

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

Giuseppe Orsi, CEO

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



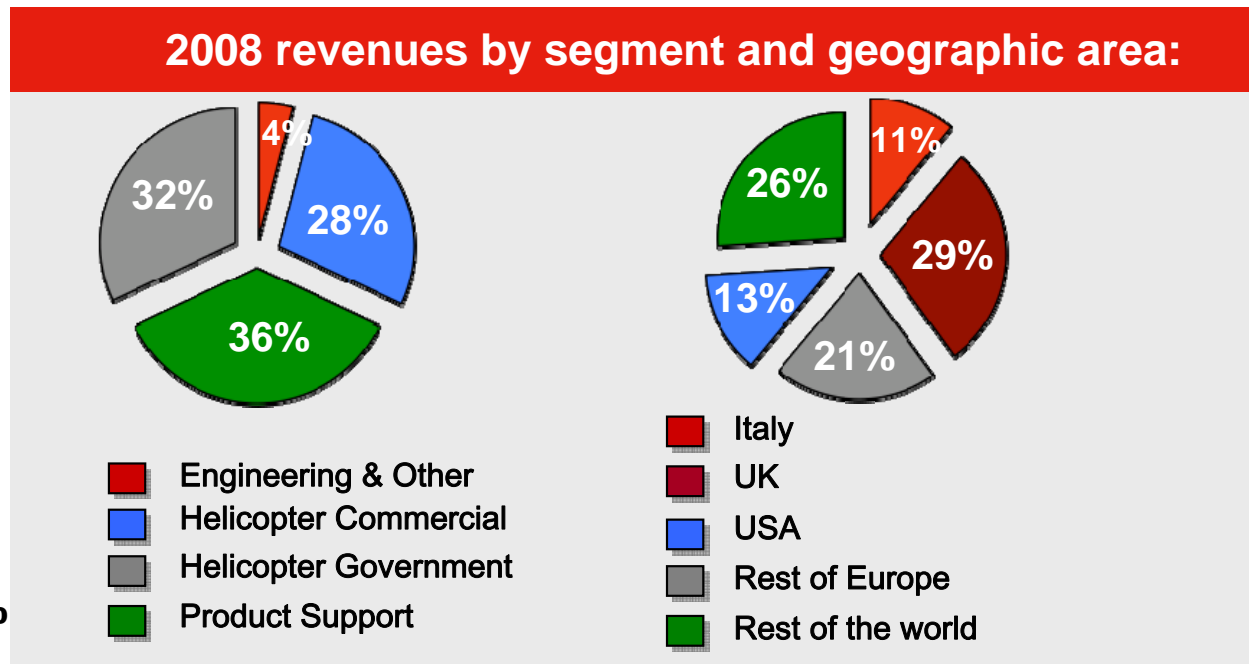
Strong 2008

Record order intake, revenues and backlog

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



(€mln)	FY 08	FY 07
Revenues	3,035	2,980
New Orders	5,078	3,970
Backlog	10,480	9,004
Helicopter Delivered	226	188



✦ **EBITA margin steadily above 10%**

Complete, technologically advanced, new product range

LIGHT

INTERMEDIATE

MEDIUM

MEDIUM/HEAVY

HEAVY



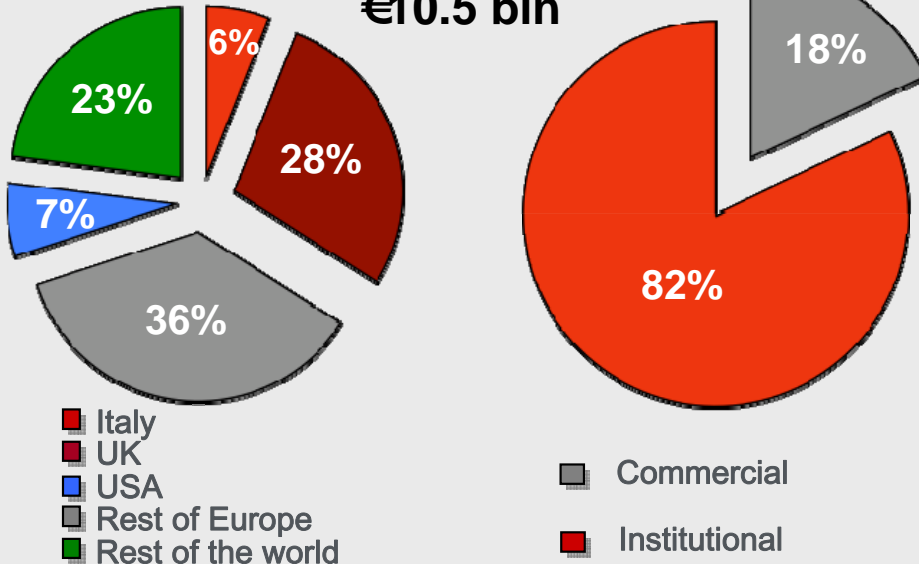
> 4,000 helicopters in service in more than 80 countries

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A strong, diversified Backlog

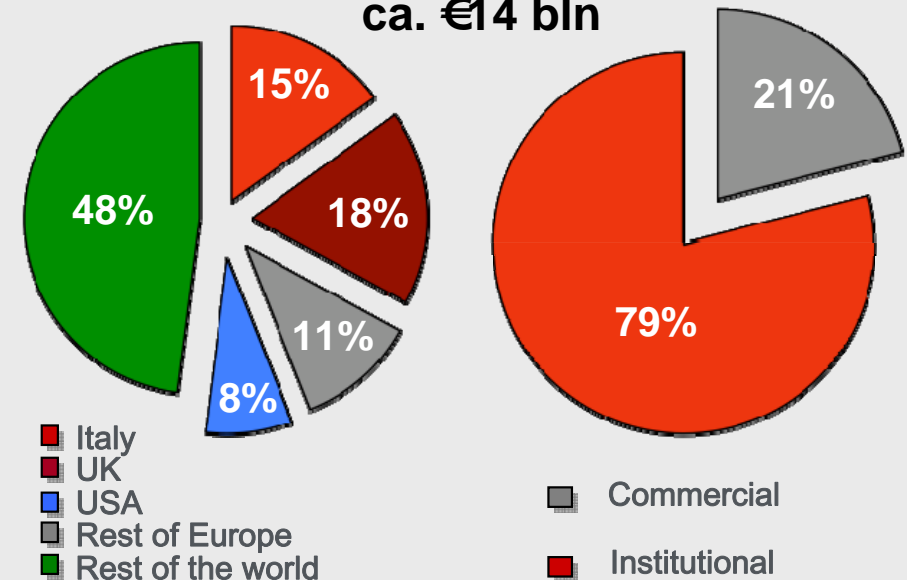
Backlog at 03/31/2009

€10.5 bln



Cumulated Orders 2009 – 2011

ca. €14 bln



Top 5 Programs in Backlog at 03/31/2009

- NH90
- T129 Atak - Turkey
- Integrated Operational Support
- Wild Cat (AW159)
- North Africa (AW101 – Lynx)

➤ Total 47%

Top 5 Programs in Cumulated Orders 2009-2011

- Integrated Operational Support
- CH47 - Italy
- North Africa (A109 LUH – Lynx)
- AW101 India
- NH90

➤ Total ca 28 %

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



✦ **Industrial/commercial presence in the US and recent achievements**

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

✦ **Opportunities in the US**

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

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VH-71 Program Review

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

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

Italy and UK

Strong presence and promising outlook in these 2 domestic markets

Italy

- ✓ 4th largest fleet of military/government helicopters. Ageing fleet, helicopter demanding international deployments
- ✓ Major re-equipment programs confirmed or expected: NH-90 (Army/Navy), CH-47 (Army), AW101 CSAR (Air Force)
- ✓ Future opportunities in AW129 Army fleet upgrade, homeland security/border patrol, military utility programs



UK

- ✓ MoD confirmed full order AW 159 Wild Cat (34 Army, 28 Navy and 12 upgrades) with an increase in the order book of €600 mln
- ✓ 2nd largest fleet of military/government helicopters. Massive, long-term, expeditionary commitment in harsh environment (Iraq, Afghanistan)
- ✓ Existing (Sea King, Merlin) and future (Apache, Wildcat) Integrated Operational Support programs ensure stable, long-term (25 years in 5-year tranches) revenues. SKIOS and IMOS are worth £500 mln each over 5 years
- ✓ Future opportunities in medium-lift, training, life and capability extension programs



Well positioned to satisfy worldwide demand for Rotorcraft and related services

✦ Rest of Europe

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

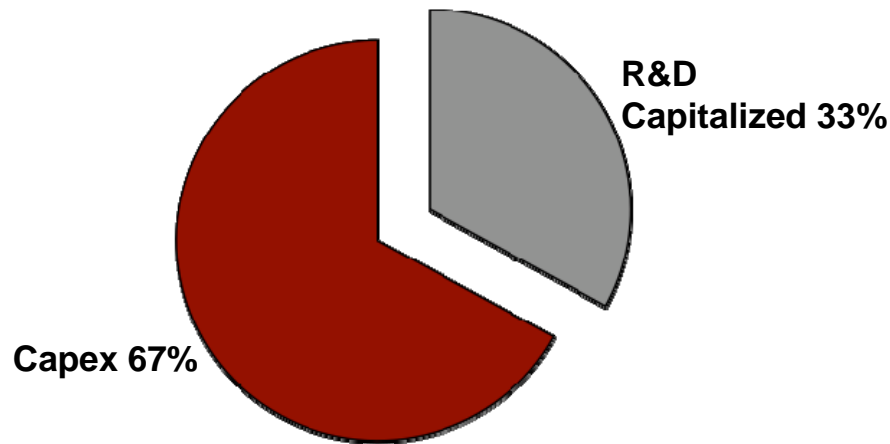
✦ Rest of the world

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



Committed to investing for the present and the future

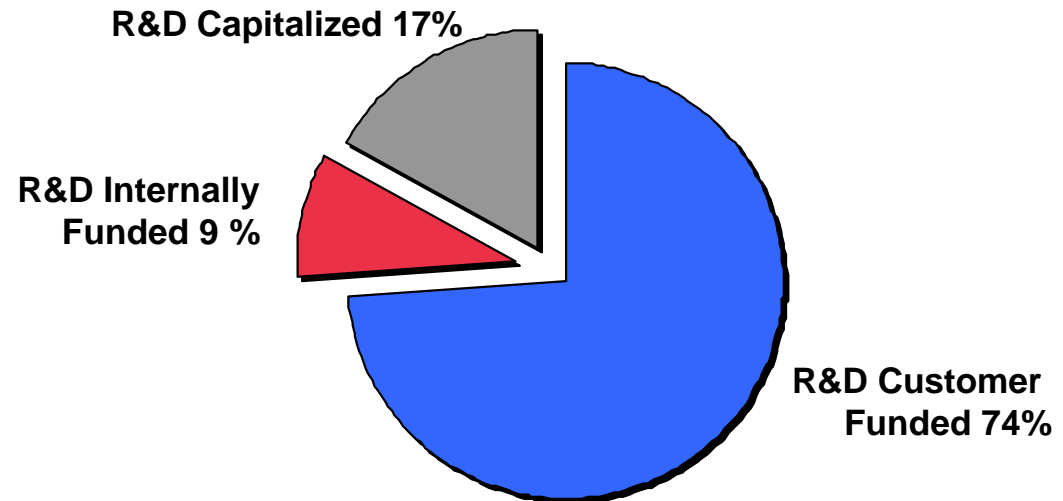
Total Investments 2009-2011 €636 mln



Main Programs for Capex

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

Total R&D 2009-2011 €1,203 mln



Main 3 Programs for Total R&D

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

Facing the crisis proactively

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

- ✦ Launched a series of initiatives to sustain sales and minimize impact on cash flow of the expected slow down in the commercial market including
 - ✓ **Partnerships with primary financial institution to support commercial customer**
 - ✓ **Accelerated deliveries to customers/ programs in money**
 - ✓ **Maintaining dynamic and flexible production capabilities**



Aeronautics:

Building an industrial and commercial presence in civil and military sectors

Giovanni Bertolone, CEO,
Alenia Aeronautica

Giuseppe Giordo, President &
CEO, Alenia NA

Strong role in Defense and Commercial Aeronautics

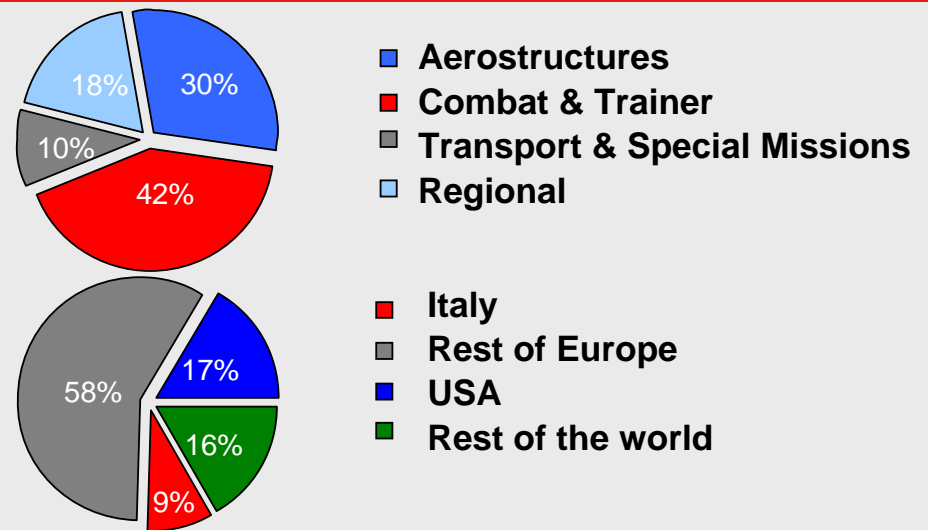
Alenia Aeronautica is a major global player with capabilities in system development and integration

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



(€mln)	FY 08	FY 07
Revenues	2,530	2,306
New Orders	2,720	3,104
Backlog	8,281	8,248

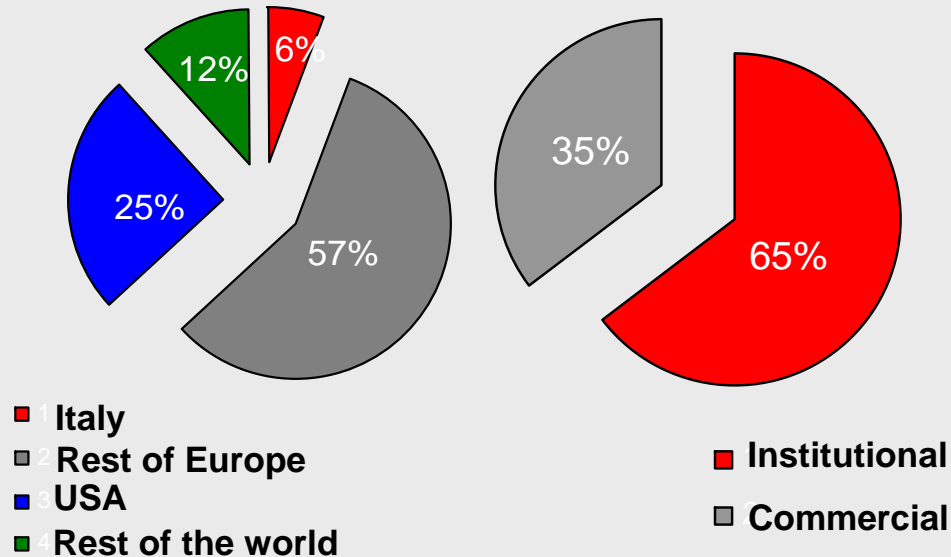
2008 Revenues by segment and geographic area:



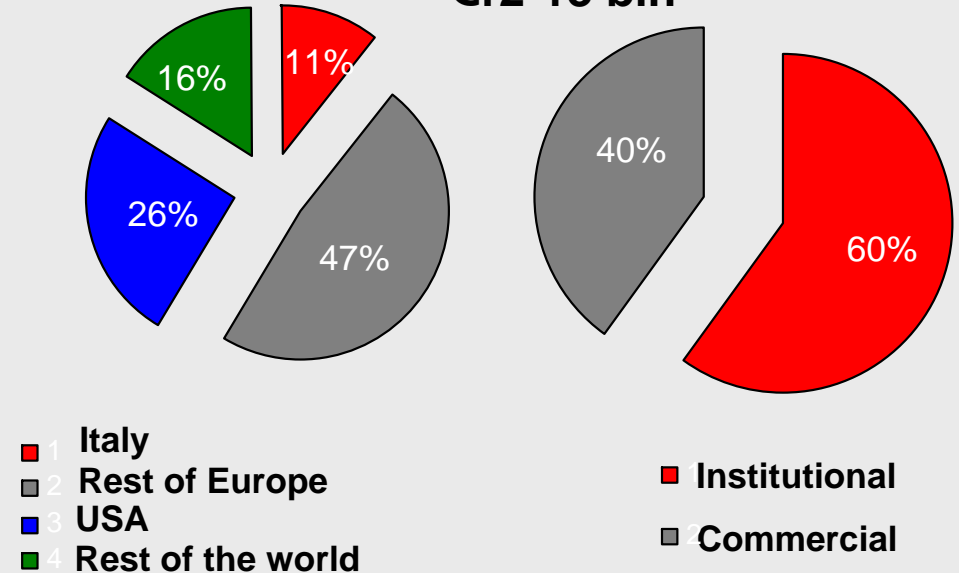
✦ EBITA sustainable in double digit range

Backlog and new business pipeline support Aeronautics' flexibility and accountability

Backlog at 03/31/2009
€8.2 bln



Cumulated Orders 2009 – 2011
~ €12-13 bln



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

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

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

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

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Product portfolio with strong commercial fit drives Aeronautics growth

Italy

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



Rest of Europe

- ✓ EFA T3: the order will be divided into two main blocks:
 - T3 Block 1 for 112 a/c is expected in 2009
- ✓ EFA export campaigns (Switzerland, Romania, Bulgaria, Croatia)



- ✓ C27J Slovakia



- ✓ Regional ATR 72/42, Superjet-100



- ✓ M346 Greece



A portfolio of important acquisitions

- **already in advanced negotiations**

- **with geographically diverse customers**

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Product portfolio with strong commercial fit drives Aeronautics growth

United States

- ✓ JCA Program
- ✓ B787



Rest of the world

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



A portfolio of important acquisitions

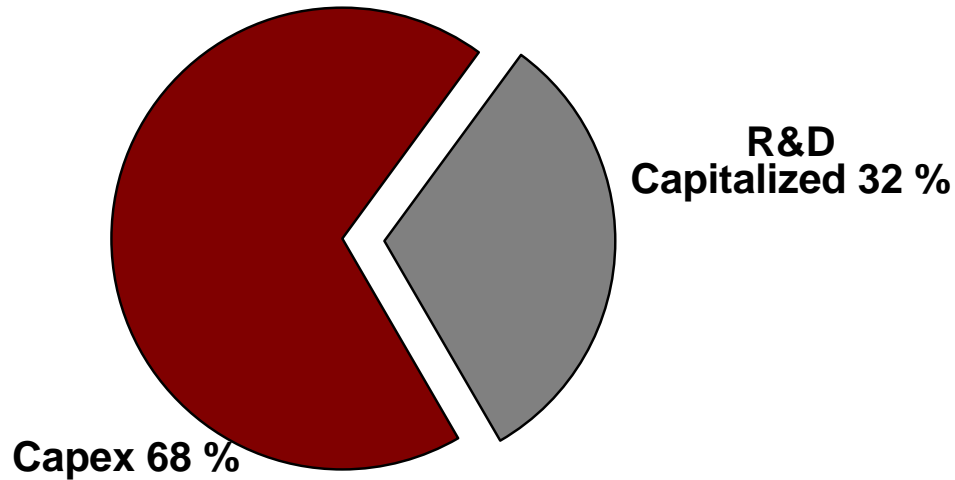
• **already in advanced negotiations**

• **with geographically diverse customers**

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Investing in enabling products and technologies for innovation

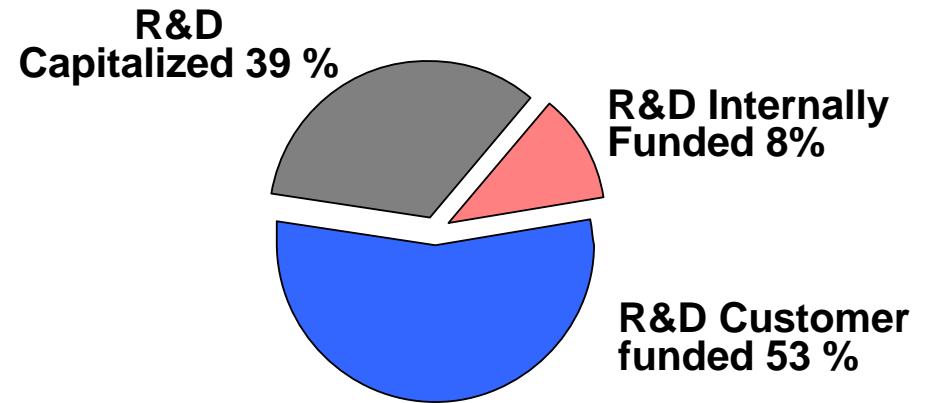
Total Investments 2009-2011 ~ €1.3 bln



**Main 5 Programs
~ 65% of total capex**

- Boeing 787
- M346
- C-27J
- UAV
- EFA

Total R&D 2009-2011 ~ €1,050 mln



**Main 5 Programs
~ 85% of total R&D**

- M346
- Boeing 787
- C-27J
- Special Missions
- EFA

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Accountability, flexibility and technology are the shield against current financial crisis

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

Strong visibility based on a robust order backlog and order intake

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

Industrial flexibility driven by product, program and geographic diversification

- ✓ Diversification of programs (in terms of both life-cycle and capability required)
- ✓ High investment level in programs at advanced stages of negotiation with customers in divers markets

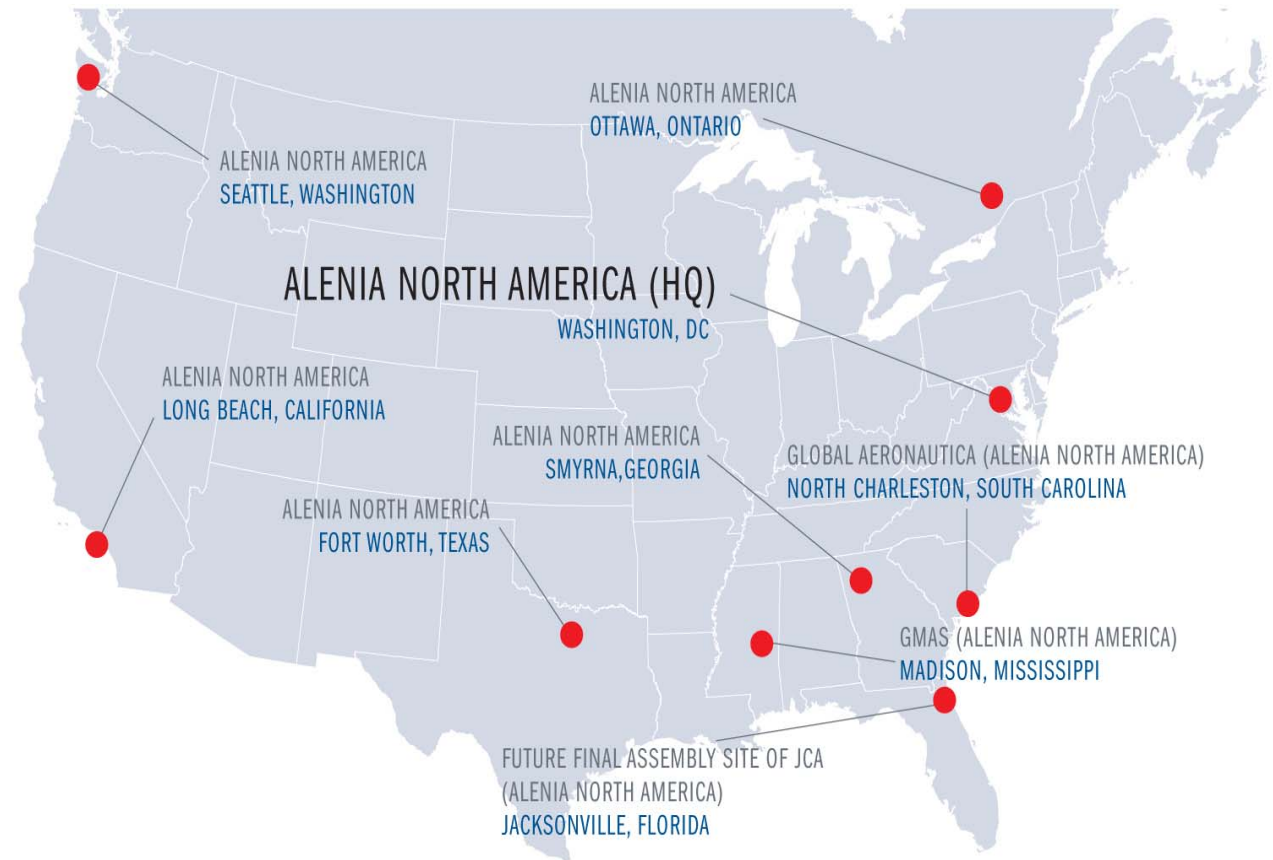
Reorganization of company already completed

- ✓ Alenia has implemented a new organization structure aimed at providing every business unit with all necessary “management tools” to face the industrial and commercial challenges

Presence in the US today

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

- ⇒ Focused on
 - ✓ Managing industrial assets and introducing new products in the US and Canada
 - ✓ Dedicated to expansion of the industrial and commercial presence of Alenia/controlled companies in North America
- ⇒ Strong employment growth, (doubled in the past 3 years)
- ⇒ Alenia procures over \$500 mln from US suppliers each year



Wide and integrated industrial network covering commercial and military requirements

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Contractual roles, joint ventures & teaming agreements

✦ G222 ANAAC Program

- ✓ Prime contractor with U.S. Air Force



✦ U.S. Army & U.S. Air Force Joint Cargo Aircraft (JCA) Program

- ✓ **Global Military Aircraft Systems (GMAS)**, JV with L-3 Integrated Systems

✦ Boeing 787 Program

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



✦ Joint Strike Fighter

- ✓ Alenia North America provides engineers for Lockheed Martin-led IPTs



✦ Canadian Air Force Fixed Wing Search and Rescue (FWSAR) Program

- ✓ **Team Spartan** with L-3, Rolls-Royce and Honeywell, Dowty



Current US programs: JCA and G222 ANAAC

JCA



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

- ✓ JCA 3 - JCA 6 on schedule for on-time delivery – Jan '10 – Oct '10
- ✓ JCA 7 – JCA 13 ordered in Jan '09 – deliveries Jan' 11 – Dec '11
- ✓ Full Rate Production decision and Initial Operational Capability end of FY2010

G222 ANAAC



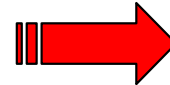
- ✓ Alenia North America is prime contractor for the G222 Afghan National Army Air Corps (ANAAC) Italian Air Force aircraft re-acquired by Alenia Aeronautica under AMI C-27J contract
- ✓ The aircraft will be refurbished and modified, with major upgrades to communication and navigation systems and ballistic protection for the cockpit

- ✓ 18 aircraft to be delivered to the U.S. Government within two year period to support the U.S. Government's transition efforts and the organic development of Afghan capability in Kabul
- ✓ First aircraft will be delivered in 3Q 2009 (one year after contract award) with 3 more aircraft by the end of 2009. (Additional order for two aircraft expected in 2009)

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



☀ **C27J: Gunship and SAR Mission System**



☀ **M346: Replacement of USAF T-38 Advanced Jet Trainer (470 in service)**



☀ **UAV development as a result of DRS' strong position in the defense electronic sector.**



☀ **ATR Special Mission Variants: Boarder Patrol System**



The Ideal Commercial and Technological Fit for Finmeccanica

Providing Direct Access to the US Customer

Mark S. Newman,
Chairman and CEO

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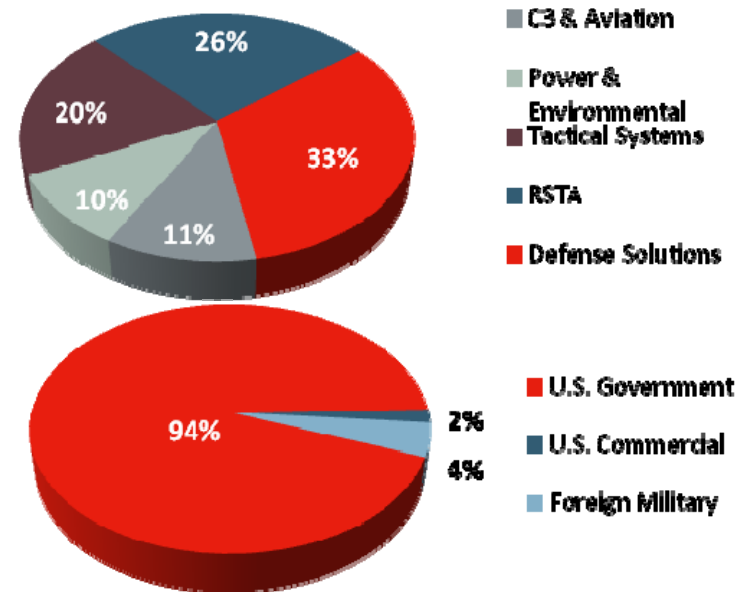
DRS is dynamic and adaptive

- Leading supplier of defense technologies, services and support to military forces, intelligence agencies and prime contractors worldwide
- Well aligned with top US Department of Defense (DoD) priorities
- Highly diversified business
- Established footprint on key military platforms
- First quarter results above plan

\$US mlns	Proforma 2008	1Q 2009
Revenue	\$3,893.5	\$972.8
New Orders	\$3,738.3	\$1,446.6
Backlog	\$3,334.9	\$3,808.7

EBITA margins above 10%

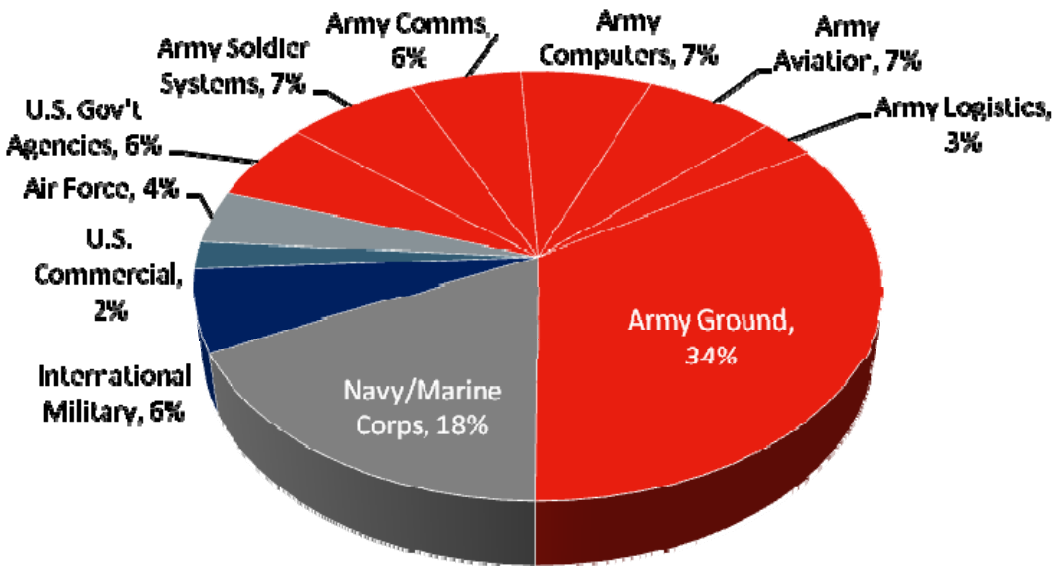
2008 Revenue by Group and Geographical Location



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Strong business pipeline provides stability

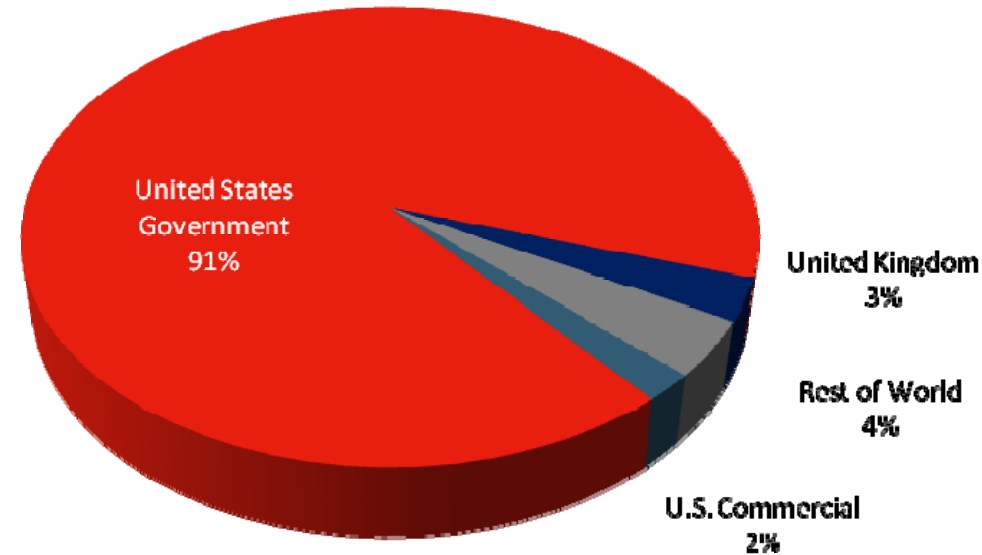
Funded Backlog by Customer at 03/31/2009 \$3.8 bln



Top 5 Programs in Funded Backlog ~20% of Total Funded Backlog

- ⇒ Joint Battle Command-Platforms
- ⇒ Driver Vision Enhancer
- ⇒ Improved Bradley Acquisition Subsystem
- ⇒ Defense Comms & Army Transmission System
- ⇒ Thermal Weapon Sights

Cumulative Bookings 2009-2011: \$11.2 bln

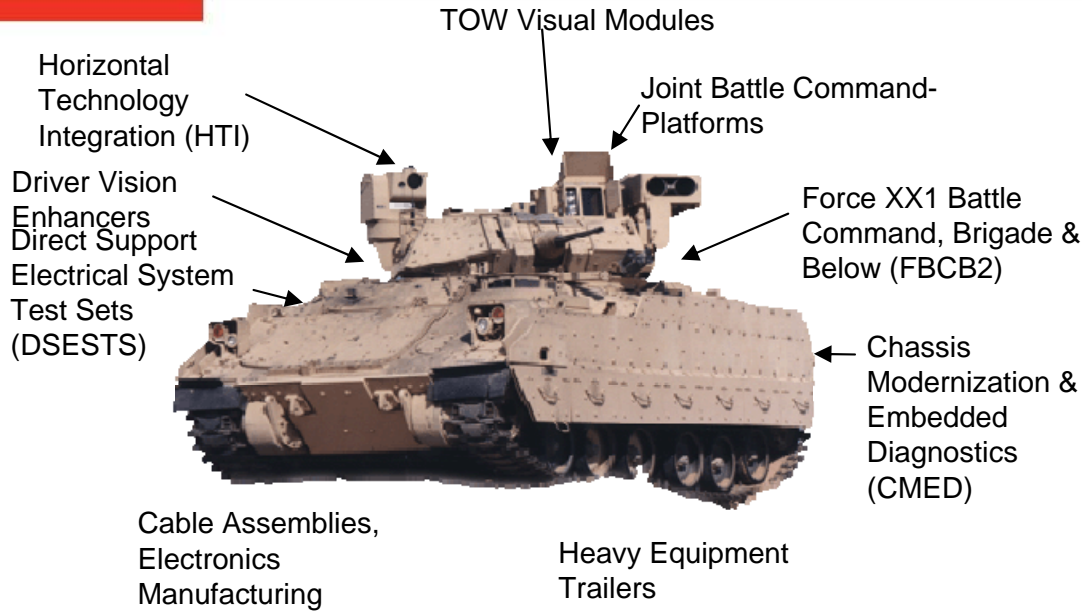


Top 5 Programs in Cumulative Bookings ~10% of Cumulative Bookings 2009-2011

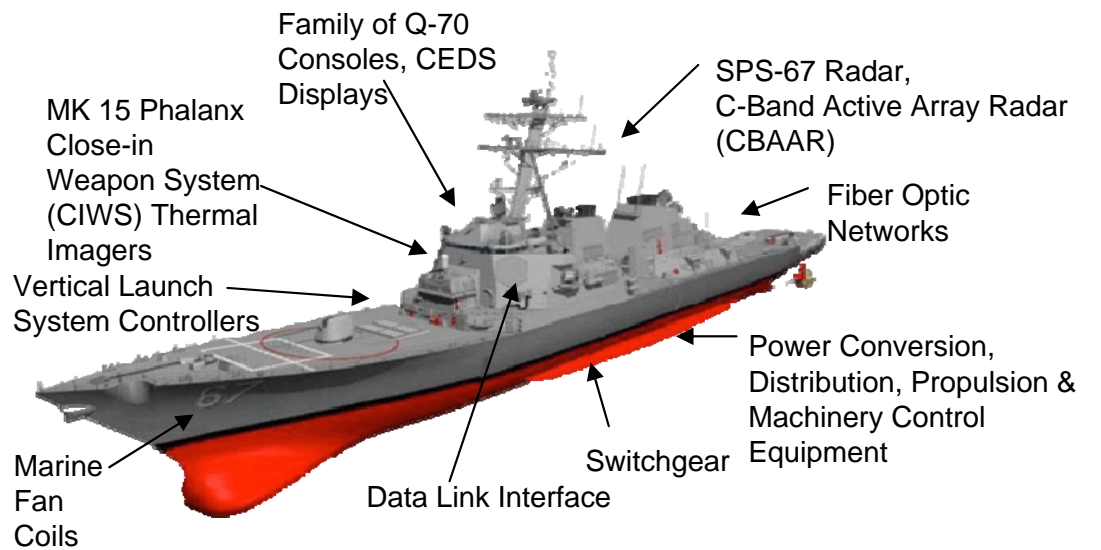
- ⇒ Mast Mounted Sight
- ⇒ Improved Bradley Acquisition Subsystem
- ⇒ Joint Battle Command-Platforms
- ⇒ Defense Comms & Army Transmission System
- ⇒ Thermal Weapon Sights

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DRS's established footprint on key platforms drives future growth



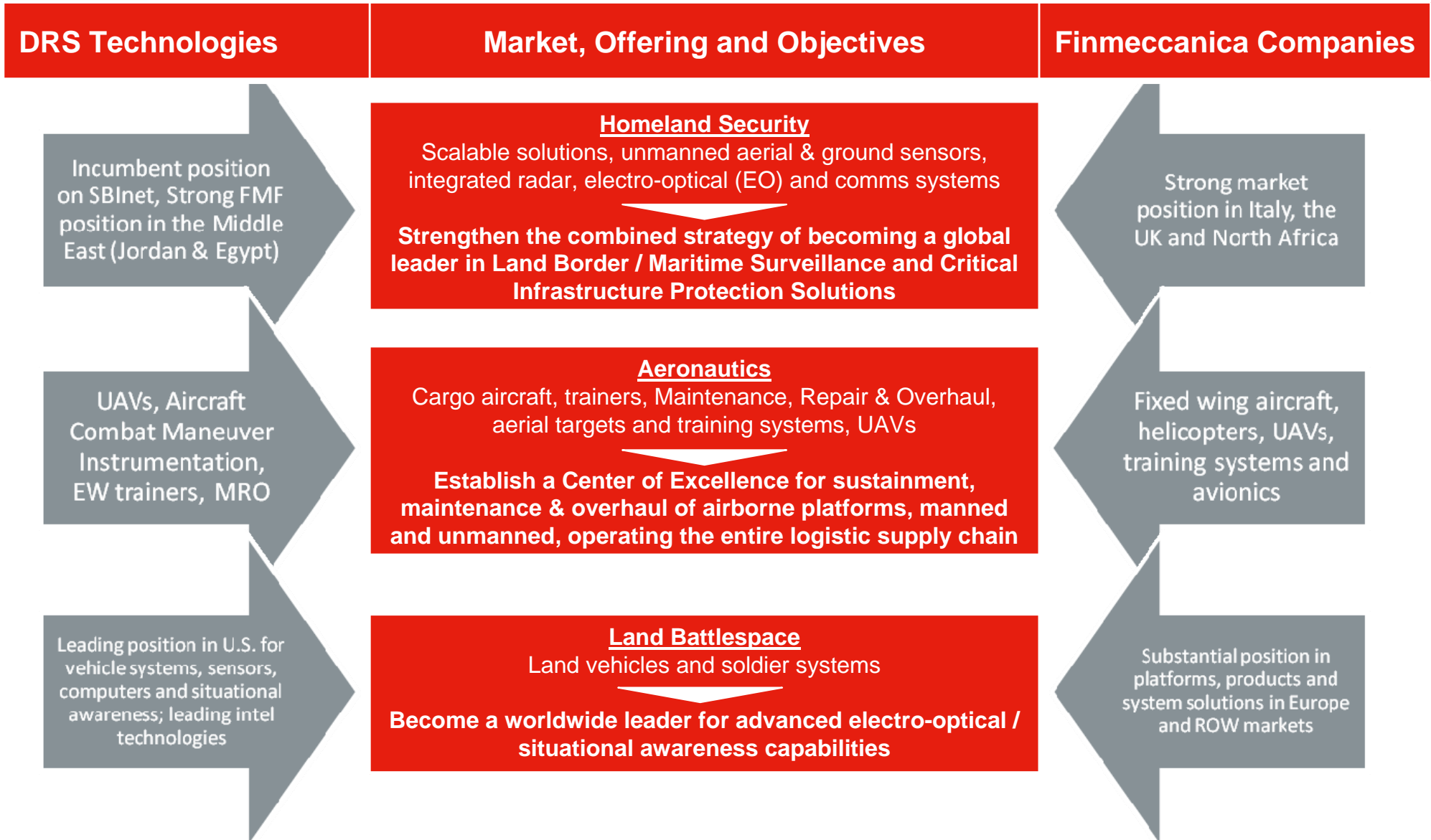
- \$18 bln per year for the next five years is expected to be spent on equipment reset
- Modernization/technology insertion of current force is increasingly important due to continuing combat operations and funding changes to FCS program
- Reset and modernization initiatives represent a multi-bln opportunity



- US Navy shipbuilding program calls for 79 new ships over the next seven years
- The shipbuilding program represents a \$1.5 bln addressable market for DRS

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Strategic business goals developed around complementary capabilities



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Joint business development initiatives underway and bearing early fruit



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

Examples of early achievements:

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

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

Major initiatives in US and worldwide:

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

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

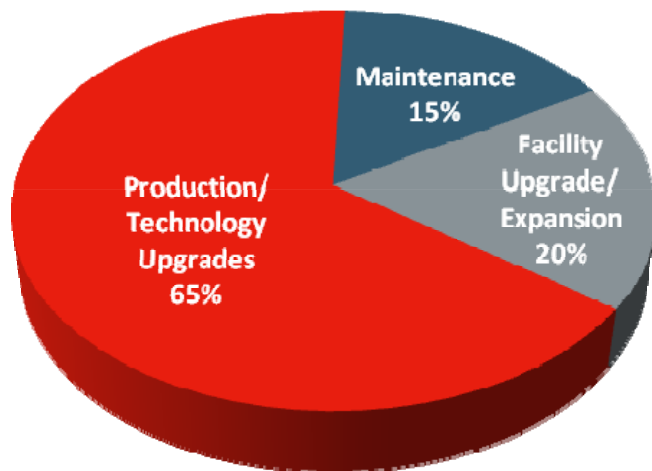
Other areas already addressed:

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

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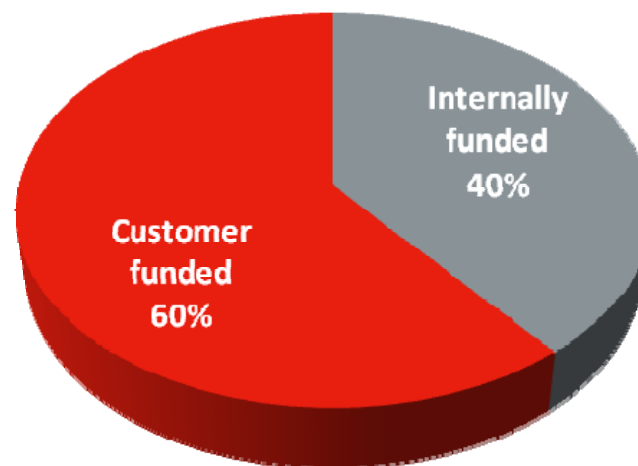
Discretionary investments are strategically focused on future growth

Cumulative CAPEX 2009-2011: \$290 mln



- ⇒ Production/technology upgrade Capex is complementary to strategic R&D investments
- ⇒ Facility Upgrade/Expansion Capex targets growth areas such as Aviation Maintenance, Repair and Overhaul (MRO) that are complementary to Finmeccanica core competencies

Cumulative Research & Development 2009-2011: \$733 mln



- ⇒ Research & Development expenses will total approximately 7% of annual revenue over the next three years
- ⇒ Discretionary investments focused on growth areas such as Border Security, Intelligence, Surveillance & Reconnaissance (ISR), and Power Technology

DRS is aligned with emerging DoD priorities



☼ Secretary of Defense Gates' Objectives

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

☼ Potential Funding Outcome

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

☼ DRS Impact

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

DRS is well-positioned to compete in this reprioritized marketplace

Facing the global financial crisis

- ✦ The global geo-political environment has an overriding influence upon our military customer. Resulting operational commitments will be supported in spite of economic hardships.
- ✦ More prudence in the spending of US defense dollars is occurring as a result of the global financial crisis.
- ✦ The defense industry represents a significant part of the industrial base in the US, therefore Congress will want to balance maintaining current job levels with DoD budget requests and equipment needs.
- ✦ DRS programs are expected to be well funded in response to world-wide commitments and emergent requirements.
 - DRS has a solid business pipeline of \$3.8 bln in funded backlog
 - DRS has minimal exposure to large platform cuts
- ✦ Strong customer support and program diversity combined with an established footprint on the current force mitigates impact of possible future changes in funding of new programs/platforms.

Balanced and diversified - DRS is well positioned in the sweet spot of the DoD budget



- DRS supports both the current force and future force, thus changes to new platform builds should be neutral as spending on modernization of the current force increases.
- US DoD commitment to equipment reset remains robust.
- Forecasted increase in troop strength supports our position as a leading provider of soldier systems and sustainment systems.
- Global focus on irregular warfare and homeland security creates new opportunities.
- Leveraging Finmeccanica's existing infrastructure in select countries allows DRS to grow its international presence more quickly and cost efficiently.

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