



# Finmeccanica Investor Day 2006

**Giorgio Zappa**

Chief Operating Officer

Aerospace Overview

# Key Figures 2004-2005

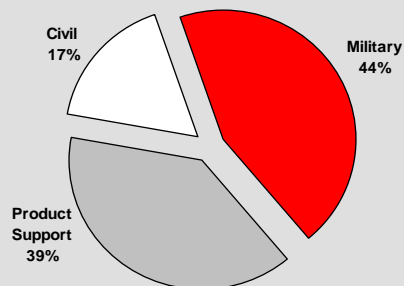
## Helicopters



(€mln)    2005    2004    %change

Revenues	2,490	1,453	71
EBIT	272	130	n.s.
Margin	10.9%	8.9%	
Orders	3,712	1,252	n.s.
Backlog	7,397	5,238	41

### 2005 Revenues



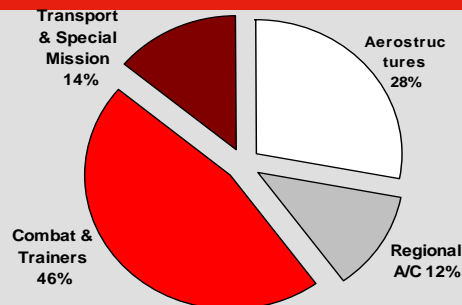
## Aeronautics



(€mln)    2005    2004    %change

Revenues	2,046	1,914	7
EBIT	166	117	42
Margin	8.1%	6.1%	
Orders	3,230	3,315	(3)
Backlog	6,865	5,375	28

### 2005 Revenues



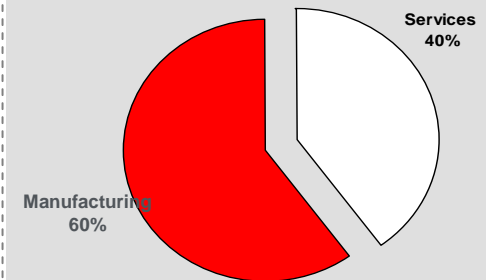
## Space



(€mln)    2005    2004    %change

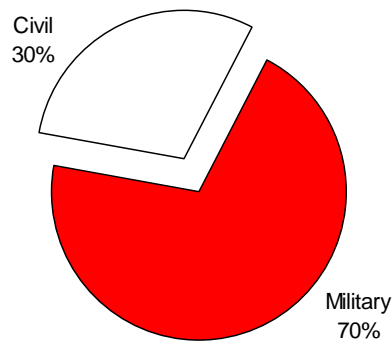
Revenues	736	775	(5)
EBIT	26	23	13
Margin	3.5%	3.0%	
Orders*	599	1,050	(43)
Backlog	1,154	1,413	(18)

### 2005 Revenues

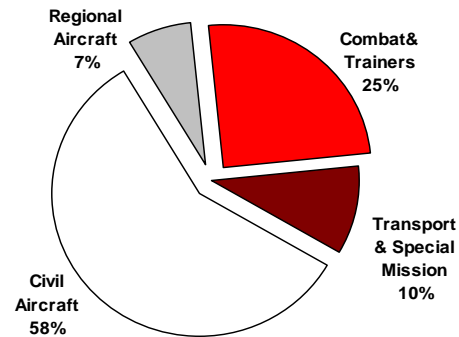


# Sector Market Trends

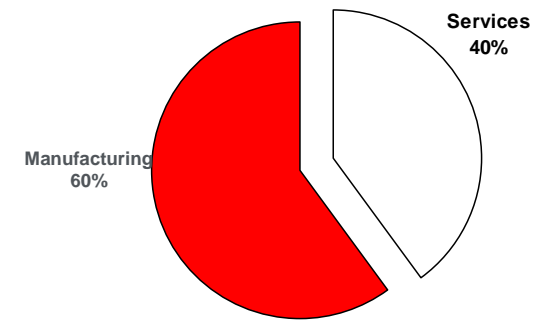
**World Helicopters Market<sup>1</sup> 2005**  
Tot. 9 B€



**World Aeronautics Market 2005**  
Tot. 70 B€



**World Satellites Market 2005**  
Tot. 54 B€



- **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).

# Our Key offering

## Aeronautics

### B787



400+ a/c ordered  
200 in backlog

### New Airbus family



New opportunity  
A350 XWB

### Regional jet



Potential market  
5,500 a/c in 20 years

### C-27J



Requirement of 200  
a/c in USA (March 2007)

### Eurofighter



400 a/c ordered Tr1 & Tr2  
Export market for 200 a/c

### JSF



3,173 a/c for 8  
Partner Nations

## Helicopters

### EH/US 101



Requirements in US/UK  
for 150 medium heavy

### AW139



### AW149



Annual production ramping  
up from 30 to 90 a/c by 08

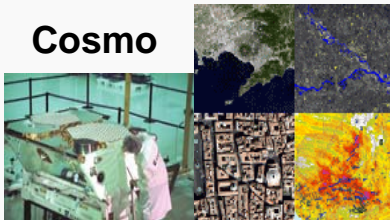
### BA 609



Purchase agreement for > 60  
a/c with 100 hrs of flight test time

## Space

### Cosmo



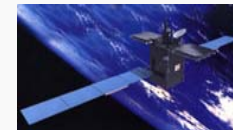
4 LEO Satellites  
for Earth Observation by 2008

### Galileo




European Global Navigation Satellite System  
30 Satellites in 8 years

### Sicral



Military Telecommunication  
Satellite System for IT MoD


## 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, off load 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*

- 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:

US101	VH-71 Inc 1	VH-71 Inc 2	UK MoD potential
<ul style="list-style-type: none"> <li>- GE 2500HP engine</li> <li>- 8x10 Smiths Displays</li> <li>- New Tail Rotor</li> <li>- AMMC</li> <li>- BERP IV main rotor blade demonstrator (with MoD)</li> </ul>	<ul style="list-style-type: none"> <li>- Aluminium structure for 16t+</li> <li>- Rear Airstair Door</li> <li>- Fwd Airstair Door</li> <li>- VIP ECS</li> <li>- IRS (not confirmed)</li> <li>- Air transportability (C17)</li> </ul>	<ul style="list-style-type: none"> <li>- 17.2 Structure</li> <li>- 3000HP GE engine integration</li> <li>- 64' rotor</li> <li>- 130% transmission rating</li> <li>- IRS (if not Inc 1)</li> </ul>	<ul style="list-style-type: none"> <li>- Productionised BERP IV</li> <li>- RRTM 2500HP engine</li> <li>- AN/AAR-57 (V)</li> <li>- AAR Proving</li> </ul>

# Strategic Positioning of AW – EH101/VH-71

- 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

# EH101 - Product and Market Positioning

- **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 Tiltrotor, 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

CLASS	LIGHT	INTERMEDIATE	MEDIUM	MEDIUM-HEAVY	HEAVY
<b>AGUSTAWESTLAND</b>	A119	A109 LUH	A129 LYNX AW149	NH90TTN NH90NFH US101 Increment 1 / EH101 International	US101 Increment 2
<b>BELL</b>	OH58/TH57	AB412/B412	UH-1Y AH-1W/Z		V-22
<b>EUROCOPTER</b>	EC120	AS550 AS555 AS565	TIGER NH90TTH NH90NFH	AS532/EC725	
<b>SIKORSKY</b>			MH/UH-60 H92		CH-53E CH-53K (38500 Kg)
<b>BOEING</b>			AH-64		V-22 CH47

# 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)**

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# **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

# AW139 – A Solution to Operators' Needs

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 1<sup>st</sup>, 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

<b>TOTAL ORDERS:</b>	<b>188</b>
<b>OPTIONS:</b>	<b>18</b>
<b>ORDERS+OPTIONS:</b>	<b>206</b>
<b>TOTAL DELIVERIES:</b>	<b>47</b>
<b>BACKLOG:</b>	<b>159</b>

## ORDER INTAKE HISTORY (2003 – 2006)

Year	→2003	2004	2005	2006*
Unit	48	25	58	57

(\*) at 30 Oct 06

## ROLES

Situation at 30 Oct 06 - Orders

	Q.ty	Share
■ EMS/SAR	36	19%
■ Law Enforcement	47	25%
■ Utility	12	7%
■ OGP	70	37%
■ Corporate	23	12%

## REGIONS

Situation at 30 Oct 06 - Orders

	Q.ty	Share
■ Africa	9	5%
■ Europe	47	25%
■ Middle East	38	20%
■ Asia & Australasia	26	14%
■ Americas	28	15%
■ Global Fleet Operators	40	21%

# AW139 – Commercial 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**

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# AW149 – Medium Category Helicopter - 1

- **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)

# AW149 – Medium Category Helicopter - 2

## Highlights

- Dual –use: compliance with relevant military requirements, civil type certification
- Weight category: 7.5/8 tonnes → 3/3.5 tonne useful load
- Multi-role capability and versatility
- New-technology approach: structure, components and systems
- Superior performance for worldwide operations
- Benefits from capabilities developed within AgustaWestland with recent AW139 experience
- To be developed in Italy and UK under a unified engineering team

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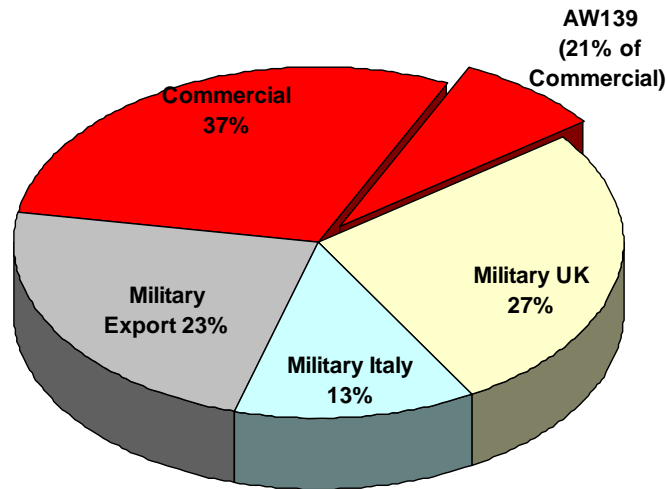
**Forecast for AW149 sales in the next 20 years is predicted to be 600 aircraft, at an estimated €12 Bn**

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# Revenue Projection *2005 - 2010*

# Revenues – Evolution of the Business

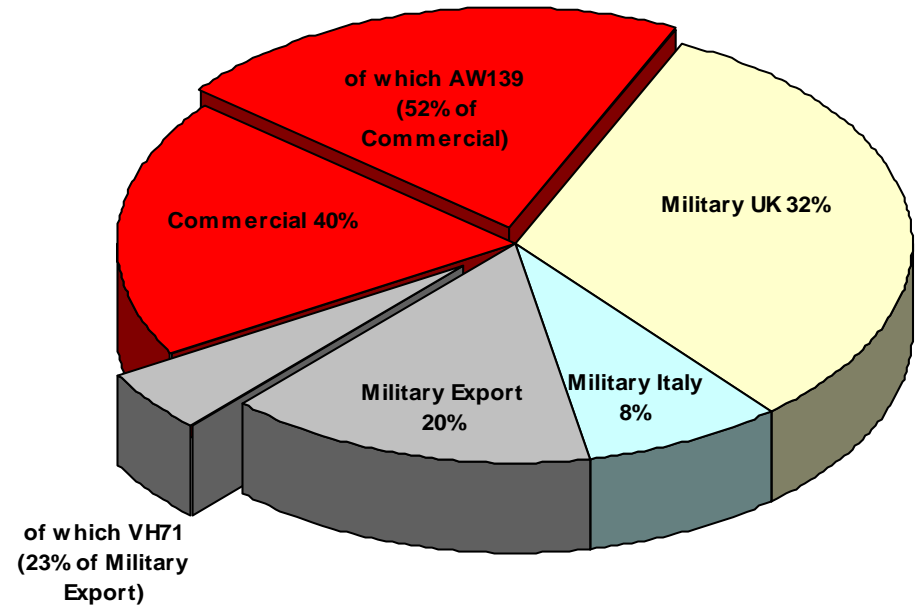
2005



Revenues: 2,412 M€

ROS : more than 10%

2010

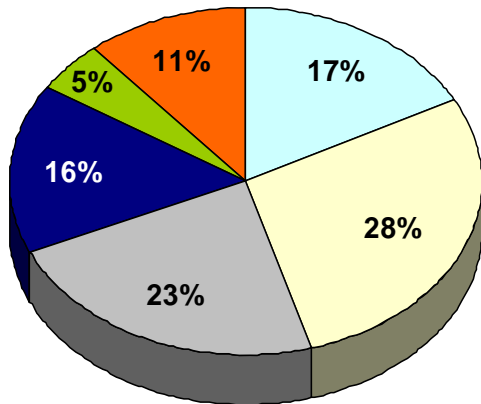


Revenues: 3,392 M€

ROS : more than 10%

# Revenues – Share by Geographic Area

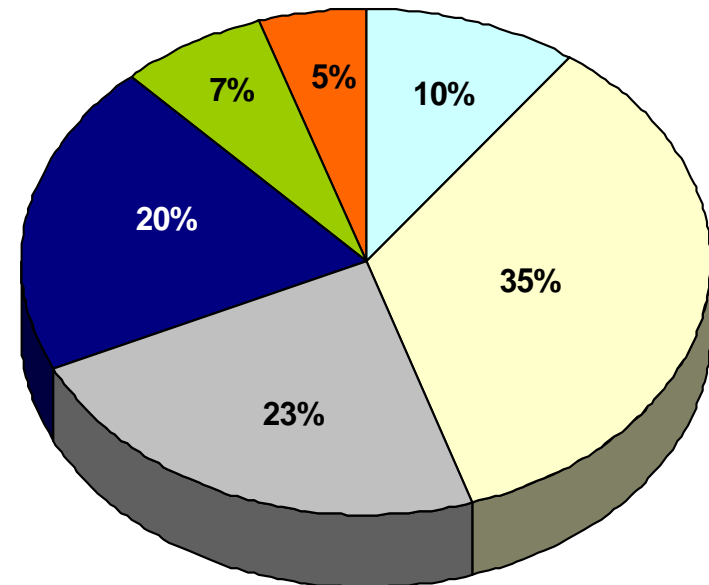
2005



Revenues: 2,412 M€

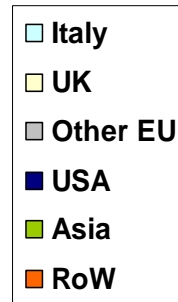
ROS more than 10%

2010



Revenues: 3,392 M€

ROS : more than 10%



# Finmeccanica Investor Day 2006

***Giovanni Bertolone***

*CEO*

*Alenia Aeronautica*



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.

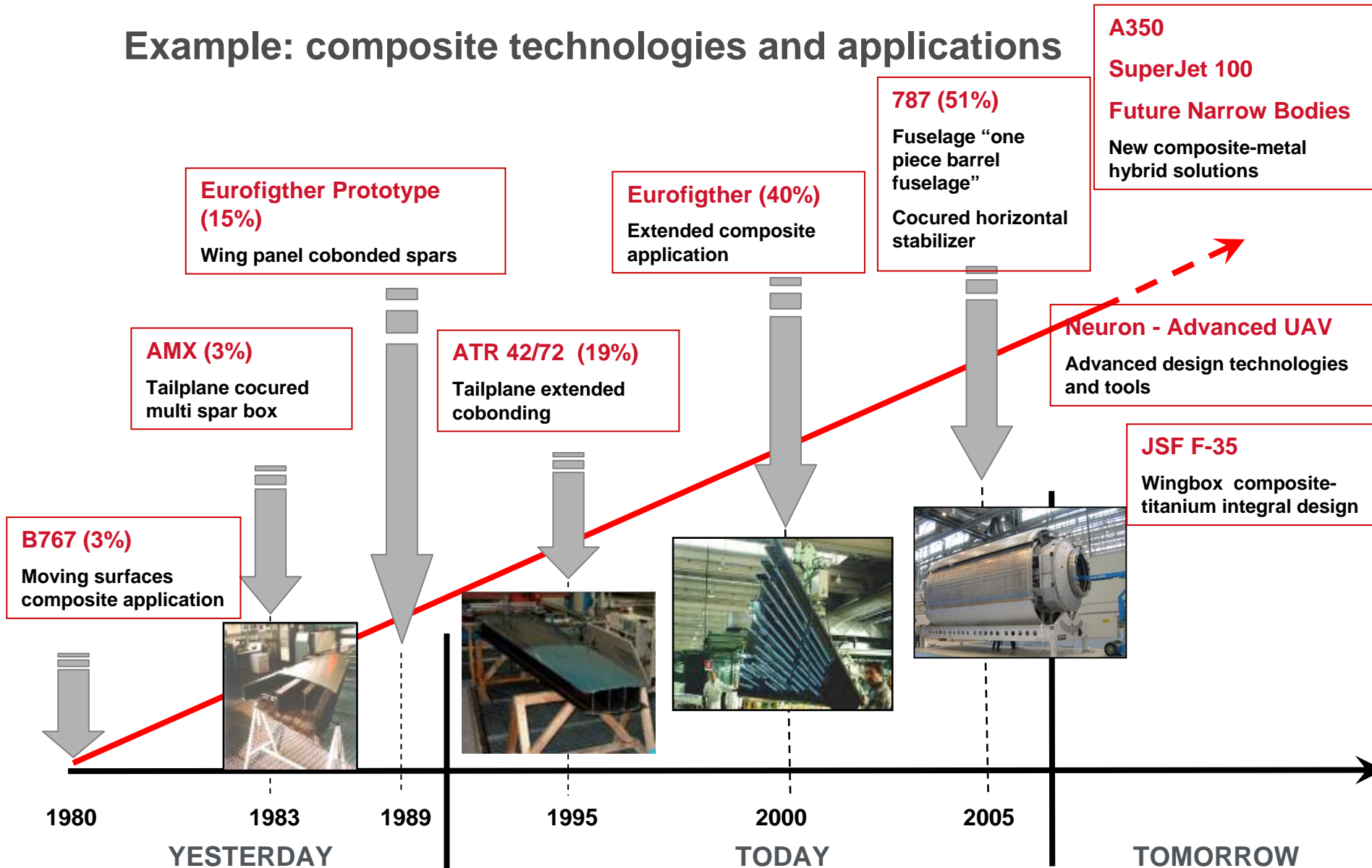
## Value creation: main drivers and goals

- 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

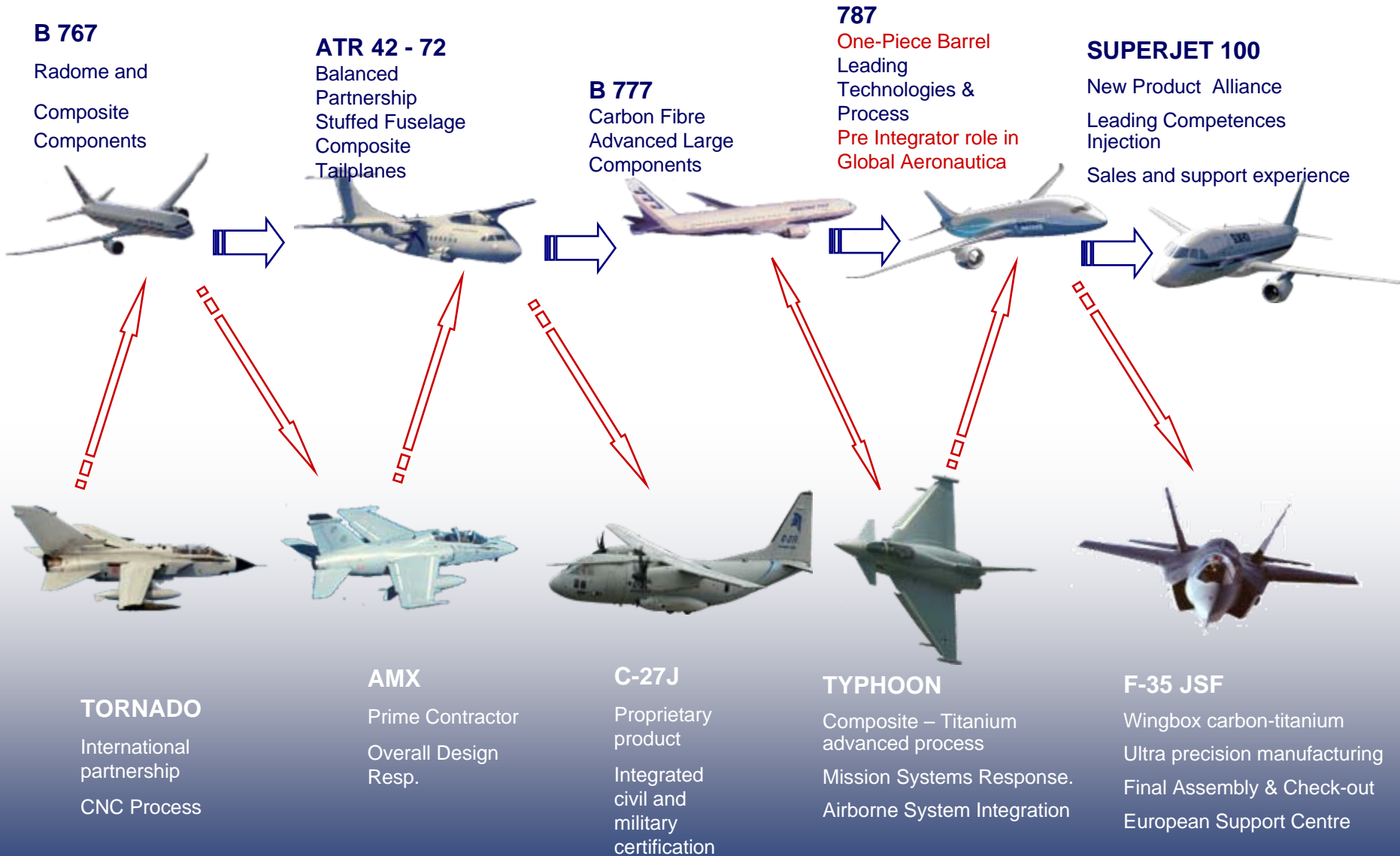


# Distinctive core competences

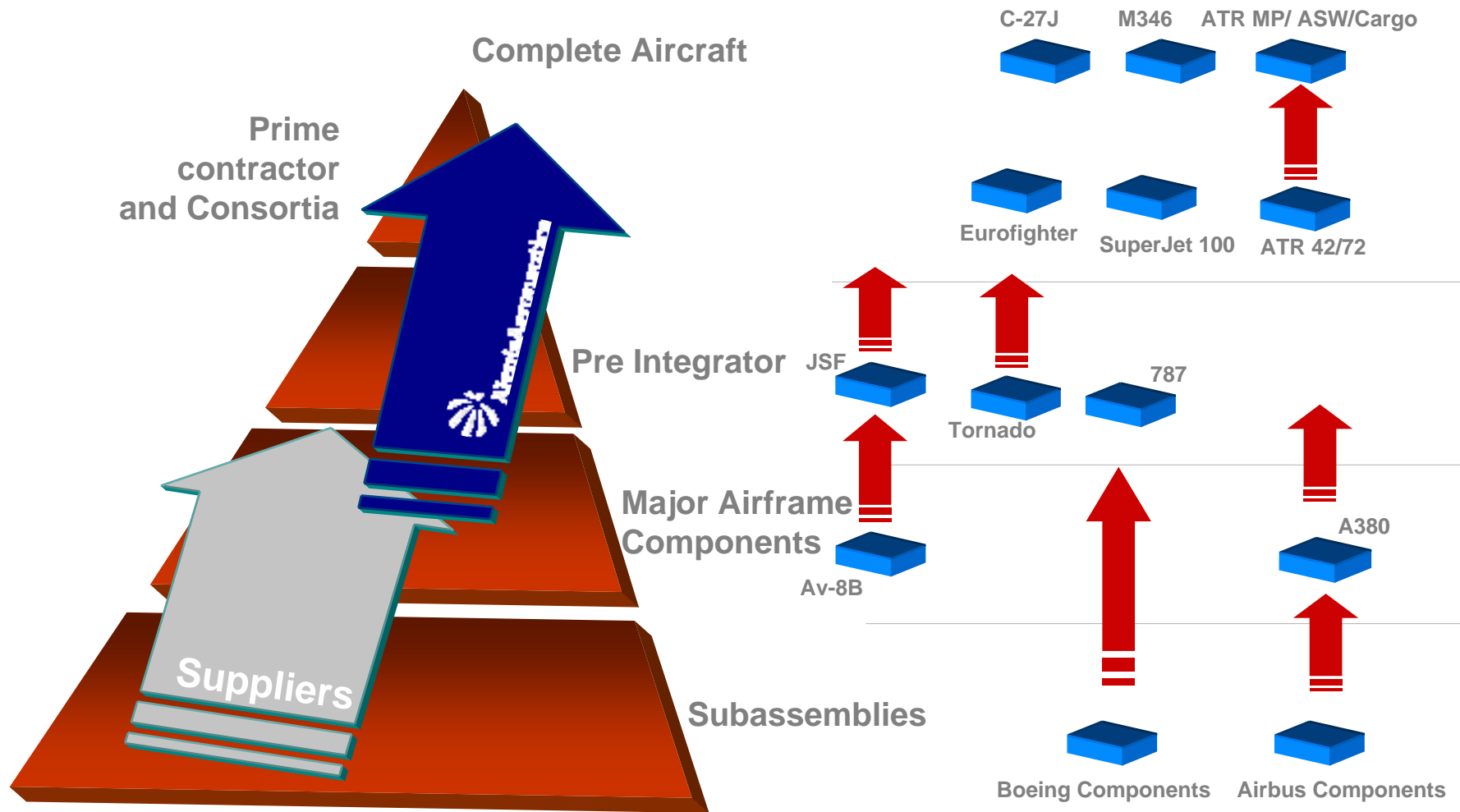
## Example: composite technologies and applications



# Civil & defence cross fertilisation



# New role for supply chain



Alenia's leading edge technologies matching new market needs

## 787 Dreamliner



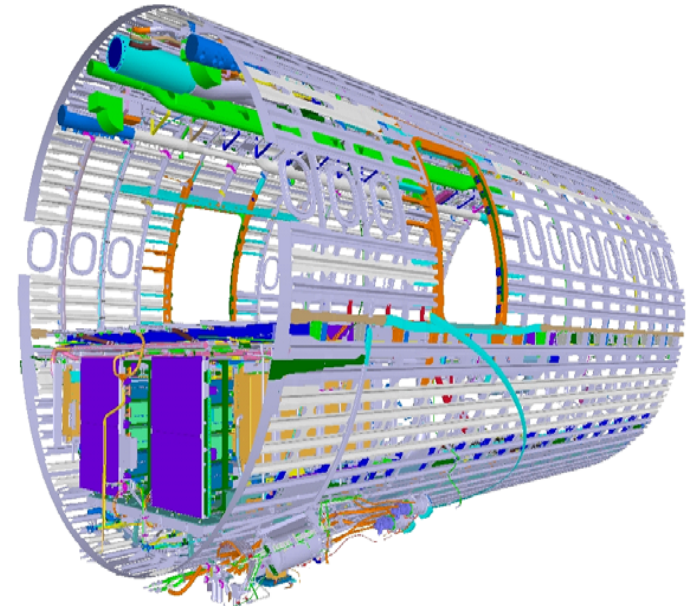
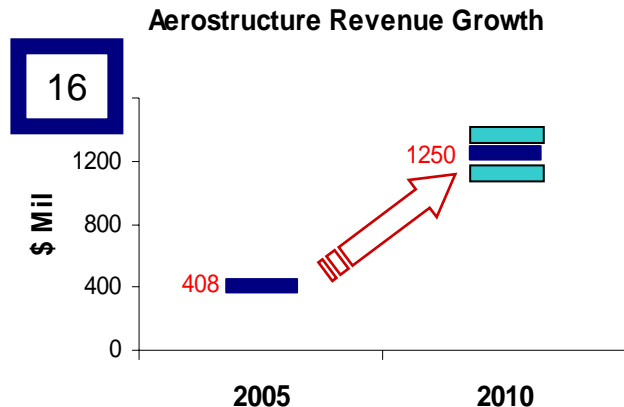
- Most successful next generation commercial programme
- Unprecedented jump in Performances & Operating Costs improvement leveraging on Leading Tech. & Business Model
- First commercial aircraft with composite fuselage (One-Piece Barrel leading technology.)
- **Independent Prime Partner** of Boeing (proprietary & 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





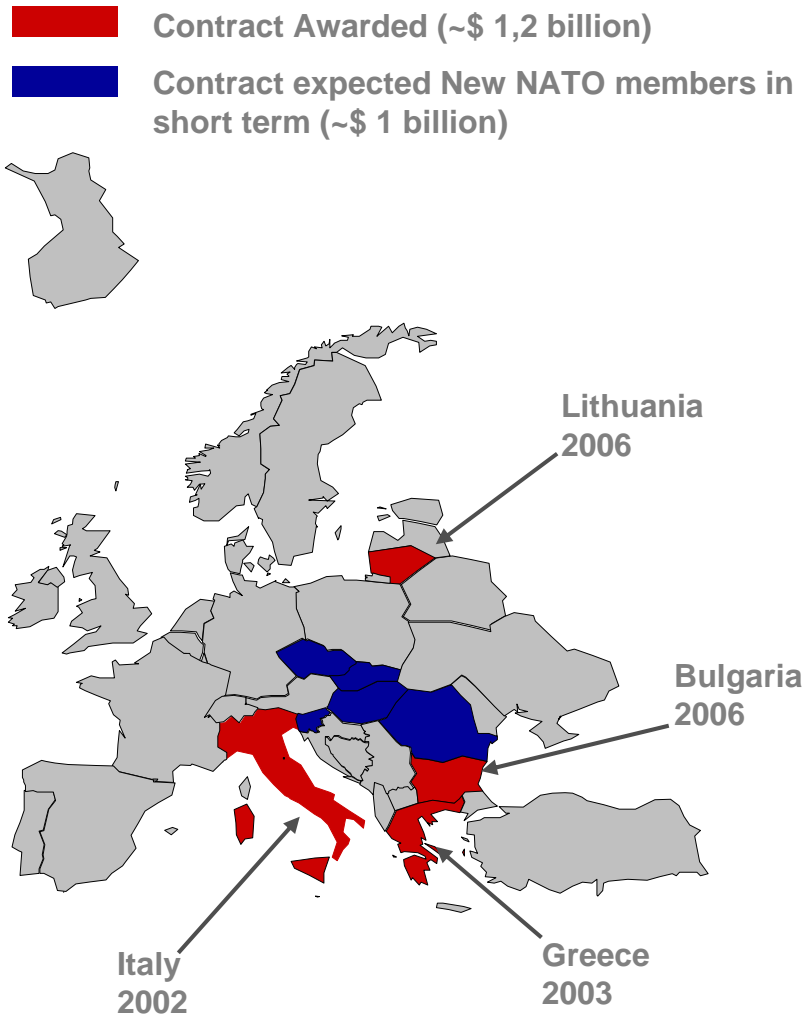
# New role for Aerostructures

- 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



- **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**

## 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

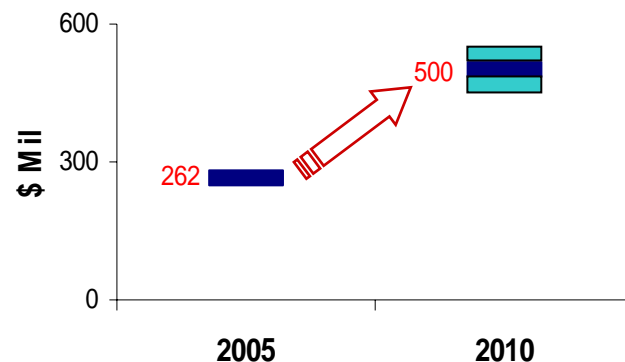
Decision date	Early 2007
First aircraft delivery	12 months later

## 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





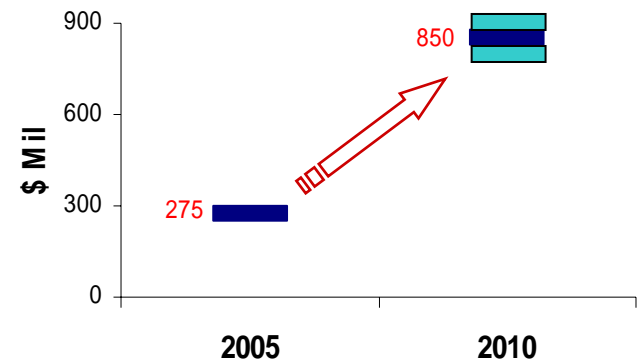
## SuperJet 100



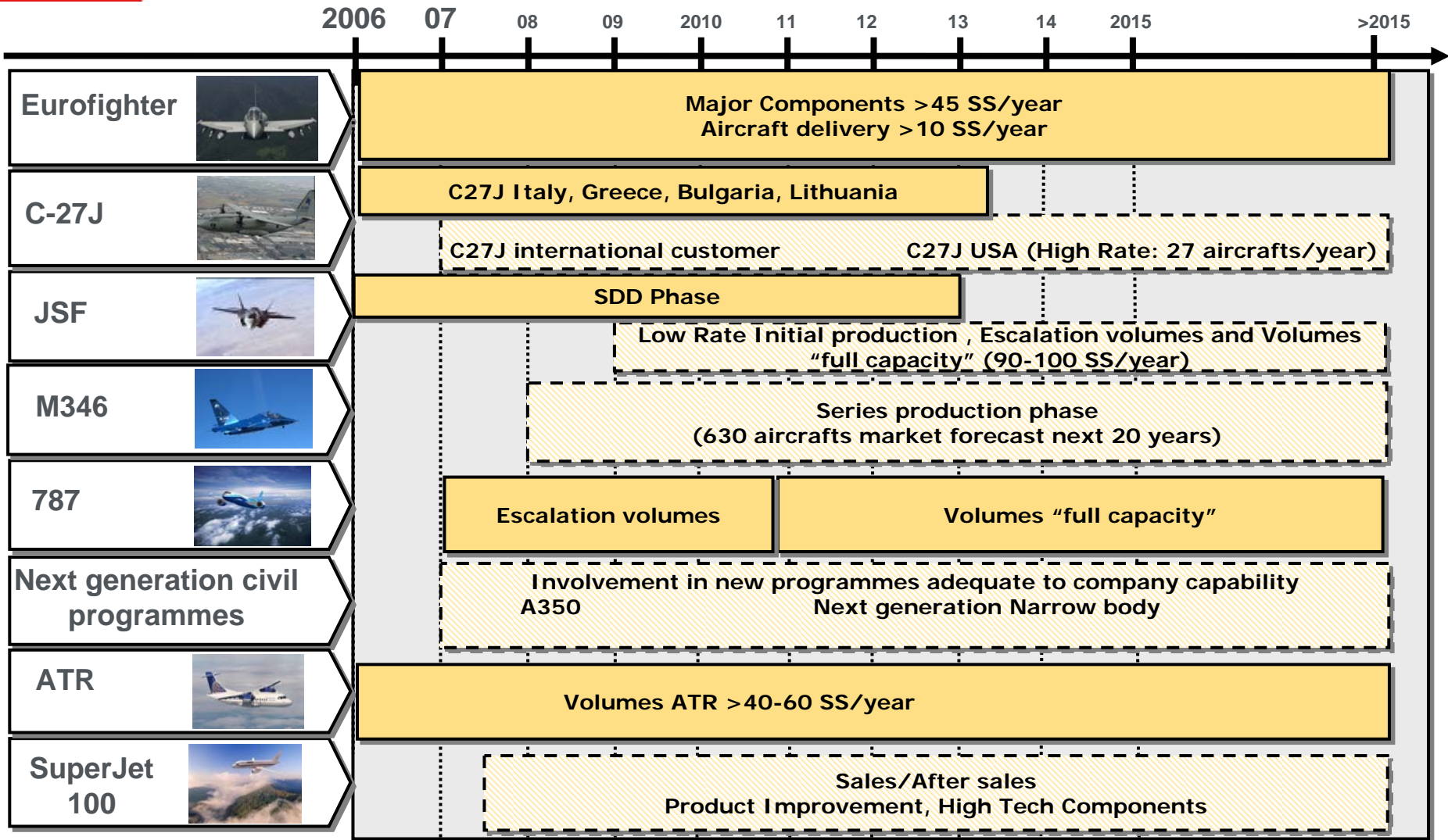
- 25% plus 1 share in SCAC; proprietary technologies and know-how available to improve competitiveness: material & structural design, air vehicle tech, airworthiness & western certification, ground & flight testing assets...
- 50% of the new JV with SCAC: marketing and sales to western Airlines and after-sales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

- 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

Regional Revenue Growth



# Main products portfolio evolution

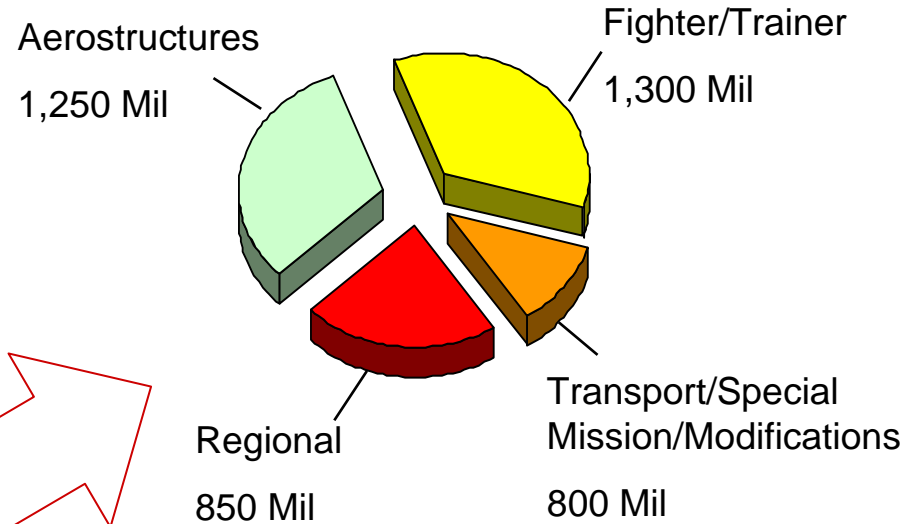


Secured  
 Opportunity

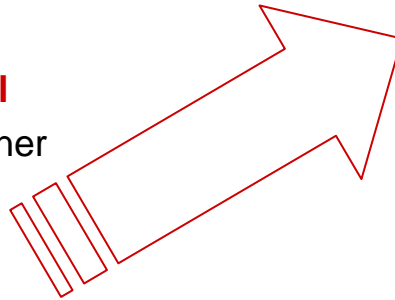
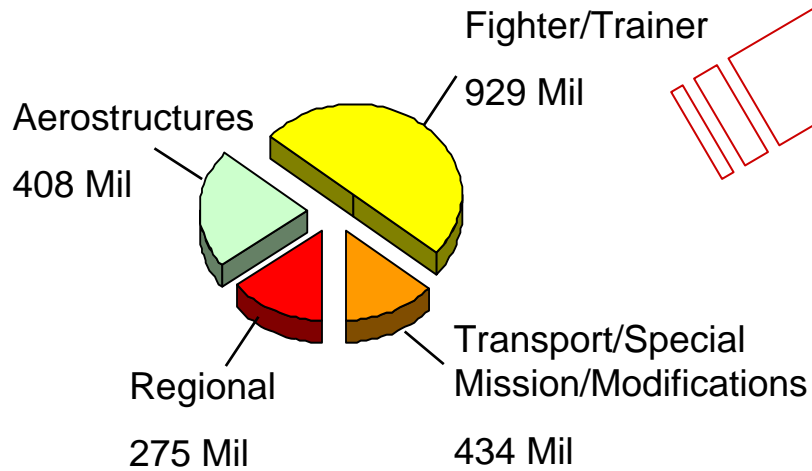
# Revenues Breakdown

## Actual 2005 and Forecast 2010

### REVENUES 2010: EUR 4,200 Mil



### REVENUES 2005: EUR 2,046 Mil



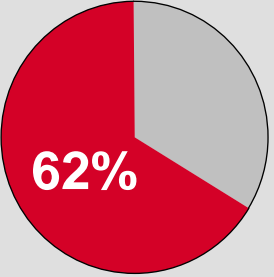
# *Investor Day 2006*

# Back Up

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

(€mln)	2004	2005
Value of Production	1,914	2,046
EBIT	117	166
Margin	6,1%	8,1%
Net Income	41	26
FOCF	89	135
New Orders	3,315	3,230

**Defence Revenues**



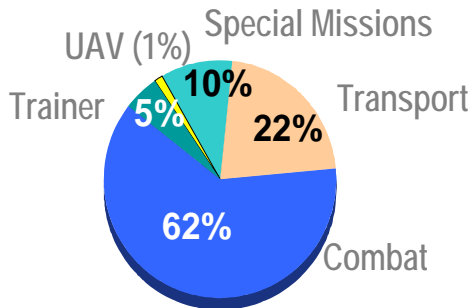
A pie chart illustrating the composition of revenues. A red slice represents 62% of the total, while the remaining portion is shown in grey.

- 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

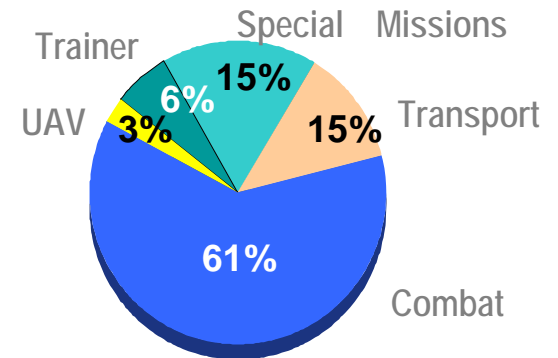
## Last 10 years – aircraft delivery value



€203 B'05 (4500 a/c)

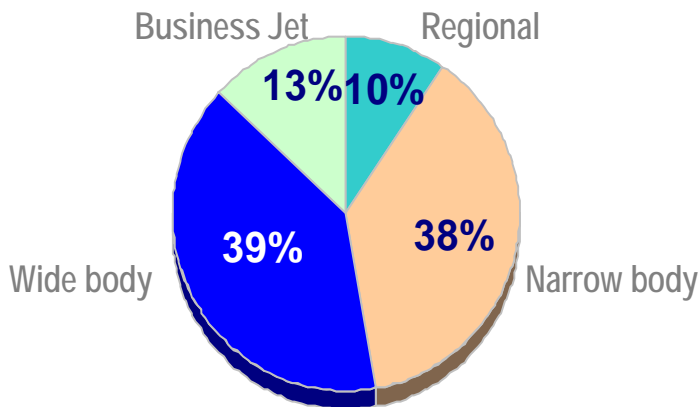
**Defence Market**

## Next 10 years - aircraft delivery value



€338 B'05 (7640 a/c)

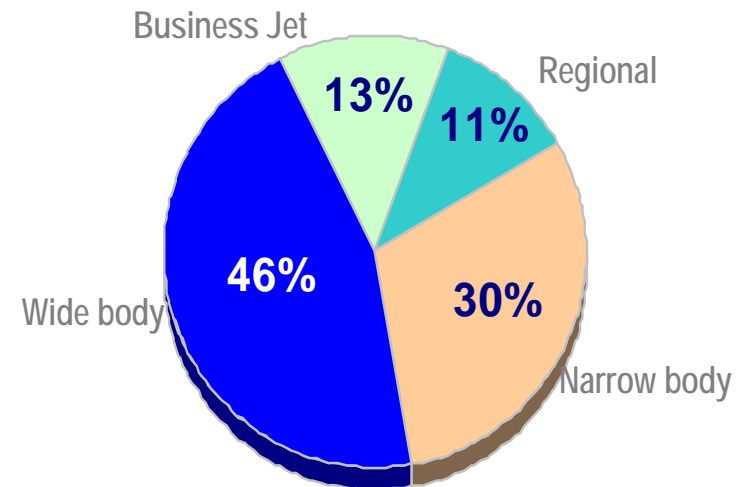
## Last 10 years – aircraft delivery value



€575 B'05 (16100 a/c)

**Civil Market**

## Next 10 years - aircraft delivery value



€775 B'05 (21000 a/c)

# Main programmes: growth through new tenders and export campaigns

## Eurofighter Typhoon



- 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 F-35



- 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

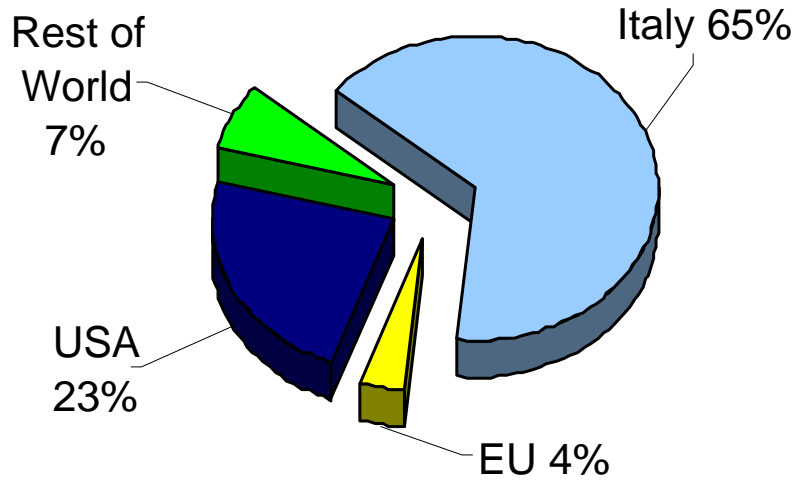
**Composite structures Master, System Integrator and  
Project leader for other Finmeccanica Companies**

- 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

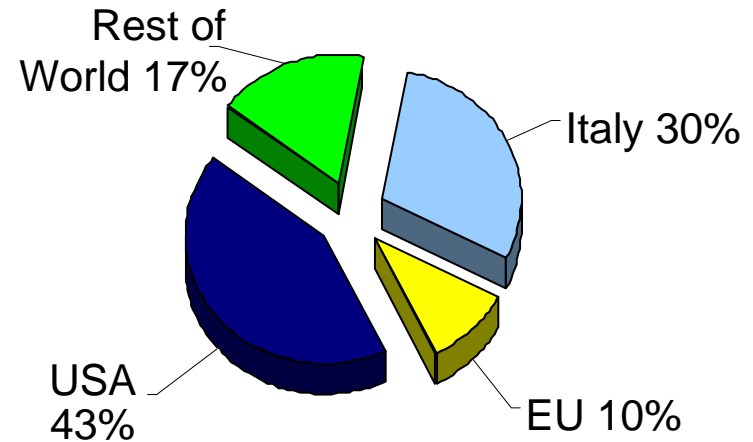


# Backlog is wide and orders are becoming more global...

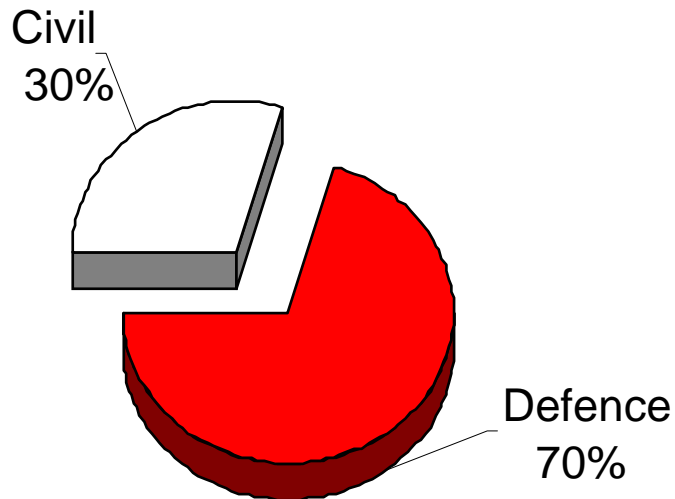
BACKLOG 2005: EUR 6,9bn



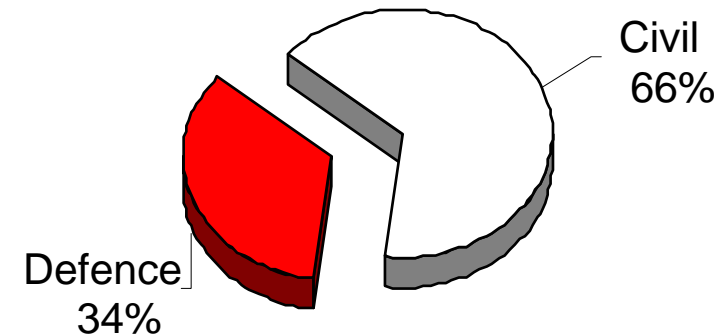
ORDERS 2005: EUR 3,2bn



BACKLOG 2005: EUR 6,9bn



ORDERS 2005: EUR 3,2bn



... balancing defence with high tech civil activity





# Finmeccanica Investor Day 2006



Luigi Pasquali

COO

Telespazio

Business Line	Market Segment	Services
<p><b>Network &amp; Connectivity</b></p> 	<ul style="list-style-type: none"> <li>• Broadcaster</li> <li>• Institutional</li> <li>• Large Account</li> <li>• Business</li> </ul>	<ul style="list-style-type: none"> <li>• Satellite Audio and Video distribution</li> <li>• Satellite networks</li> <li>• Application based services</li> <li>• Multimedia applications</li> <li>• End to end system management</li> </ul>
<p><b>Earth Observation</b></p> 	<ul style="list-style-type: none"> <li>• Public Administrations (National and Local)</li> <li>• Space Agencies</li> <li>• Defence</li> <li>• Int'l Organizations</li> <li>• Business (Oil &amp; Gas, Energy)</li> </ul>	<ul style="list-style-type: none"> <li>• Satellite Data Distribution and VA Products (orthos, DTM)</li> <li>• Mapping, Cadastre, GIS and databases</li> <li>• Agriculture Information Services and Statistics</li> <li>• Aerial Remote Sensing</li> </ul>
<p><b>Satellite Operations &amp; Programs</b></p> 	<ul style="list-style-type: none"> <li>• Commercial</li> <li>• Institutional</li> <li>• Military</li> </ul>	<ul style="list-style-type: none"> <li>• Ground Segment</li> <li>• LEOP</li> <li>• Operation &amp; Maintenance</li> <li>• Ground Segment Infrastructure</li> </ul>
<p><b>Navigation &amp; Infomobility</b></p> 	<ul style="list-style-type: none"> <li>• Institutional Customers</li> <li>• Large Accounts</li> <li>• B2B / B2B2C</li> <li>• Infomobility Services</li> </ul>	<ul style="list-style-type: none"> <li>• Engineering of GNSS based solutions</li> <li>• D-GNSS High Precision VAS services (data analysis)</li> <li>• GNSS augmentation services (DGPS, AGPS, EGNOS data)</li> <li>• Fleet Management</li> <li>• Security</li> <li>• LBS &amp; VAS</li> <li>• Housing &amp; Hosting Services</li> <li>• Operations</li> </ul>

# 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 rely also on the role of Space Services Provider Company received from the Alcatel-FNM Space Alliance

- **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 1<sup>st</sup> and 2<sup>nd</sup> satellites planned in 2<sup>nd</sup> and 3<sup>rd</sup> 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



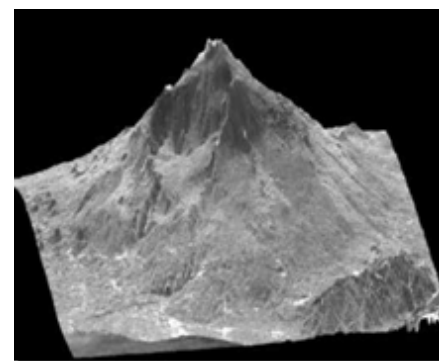
- **World-wide coverage**
- **Operational monitoring services**  
(all weather + day & night acquisitions)
- **High Frequency of Revisit**  
(up to every 4-6 hours)
- **Very High Resolution (1 metre)**



✓ **Maritime Surveillance**  
(Border monitoring, oil spill,  
illegal traffic, ...)

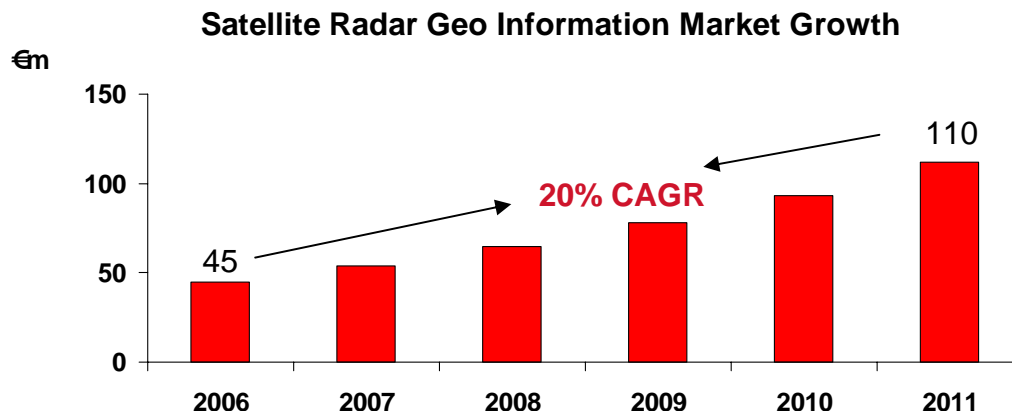
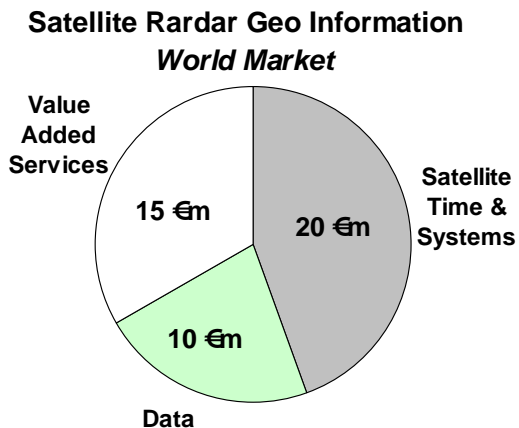


✓ **Natural Hazards**  
(Floods, land slides, earthquakes,  
subsidence, ...)



✓ **Mapping**  
(digital elevation models,  
cartography, forestry, ...)

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



2006 – 45 €m

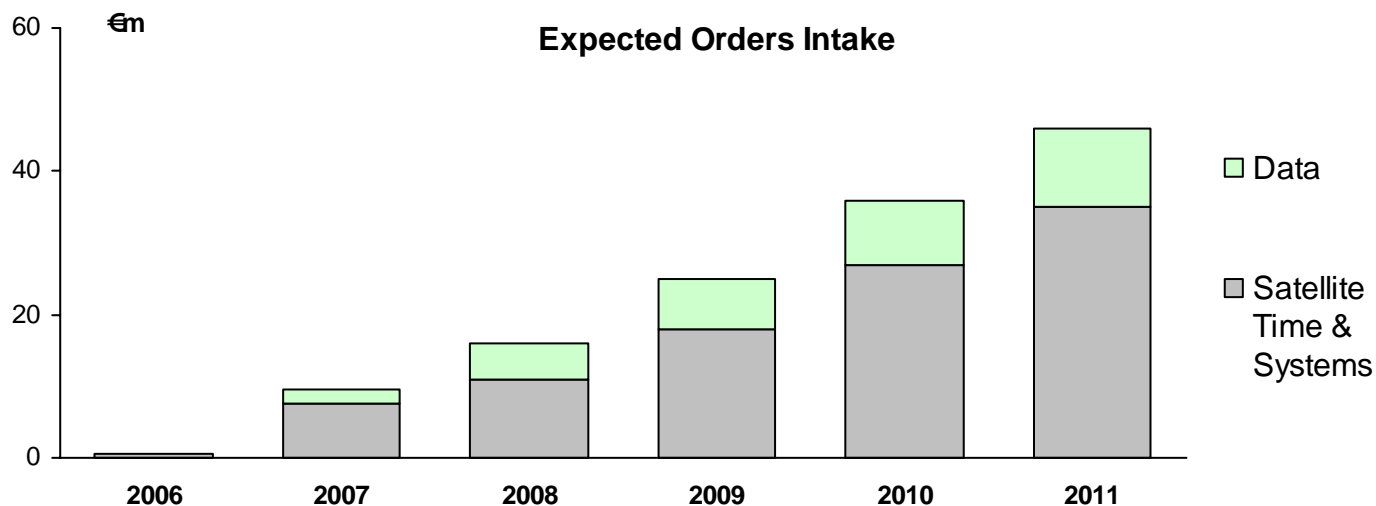
### Market Growth forecast by Product Line

	Satellite Time, Ground Stations, Systems	Data	Monitoring Services	Mapping Services
Defence	+++	+	//	++
Public & Government	+++	+	++	+
VAS Companies	//	++	//	//



## Market Channel Approach by Customer / Product Line

	Satellite Time, Ground Stations, Systems	Data	Monitoring Services	Mapping Services
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)		



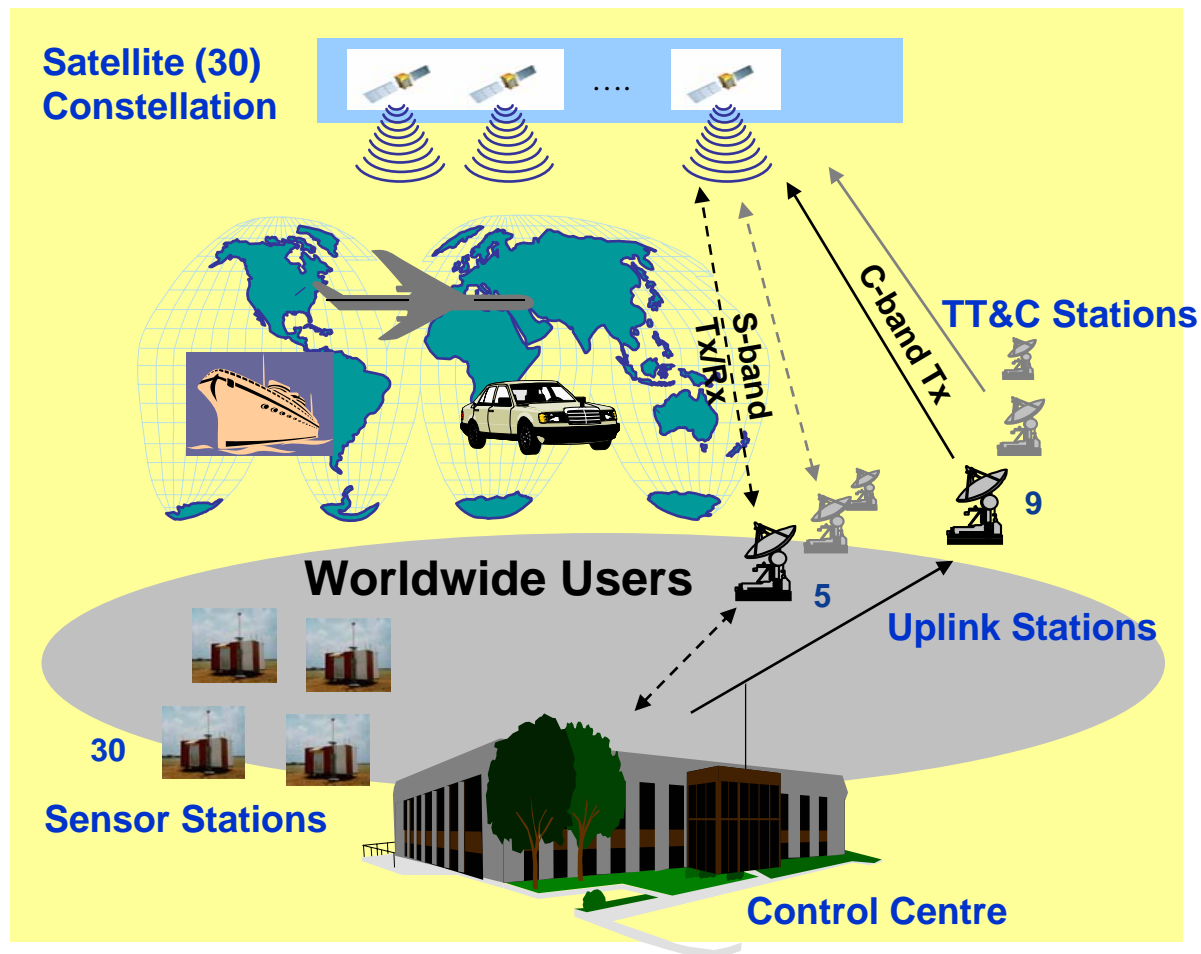
# Galileo: the European GNSS Program

- 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:

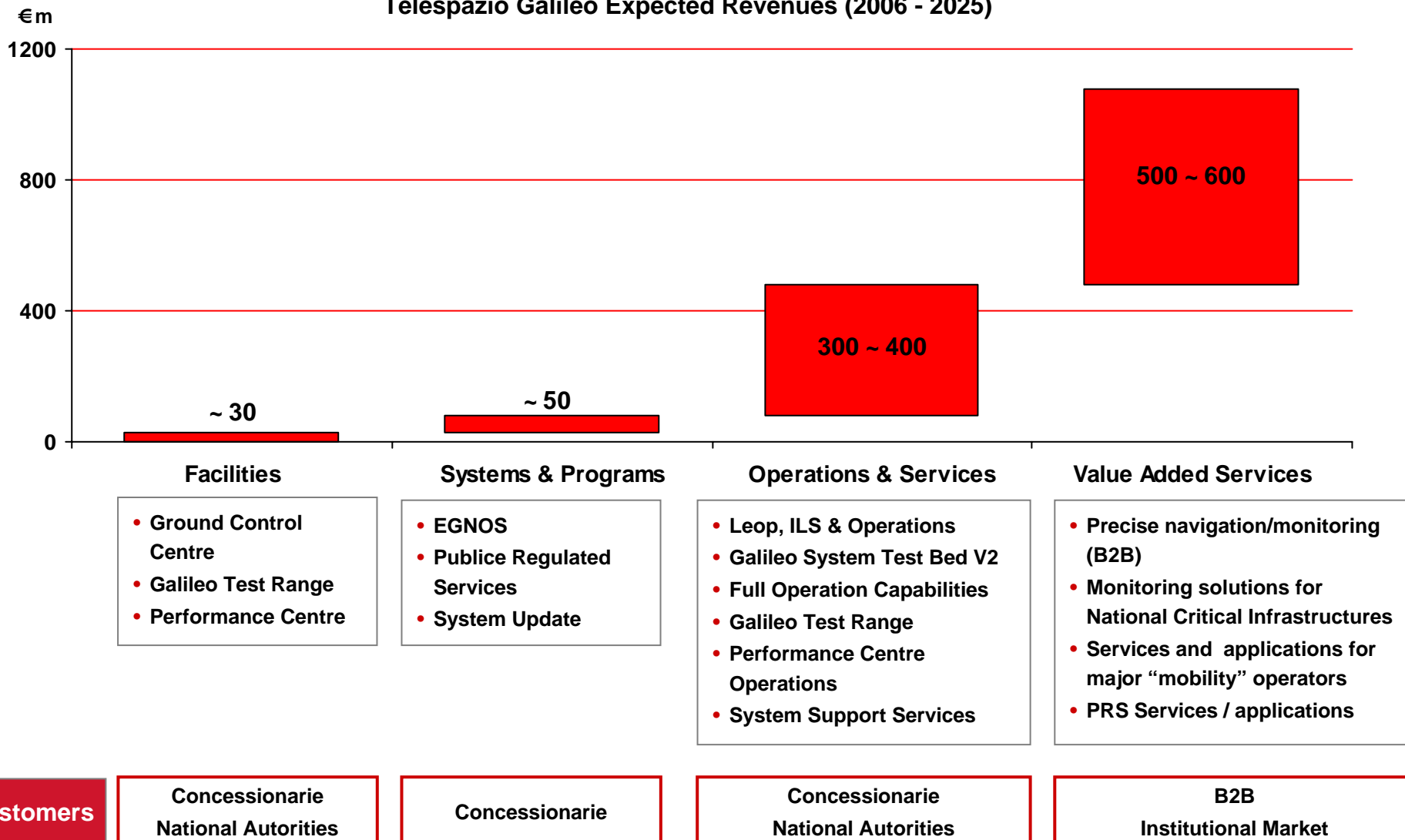
- Owned by European Union
- Built & Managed by the Concessionaire “Galileo Operating Company”
- Operated by an “Operation Company”

- 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

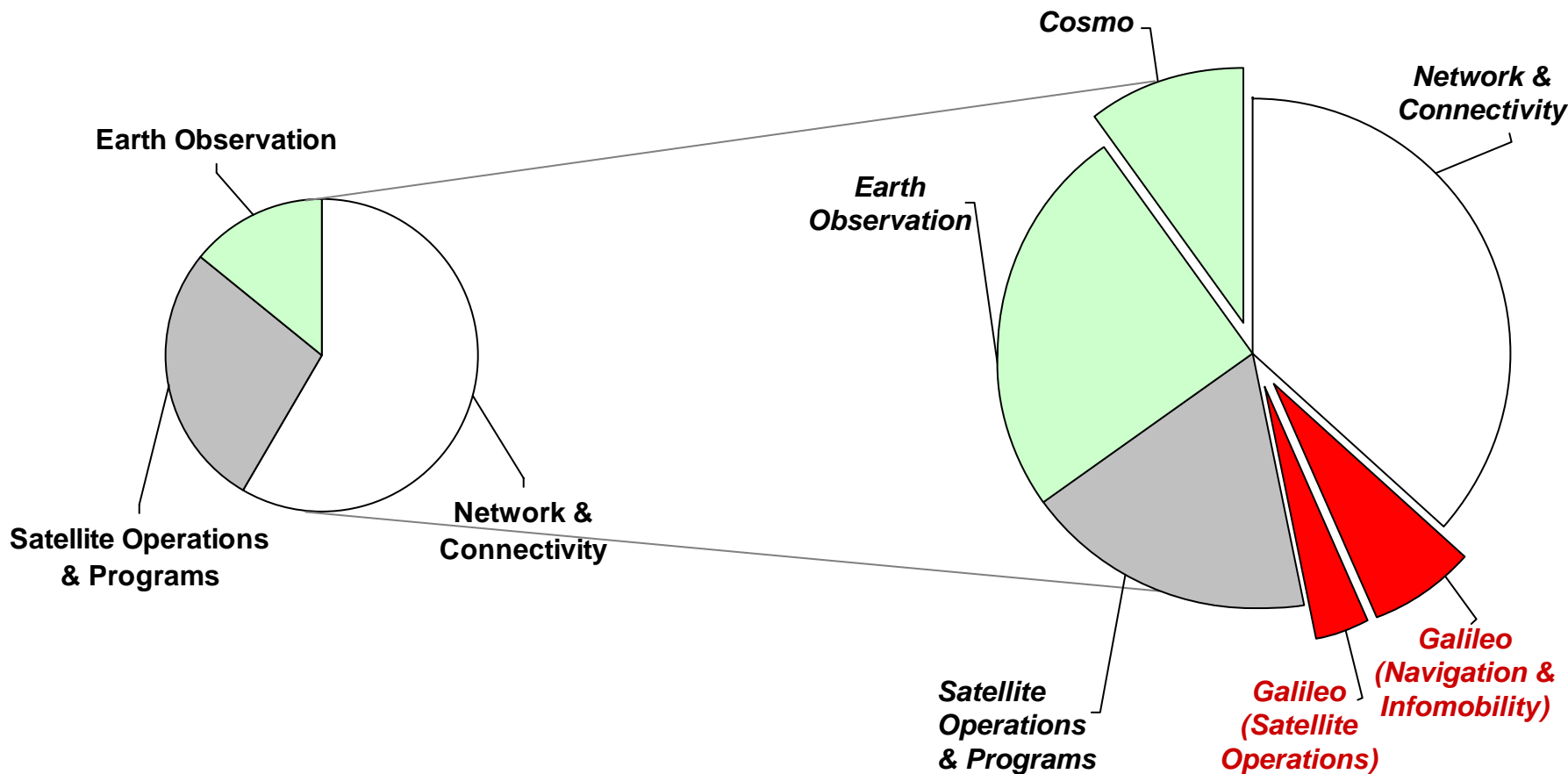
Telespazio Galileo Expected Revenues (2006 - 2025)



# 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**