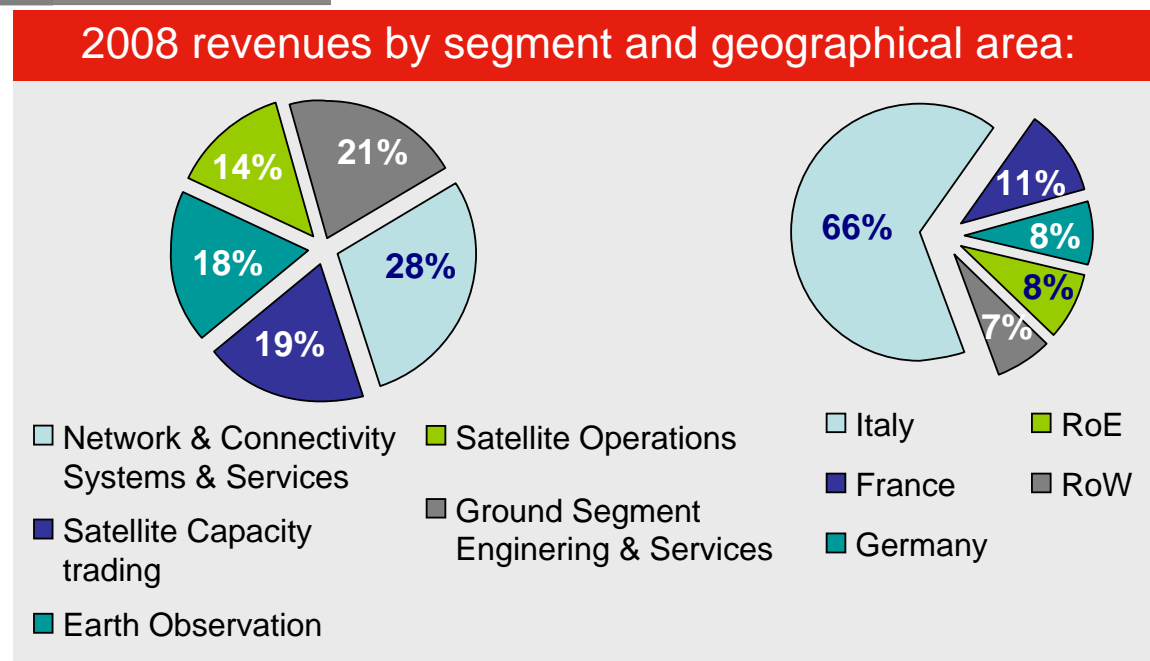
**Excellent and Affordable Technology
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Good results and solid profitability growth*

Space-based Services and Solution Provider Company in Telecommunications, Earth Observations and Navigation



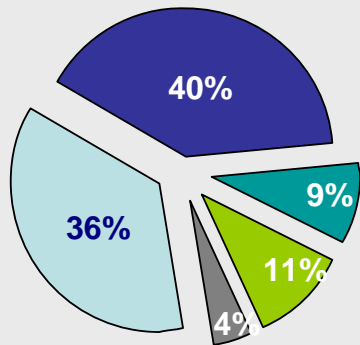
| (€mln) | FY 08 | FY 07 |
|------------|-------|-------|
| Revenues | 433 | 395 |
| New Orders | 469 | 451 |
| Backlog | 771 | 741 |



☛ **EBITA margin in the double digit range**

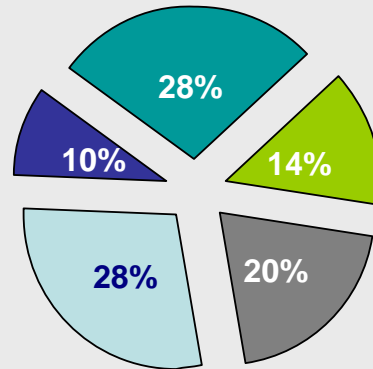
Strong customer diversification

Backlog at 03/31/2009
€782 mln

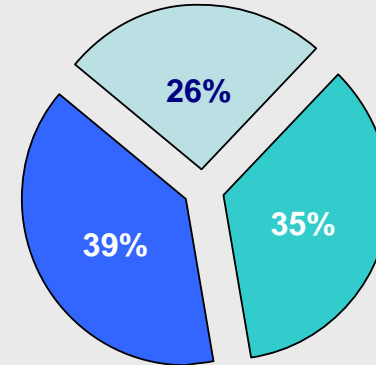


- Network & Connectivity Systems & Services
- Satellite Capacity Trading
- Earth Observation
- Satellite Operations
- Ground Segment Engineering & Services

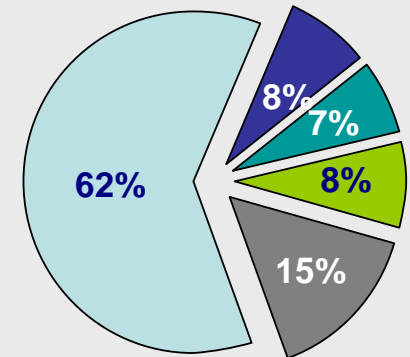
Cumulated Orders 2009 – 2011
€1,734 mln



- Network & Connectivity Systems & Services
- Satellite Capacity Trading
- Earth Observation
- Satellite Operations
- Ground Segment Engineering & Services



- Institutional
- Commercial
- Space Agencies



- Italy
- France
- Germany
- RoE
- RoW

Top Programs in Cumulated Orders 2009 - 2011

- ⇒ *Galileo FOC Operations Services*
- ⇒ *GokTurk*
- ⇒ *MilsatCom capacity*
- ⇒ *CosmoSkymed Data*



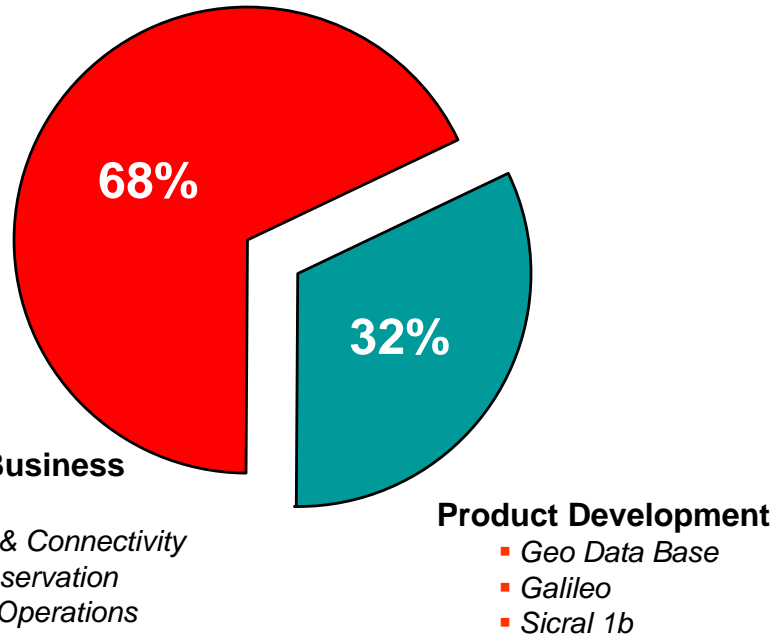
Telespazio (through its North American subsidiary **Telespazio North America**) and **DRS Technologies** are working together for satellite based networking and services addressing the US and international market

Further developments will include:

- ✦ **Satellite capacity provision**: capacity from SICRAL family of Italian military communications satellites, including **SICRAL 1B** recently launched on April, 20th, and satellite capacity trading based on the Company's **strong heritage** in the business
- ✦ **Ground Service**: satellite transmission services (uplink) via its own teleports (**Fucino** Space Center, **Lario** Center, **Scanzano** Center)
- ✦ **Earth Observation**: **CosmoSkyMed** products and services made available to the US customers through the **most up-to-date SAR Remote Sensing Constellation** data

Investments and total R&D: the basis of future growth

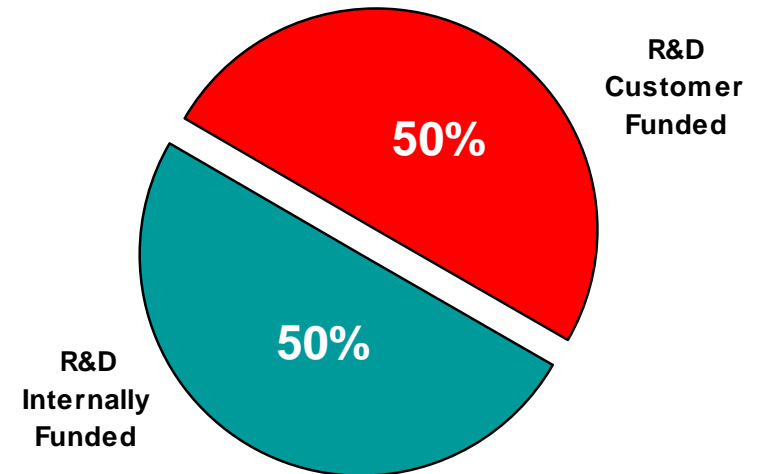
Total Investments 2009-2011 €103 mln



Main Programs for Capex

- ⇒ Geo Data base
- ⇒ Galileo
- ⇒ Sicral 1b

Total R&D 2009-2011 €52 mln



No Capitalized R&D Investments

Main 5 Programs for Total R&D

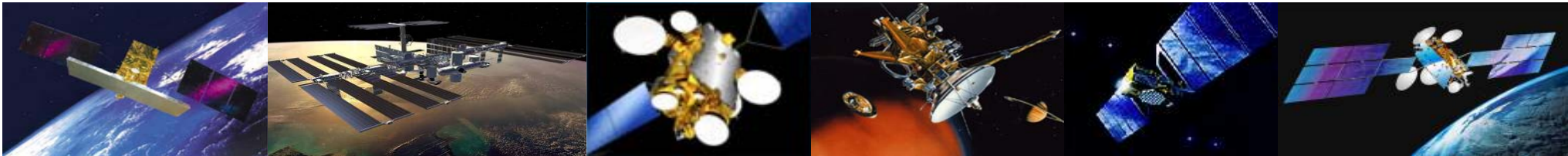
- ⇒ GMES, Security & Emergency Mgmt
- ⇒ GIS Platform
- ⇒ Telecommunications
- ⇒ Mobility Mgmt & Logistics
- ⇒ Algorithms & Processors for Remote Sensing

- **Diversified** by product and services, **Telespazio** covers entire **value chain** of space-based services. Such a large customer-base diversification makes the company resilient to market fluctuations
- Telespazio Satellite-based Services mainly address government and corporate customers, providing solutions for efficient, secure and resilient communications. As such, they represent the answer to a primary need, and are given priority accordingly
- Main drivers of Telespazio's growth are **Large Programs currently in operation** (Cosmo, Sicral 1B, Galileo) or **already launched** (Sicral 2, Athena Fidus, Cosmo 2)
- Public Spending in **infrastructure modernization**, that may sometime include satellite solutions, plays in favor of space activities devoted to application and services
- Countries marginally impacted by the financial crisis are currently planning new initiatives confirming or developing (as it is the case) their engagement in space (eg.: Middle East Countries, South Africa, Russia, China)

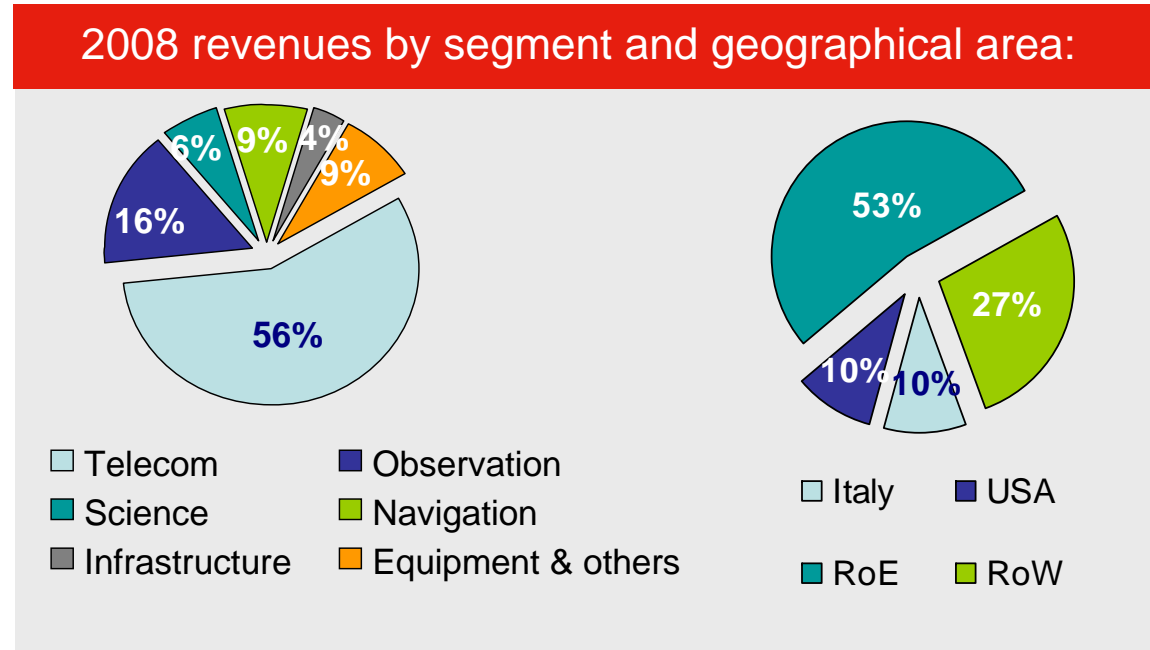
Thales Alenia Space is delivering the expected results

Business description

- Design, develop and manufacture satellite systems for Telecom, Earth Observation, Navigation and Science; at the forefront of large space infrastructure and space transportation systems
- No. 1 European Satellite system manufacturer, No. 4 in the world
- Manufactured more than 65 GEO TLC satellites and 200 payloads; world leader in observation satellites



| (€mln) | FY 08 | FY 07 |
|------------|-------|-------|
| Revenues | 2.050 | 1.769 |
| New Orders | 1.834 | 2.092 |
| Backlog | 2.666 | 2.891 |



- **Profitability constantly improving driven by cost efficiency targeting a high single digit**



Heritage in US and Canada

- ✓ Partner of NASA for the International Space Station
- ✓ Partner of Orbital for the COTS (Crew Orbital Transportation) Vehicle Procured by NASA as new transportation system to/from the International Space Station from 2011 to 2016
- ✓ Agreement with Lockheed Martin to develop jointly and sell Radar Satellites both in the US and in the export market
- ✓ Supplied a satellite platform to MDA (Canada) for the RADARSAT program
- ✓ Supplied 6 GEO TLC satellites, currently in operation, of which 3 to SES
- ✓ Assembled, integrated and tested Globalstar 1st generation (48 satellites)

Opportunities in US

- ✓ A GEO TLC satellite in Ka Band for Direct TV to provide High Definition TV
- ✓ A GEO TLC satellite with flexible payload in Ka band for SES Americom (Reverse BSS Ka)
- ✓ SAR payload for a DoD defense satellite (Space Imaging Radar)
- ✓ Altimeter and radiometer for the US NAVY observation satellite (GFO2)
- ✓ Satellite platform for NASA mission that studies ice topography (QuickIce/ IceSat)
- ✓ Constellations: O3B (16 satellites); Globalstar 2nd generation (48 satellites); Iridium Next Generation (72 Satellites)

The Space Alliance provides customers with an end to end value proposal integrating satellite systems into the provisioning of solutions services and operations

⇒ **Earth Observation satellites**

- ✓ GOKTURK, Telespazio Prime and Thales Alenia Space to manufacture the satellite
- ✓ MUSIS, European MoD cooperation program for a common Interoperable Earth Observation system
- ✓ Thales Alenia Space and Telespazio are cooperating on other export opportunities providing an integrated value proposal

⇒ **Telecommunication satellites**

- ✓ Milsatcom (SICRAL1B) Thales Alenia Space manufactured the satellite, Telespazio financed part of the cost in exchange for satellite capacity to trade, procured launch services and ground operations
- ✓ Milsatcom (SICRAL2), dual use satellites (ATHENA FIDUS), Thales Alenia Space to manufacture the satellites, Telespazio to provide launch services and ground operations