Finmeccanica Investor Day 2006

Remo Pertica

Co-Chief Operating Officer

Defence Overview

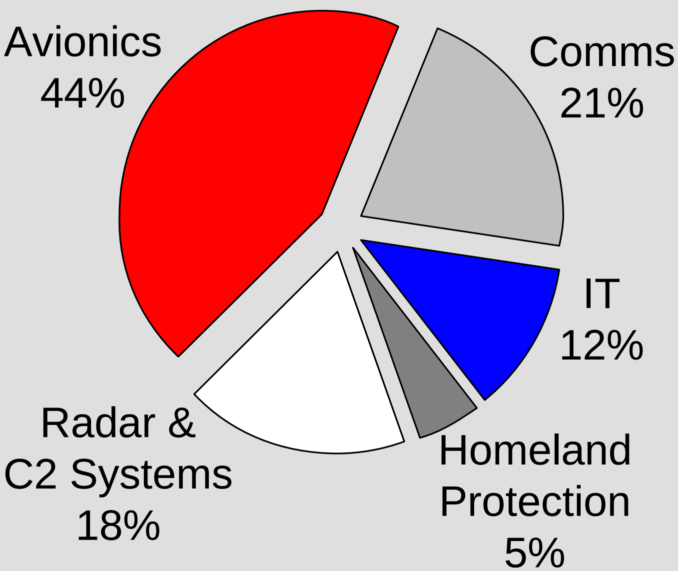
FINMECCANICA

KEY FIGURES 2004-2005

Defence Electronics

(€mln)	2004	2005	%change
Revenues	2,073	3,324	60
EBIT	155	269	74
Margin	7.5%	8.1%	
Orders	1,931	4,627	n.s.
Backlog	2,857	6,946	n.s.

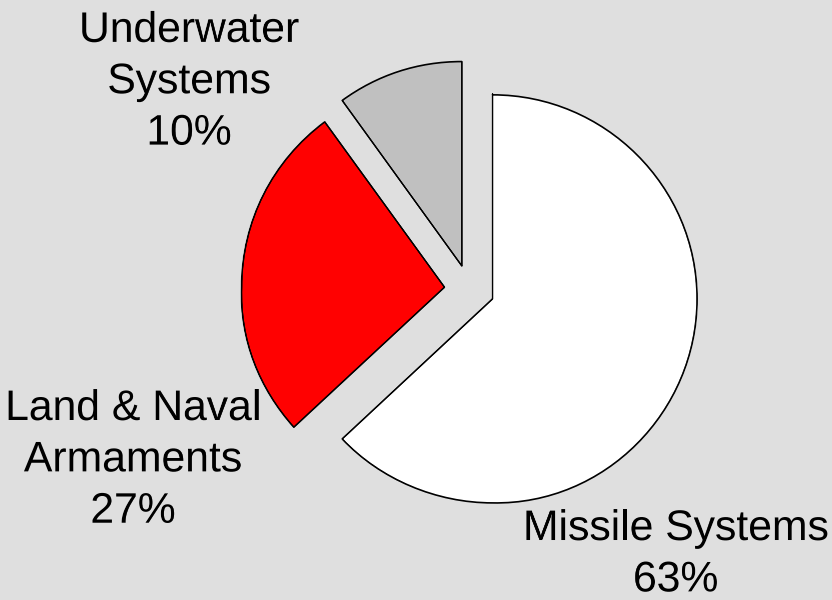
2005 Revenues



Defence Systems

(€mln)	2004	2005	%change
Revenues	1,145	1,154	1
EBIT	97	112	15
Margin	8.5%	9.7%	
Orders	810	763	(6)
Backlog	4,115	3,869	(6)

2005 Revenues



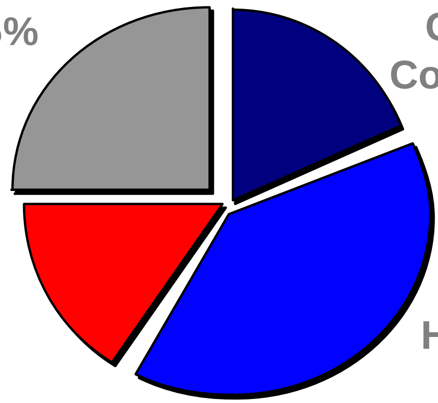
World Markets & Trends

FINMECCANICA

World Defence Electronics Market 2005

Tot. 90 B€

CAGR 2005-2010 +7%



Defence Electronics will account for ever increasing share of Defence Budgets

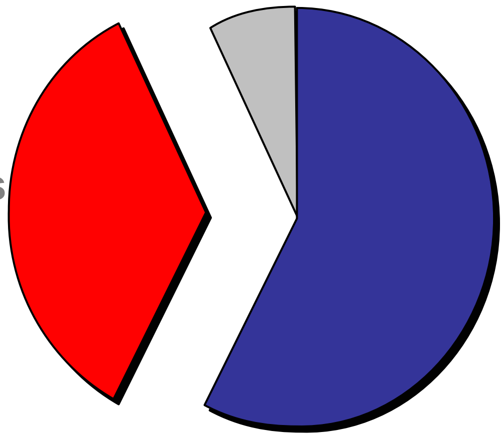
Trend Drivers

- Growth in **avionics** due to additional capability insertion on operational platforms (EFA, helicopters) and advanced, open architectures systems for last generation aircraft (JSF)
- New requirements for **self-protection**, both for military transport and for commercial aircraft
- *Network Enabled Capability* to increase operational effectiveness is requiring **Large Systems** as well as new **sensors** to deliver solutions to the customer and to optimise the *sensors to effectors* chain
- **Communication** demand, both military, institutional and professional, will be driven by a technological transformation enabling continuous needs of interoperability and security and ensuring the connectivity for the information superiority requirements
- **Homeland Protection** market will enter a consolidation process that will reward companies characterised by adequate size and technological skills

World Defence Systems Market 2005

Tot. 25 B€

CAGR 2005-2010 +2%



"Boots on the ground" will re-affirm the importance of Defence Systems in out of area operations

Trend Drivers

- **New requirement for advanced Missile Systems**, mainly for extended air-defence against ballistic and cruise missiles and for precision attacks within *out of area* missions
- Wider needs for **advanced protection systems** for armoured vehicles involved in urban warfare operations and for multi-role turrets
- **Land vehicles insertion into advanced Net-centric Systems** (FCS, FRES, BIT programmes)
- New technological developments for **land combat to increase the *situation awareness* capability**
- New demand for **underwater harbour surveillance and protection systems**, for Vessel Traffic Control and Anti-torpedo Protection systems for surface ships

Selex SAS

FINMECCANICA

Key Data*

	2005 *
Revenues	1,461
Orders	2,370
Backlog	4.040

Airborne Solutions
Integration of Avionic Capabilities on Platform

Radar
E-SCAN
(Grifo, Captor E, Seaspray)

Typhoon **JSF**
FRES **BIT** **AGS**

EW
Defence aid Suites
(HIDAS, DASS)

E-O Battlespace
(Airborne, Land/Naval, Missile Seeker)

Key profitability actions

- Eur 50 mln annual benefits of additional EBIT by 2008 expected from integration of Italian and UK businesses
- Cost saving & containment

*IAS *New avionics activities acquired from BAE Systems consolidated starting from 1/05/05*

Selex Sistemi Integrati

Key Data*	
	2005*
Revenues	600
Orders	855
Backlog	1,391

ATMAS

Homeland Protection Systems (VTMS)

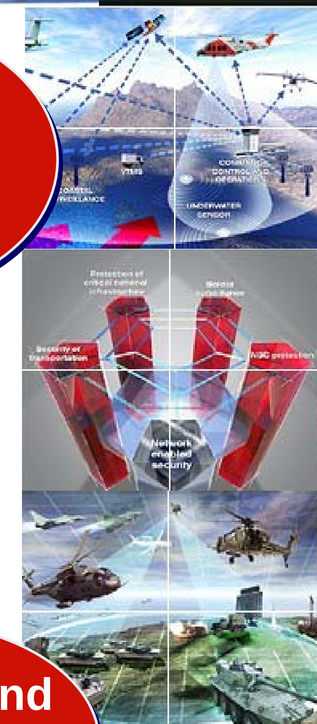
NCW/NEC BIT

Border Surveillance

Sensors & C2

Radar & Naval Systems Combat Mgt & Fire Control Systems

Radar & Land Systems Fixed & Deployable Air Defence



Key profitability actions

- Efficiency projects to improve management of tender offer processes (technological database, management projects of LCM & PC, CMMI)
- Efficiency programmes to improve management of tender offer processes (supply chain, risk management)
- Cost saving (IT, power)

** Pro-forma 12 months Selex Sistemi Integrati*

Selex Communications

FINMECCANICA

Key Data*

	2005*
Revenues	684
Orders	790
Backlog	868

Key profitability actions

- Restructuring plan under consideration (downsizing of industrial & corporate structure, reorganisation of production processes, launch of efficiency activities, externalisation of non core activities)
- Contain G&A costs

*IAS *New comms asset activities acquired from BAE, consolidated starting from 01/05/05*

Elsag/Datamat

FINMECCANICA

Key Data*	
	2005*
Revenues	537
Orders	728
Backlog	787

Information Technology

Automation

Security
Physical & Electronic Protection (Biometric, Car plate Detector, Baggage Handling)

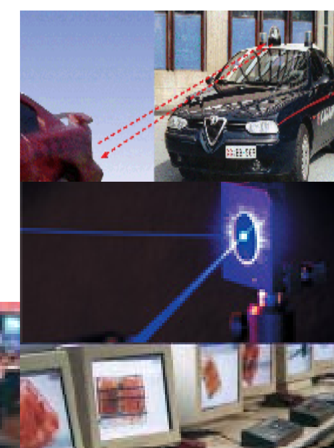
JSF
Typhoon
NH 90
BIT
EH 101
FREMM
Postal Systems
TCL Operators

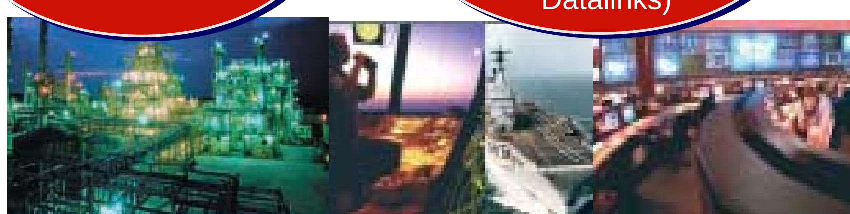
Integrated Logistics

Defence&Space
(Mission Planning, Datalinks)

Key profitability actions

- Target of Eur 25 mln of additional EBIT by 2008 from the industrial plan guidelines for the integration of Datamat and Elsag.
- Cost savings (reduce number of legal entities, procurement, G&A)

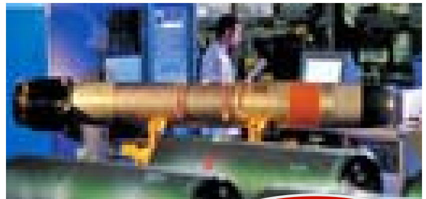




**IAS Includes 100% of Elsag and Datamat, consolidated starting from 04/10/05*

WASS

Key Data*	
	2005*
Revenues	117
Orders	128
Backlog	342



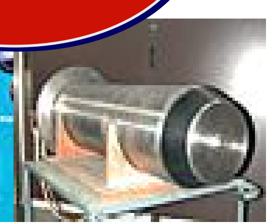
Light torpedo
(MU-90)

Heavy torpedo
(Black - Shark)

FREMM
Scorpene
Horizon
Sommergibili U-209 e U-214
Cavour

Light Sonar

Countermeasure Systems



Key profitability actions

- Reduce production costs for heavy torpedoes
- Improve mix leveraging commercial opportunities for NH 90)

*IAS

Oto Melara

Key Data*

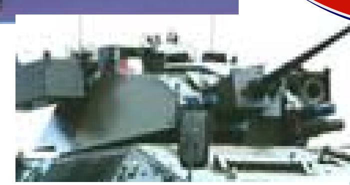
	2005*
Revenues	314
Orders	109
Backlog	972

Guided Ammunitions
(DART, VULCANO 127/155)

Naval Guns
(76/62 SR, 127/64 LW)

Warrior **CVRT**
FRES **BIT**
LCS **VBC**

Armed Vehicle Turrets
(Hitfist 25/30, Multirole)



Key profitability actions

- Production costs reduction (naval guns)
- Restructuring/optimisation (outsourcing non core activities, reduction in headcount, site rationalisation)

*Italian GAAP

**IAS

MBDA

Key Data*	
	2005*
Revenues	724
Orders	528
Backlog	2,579

Maritime Superiority
(Aster 15 & 30/PAAMS, VL Mica, Exocet)

Ground Based Air Defence
(Aster 30, Mistral, Rapier)

Eurofighter
Tornado
FREMM
JSF
PAMS

Airborne Air Defence
(Meteor, Mica)

Key profitability actions

- Restructuring Plan (Sites Re-organisation, Redundancy Programmes)
- Procurement cost reduction plan
- Synergies from MBDA Germany acquisition

Battelfield Engagement
(Brimstone, Milan)

Strike
(Storm Shadow/Scalp, Taurus KEPD 350)

*IAS

Finmeccanica Investor Day 2006

Marina Grossi

CEO

Selex Sistemi Integrati

FINMECCANICA

Selex Sistemi Integrati: Business Lines

FINMECCANICA

- Large Systems for Homeland Protection and Defence & Surveillance Solutions:
  - Border/Territory Control & Surveillance System (including Vessel Traffic System)
  - Major Events Protection System
  - Critical National Infrastructures Protection System
- Naval Radar & Systems:
  - Integrated Combat Systems
  - Surveillance/Multi-functional & Coastal Radar
  - Fire Control Systems
- Land based Radar & Systems:
  - Air Defence Radar
  - C2 & C4I Centres
- Air Traffic Management & Airport Systems:
  - Primary & Secondary Radar
  - Integrated Air Traffic Control Centres
  - Navaids & Meteo Systems

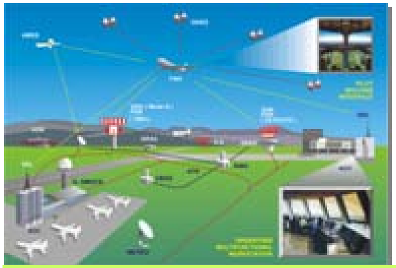
LARGE SYSTEMS

EMPAR/KRONOS

NA-25/30

FADR

LAND C2



AIRPORT SYSTEMS

Selex Sistemi Integrati: Key Drivers (1/2)

FINMECCANICA

1

Large Systems

- **Homeland Protection**
- **Surveillance**
- **Defence**

KEY ASPECTS

- ***System Architect***
  Integrator
  Prime Contractor
- ***Use of Systems already in Portfolio***
- ***Key Products and Capabilities in FINMECCANICA group***

Selex Sistemi Integrati: Key Drivers (2/2)

FINMECCANICA

2

Radar and Command & Control Systems

Land and Naval – Civil & Defence

Air Traffic Control

KEY ASPECTS

State of the Art Products & Technologies

Already established competitive position world wide

Large Systems - How

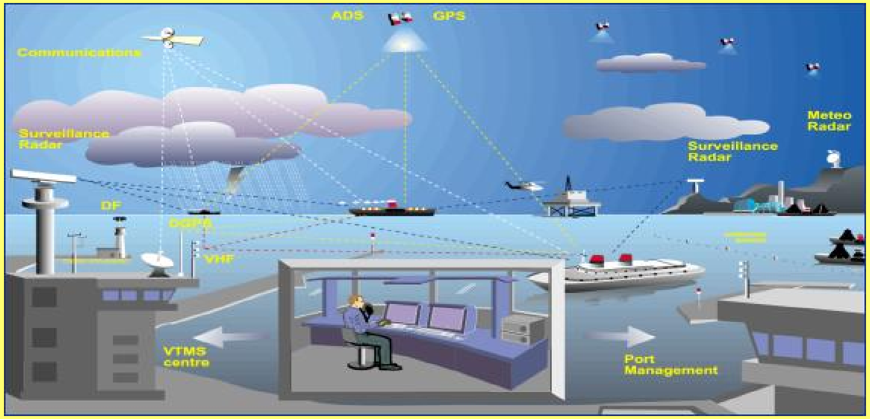
Large Systems

Systems already in Portfolio
Vessel Traffic System, Border Control

INTEGRATION of Finmeccanica and third Parties Systems

FINMECCANICA key markets
Domestic: ITA, UK
Priority: USA
Major Opportunities: Russia, Turkey, UAE, Libya, Malaysia, China

Network Centric Operation Technologies
Middleware, Service Oriented Architectures,
Data fusion, Modeling & Simulation, Distributed Networks



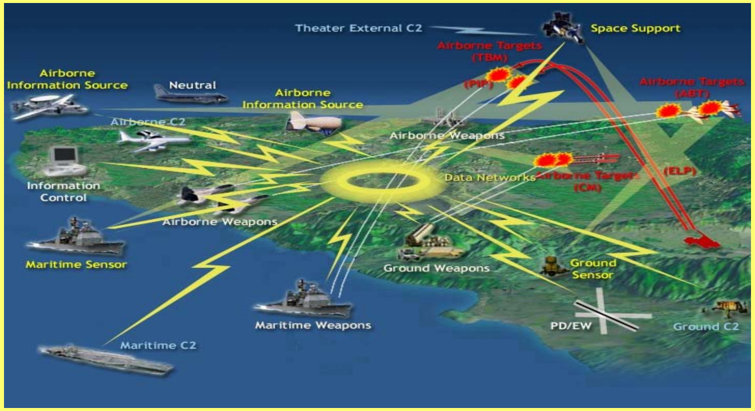
Large Systems - *Why*

Large Systems

Market growth
New requirements & funding
for Nation Wide
NCO Security and Defence
Large Systems
5 to 7 Bl € / yr accessible worldwide
by 2010
Annual Growth Rate > 10%

Commonality between
Defence and Security

Experience and Investments in
Systems Integration



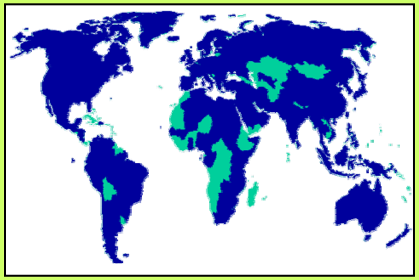
Radar & C2 Systems - How

Radar and Command & Control Systems

Strong positioning in Land, Naval & ATC Radar enhancing positioning through
Innovative Technologies & Price Competitiveness

Leverage export market with updated Products supported by focused R&D:
Tactical Multifunctional Radar (Kronos)
Naval Combat Management Systems
Large Air Traffic Control Centres

*Consolidated **Market Position** in key **export Countries***



Radar & C2 Systems - *Why*

Radar and Command & Control Systems

Expected export Market Growth:
new programmes in Naval,
Air Defence & Air Traffic Management

Large Domestic & Multinational
PROGRAMMES:
FREMM, HORIZON, MEADS, Single European Sky, Assets for Large Systems (Integrated Army Brigade)

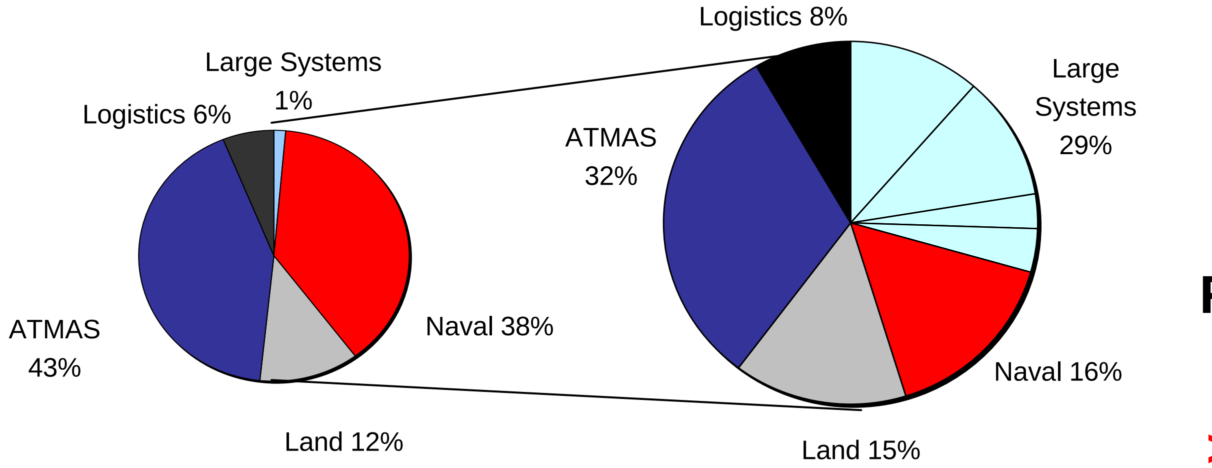
Consolidated use of
KEY Technologies:
Active Arrays
Signal Processing
Wide Band modules

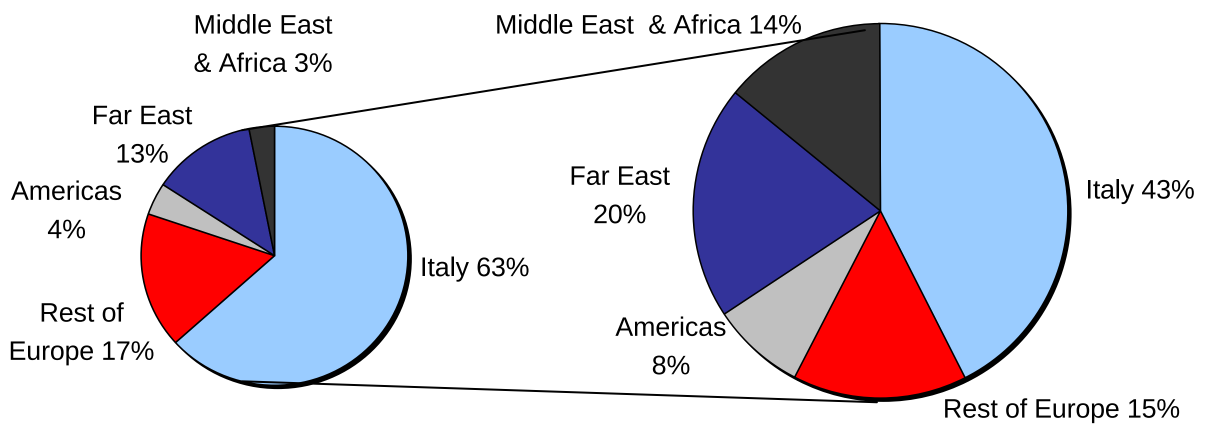
Evolution of the Business & R&D support

FINMECCANICA

Large Systems driving growth in the next 5 years, shifting focus from Italy to Export market

Revenues
2005
600 M€
RoS > 7%



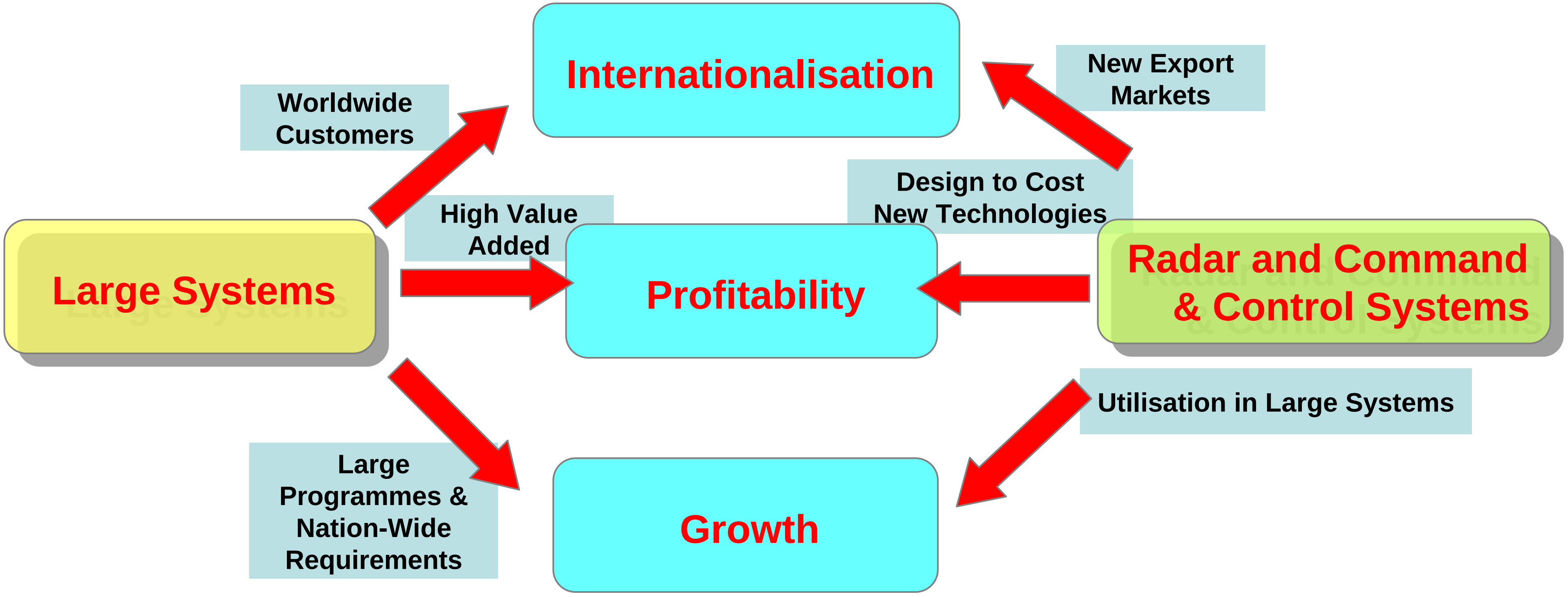


Revenues
2010
>1300 M€
RoS >10%

Over 20% of revenues invested in R&D

Main Strategic Goals

The three pillars of Finmeccanica Strategy are achieved through Large Systems for Homeland Protection, Defence & Surveillance and Radar & C2 Systems for Civil and Defence applications



Finmeccanica Investor Day 2006

Giancarlo Grasso

CEO

Selex Sensors & Airborne Systems

SELEX
Sensors and Airborne Systems

Products & Programmes

SELEX
Sensors and Airborne Systems

Product Lines

Airborne Radar	Captor ENR 90 Grifo
Defensive Aids	DASS DIRCM HIDAS
Situational Awareness	ATOS Falco UAV IRST
E/O	E/O Sensors Air Land Space

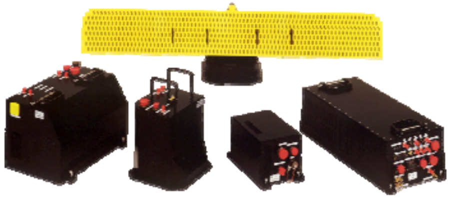
Main Programmes

	Estimated revenues for Selex S&AS 2006 - 2010
Typhoon	**2,400 mln€**
NH 90	**120 mln€**
Special Mission manned Aircraft incl. NATO AGS	**400 mln€**
Future Lynx	**150 mln€**
UAV Situation Awareness Systems	**180 mln€**
Land Systems incl. FRES	**400 mln€**

Airborne Radar

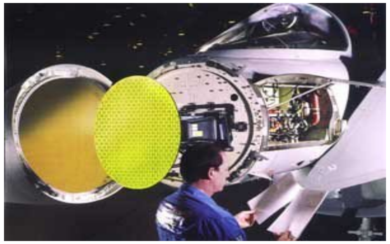
Radar today account for 28% of 2005 revenues

- Established position as prime supplier of Combat and Surveillance Radar for national and export Customers
- Present in main European Transnational Programmes
- Radar upgrade programmes for combat and Surveillance applications

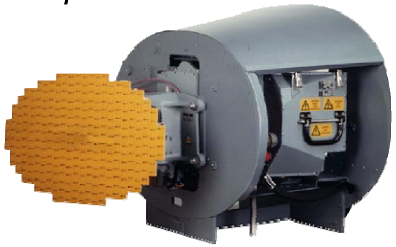


HEW 784 Surveillance Radar

Sea Spray Mechanical Scan



Captor Combat Radar



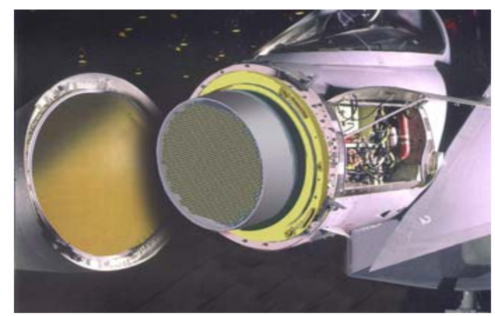
Grifo Mechanical Scan Combat Radar

Airborne Radar - Response to Market Drivers

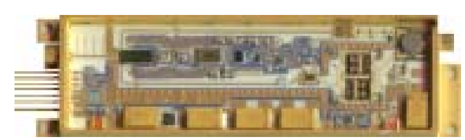
- **Drivers**
  - Extended operation of aircraft through mid life upgrades – less platforms
  - Demand for increased performance and functions from radar
- **Response: affordability through technological innovation**
  - From Mechanical to Electronically Scanned (E-Scan) Radar
  - High Speed Computer Processing for sophisticated Radar Modes

PANAVIA Tornado

Vixen Mechanical Scan



Vixen Electronical Scan



High Power Transceiver module

Airborne Radar

- Combined UK & IT world class Centers of Excellence – ownership of enabling technologies
  - Affordability of E-Scan modules
  - Experience in radar modes gained in operations
- Presence on most European platforms – upgrades
- Selex Airborne Radar CAGR 2005 - 2010 growth rate (8%) exceeds average military radar growth rate (5.2%)

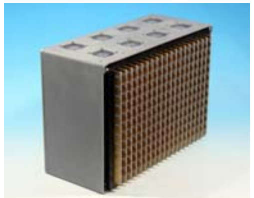
Airborne Radar

- Tornado & Typhoon Upgrades
- Lightweight E-Scan and M-Scan Radar for UAVs
- E-Scan Radar for Maritime Patrol (Future Lynx, C130 USCG)
- SOSTAR and TCAR Wide Area Surveillance Radar

Eurofighter Typhoon

Captor E-Scan

Falco Tactical UAV



PicoSAR Radar

Future Lynx

Sea Spray Radar

NATO Alliance Ground Surveillance

Situation Awareness

Situation Awareness Sensors & Systems today account for 14% of 2005 revenues

- Situation Awareness within Selex SAS includes: manned and unmanned surveillance systems, Identification Surveillance and Reconnaissance sensors (radar, E-O)
- Airborne Situation Awareness Sensors and Systems
- Sensors for land based systems

E/O IR TV Targeting Sensor

ATOS Control Station

Infrared Search & Track Sensor

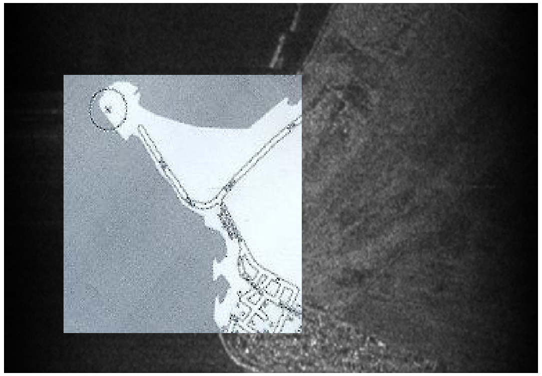
FPA and uncooled detectors technologies

Hostile Artillery Locating System

Situation Awareness

- Homeland Security drives Situation Awareness and draws on Military solutions
- Low cost / risk surveillance using UAVs
- Shift to land solutions - upgrades & new programmes
- **In-house Innovation for new sensors**
  - Focal Plane Arrays in IR
  - 3D E/O Imaging
  - Hyperspectral
  - Sensor Fusion

Hyper & Multi-spectral ground mapping and target detection



High Definition Imaging & Sensor Fusion

Situational Awareness

SELEX
Sensors and Airborne Systems

- Tactical Air Surveillance Systems on board Unmanned Aircraft

- Airborne Surveillance on board Fixed & Rotary Wing Platforms

- Situational Awareness for Land Operations (FRES)

- Situational Awareness for Urban Applications in Homeland Security Systems

Situation Awareness

SELEX
Sensors and Airborne Systems

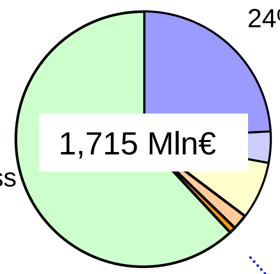
- Selex S&AS CAGR 2005 - 2010 growth for Situation Awareness Sensors & Systems (20%) exceeds average military surveillance systems growth (7.0%) and defence electronics growth (5.7%) for same period
- Vertical integration of in-house sensors and equipment
- Fine relationship with major US players for access to US & RoW
- Common Product Portfolio allows quicker time to market
- Prime contractor capability and affordability

Radar & Situation Awareness Business Growth

SELEX
Sensors and Airborne Systems

Revenues 2005

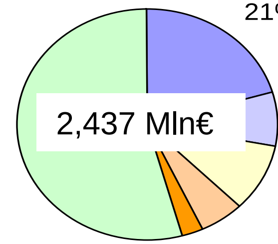
Radar 28%



Situation Awareness 14%

Revenues 2010

Radar 28%



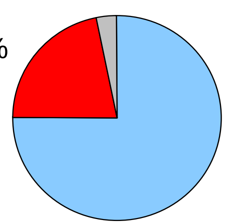
Situation Awareness 24%

Note: "other business sectors" mainly include: Avionics & Displays, EW, Space, Logistics

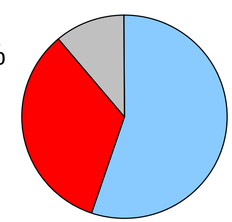
Business	CAGR 2005 -2010
Airborne Radar	**8 %**
Situation Awareness	**20%**

Internationalisation

Radar & Situation awareness revenues 2005



Radar & Situation awareness revenues 2010



Messages

- Asymmetry of modern warfare offers Radar and Situational Awareness business higher growth rates
- Sustainable growth from extra spend on sensor functions rather than platforms, offering profitable through life capability upgrades.
- Growth in US through partnerships with US primes and sales of E-scan Seaspray radar (e.g. US Coast Guard)
- Growth in RoW will be from combat radar (retrofit), ATOS surveillance system (South America and Far East), and FALCO Tactical UAV (Europe and Asia).

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Maurizio Tucci

CEO

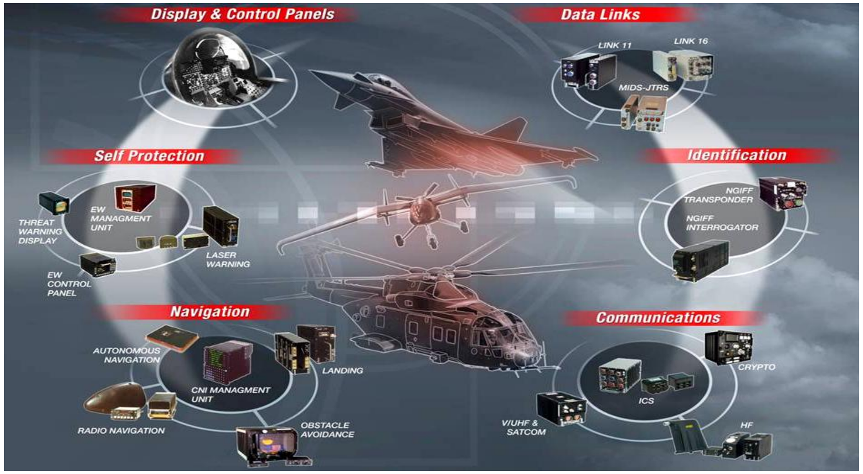
Selex Communications

SELEX Communications
A Finmeccanica Company

FINMECCANICA

Business Lines

Market Segment	Products lines / Systems
AVIONICS	▪ Communication, Navigation and Identification Systems (including LOAM, IFF and Software Defined Radio) ▪ New Generation Cockpit Displays, Panels & Lighting. ▪ Communications Systems for Air Traffic Management and UAVs.
PROFESSIONAL	▪ TETRA, DMR (Digital Mobile Radio) & WiMax based systems ▪ Railway communications systems (GSM-R) ▪ IP based networks
MILITARY & SPACE	▪ Single Channel Tactical Radios and mobile nodes (based on PRR, SDR & WiMax) ▪ Tactical and Strategic IP based networks ▪ Satellite communication systems ▪ Ad Hoc Networks



Key drivers

CNI (*Communication, Navigation and Identification*)

- Products suitable for **installation on flying platforms** providing **clear and secure communication connectivity** for data and voice, en-route radio navigation, landing aids and identification (both for military and civil use)

TETRA (**Te**rrestrial **T**runked **R**adio)

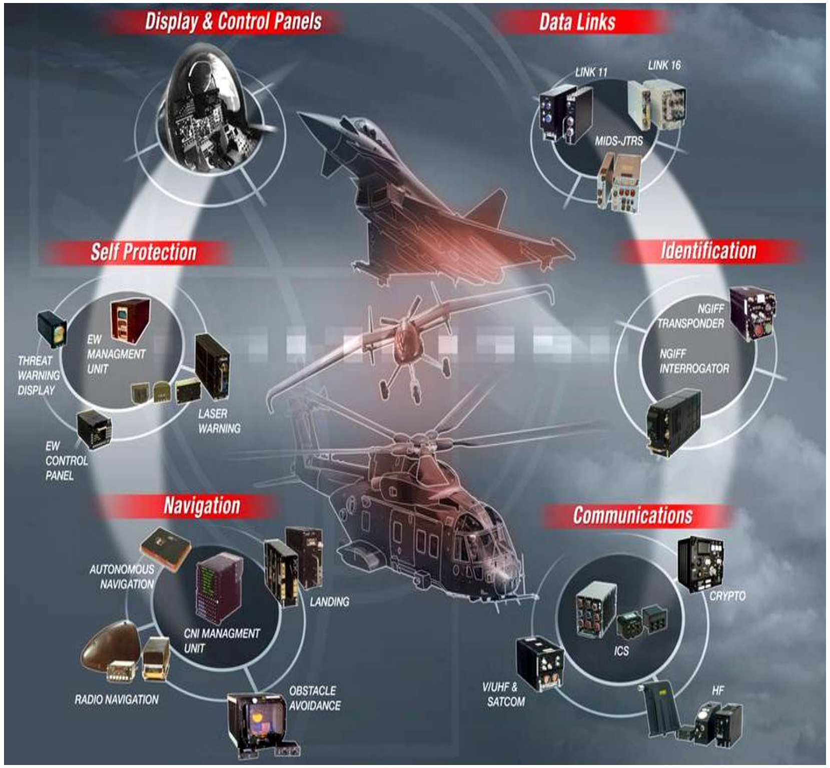
- The worldwide (outside North America) ***de facto* open standard** for professional **digital mobile communications**, is used by governmental organisations, agencies and companies that require **secure, reliable and immediate communications**.

Single Channel Tactical Radios

- This line of products is suitable **for assuring enhanced connectivity** from/among individual soldiers, vehicles, naval platform and command posts to strategic networks to enable NEC/NCW

CNI

- **The market is characterised by products with long development cycles to meet international standards**
- **Selex Communications** actively participates in international bodies charged with defining interoperability standards
- **Selex Communications** is participating in many important international programs (e.g. EFA, NH 90, AWACS, C130J)



CNI

- We intend to evolve from an **equipment supplier** to a CNI **sub-systems integrator** with a partner role
- We will **extend** our position by addressing **other international markets** (civil and non-NATO countries)
- Total world market is estimated at **13 €b** over the period **2006-2010**
- **Selex Communications** share will be in the range **10-12 %**

Tetra for Italian Customers

- **Selex Communications** is one of the 3 “Tier 1” global systems suppliers (Motorola, EADS-Nokia).
- The most important project is to provide a BOT (Build-Operate-Transfer) reliable and secure mobile communication service for the Italian police forces (“Interpolizie program”)
- The network, which will be implemented in several steps over the period **2007-2011**, will use Selex Communications Tetra technology and serve **350,000 users**. (e.g. Turin Winter Olympic Games in 2006)

Tetra for the international markets

- **Selex Communications** is actively promoting TETRA solutions into other markets (e.g. **Russia, Turkey, Romania, Brazil**)
- Strategy is based on local presence and **international long term partnerships,** in order to address high growth markets such as **China and India**
- **Selex Communication** has installed local systems in more that **30 countries** worldwide

  - **9 €b** is the forecast cumulative market over the period **2006-2010** for TETRA networks and user terminals
  - **Selex Communications'** goal is to reach **20% share** of the total TETRA market (Italian and International)

Single Channel Tactical Radios

- Selex Communications' products include: Personal Role Radio (PRR), Software Defined Radio (SDR) and Broadband Wireless Access Systems ("Military WiMax")

- Products are **designed and manufactured autonomously** by **Selex Communications** based on a long standing capability and heritage in the segment of Tactical Radio

- In the nearer future, broadband tactical communication needs will be met by WiMax technology re-engineered by Selex Communications for the military environment.

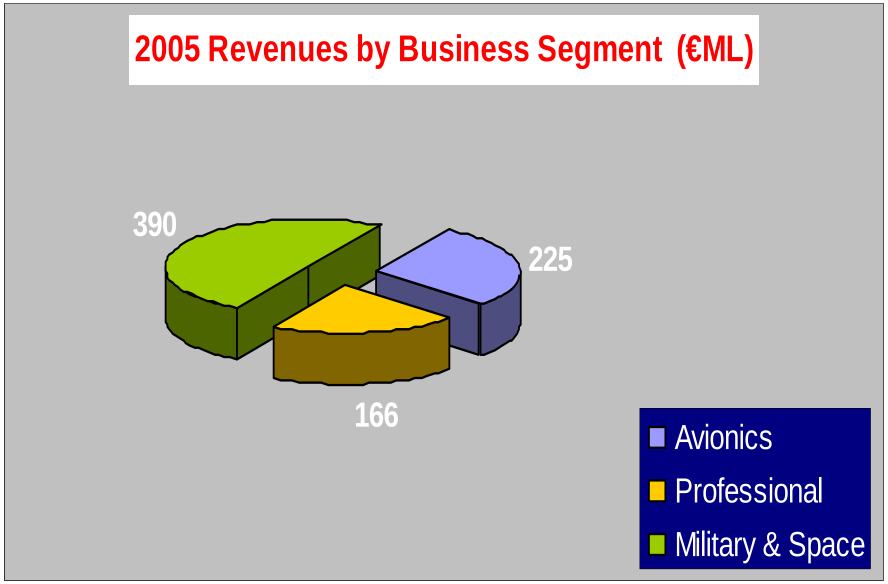
Single Channel Tactical Radios

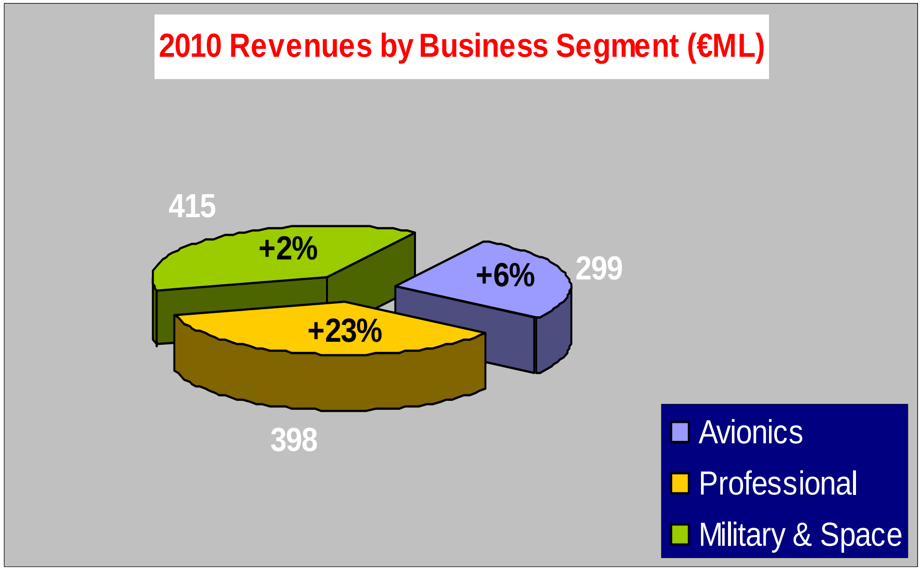
FINMECCANICA

Over many years Selex Communications has sold conventional VHF and UHF equipments to customers worldwide; over time, SDR will replace these products

- **Total accessible market** (US excluded) is estimated at **11-12 b€** in the period 2007-2020
- **Selex Communications'** Personal Role Radio (**PRR**) is currently leading the world market with more than **50% share** (USA included)
- **Selex Communications**, dominant in the Italian market, aims to achieve **share about 20%** of the total market for such products

Expected revenue growth





Growth	Revenues from **781 M€** (*2005*) to **1,112 M€** (*2010*)
Internationalisation	International Sales from **150 M€** (*2005*) to **350 M€** (*2010*)
Profitability	ROS from **8%** (*2005*) to **12%** (*2010*)

Finmeccanica Investor Day 2006

Carlo Gualdaroni

CEO

Elsag Datamat

Main products and capabilities

Automation

- Postal automation and ICT systems
- Products for Services to Citizens

Worldwide market 2005: 3 B€   CAGR 05-09: 11%

ICT

- ERP and industry specific ICT solutions
- Design and operation of IT infrastructures, assets, processes

Italian market 2005: 6 B€   CAGR 05-09: 2,7%

Security

- Security operation solutions and products for infrastructure protection
- Managed security operations services
- Transportation management and control systems

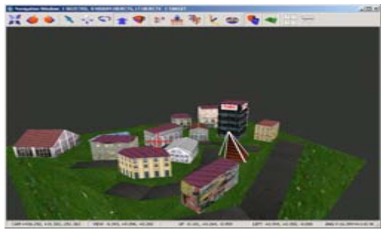
Worldwide market 2005: 100 B€ CAGR 05-09: 12%

Defence and Space

- Combat management and mission planning systems
- Defence Logistic information systems

Non USA market 2005: 6 B€   CAGR 05-09: 6%

Key competences for growth

ICT

Command & Control

Mission planning

Info-logistics

Secure networking

Automation

Postal & baggage handling

Traffic management & control

Mobile car plate readers

Optical and biometric recognition




… using proprietary technologies

Key asset:
Advanced solutions for Security

The SECURBUSINESS® value chain

"Security is a process, not a product" (B. Schneier)

The **ICT** & **Automation** competences make Elsag-Datamat the Finmeccanica **Security Provider** of integrated and customised security solutions and services according to the most diversified customers' needs.

Business driver:

Agility to understand and adapt solutions to the changing threats in a rapidly growing market (Worldwide market 2005: 100 B€ CAGR 05-09: 12%)

Key asset:
Advanced solutions for Security

The SECURBUSINESS® value chain

Consulting

Elsag-Datamat consulting services provide risk analysis and identification of countermeasures

- More than 400 completed projects

Products

A comprehensive offering covering most of security needs.

- More than 80,000 secure routers in service
- More than 4,000 operational mobile car plate recognition systems
- More than 3,500 operational biometric security systems

System Integration

Long lasting experience in providing solutions that integrate third-party's products.

- Several Baggage Handling & Security control systems
- Several Traffic Management & Control systems
- Turin 2006 Winter Olympics Security

Managed Services

The main Italian Managed Security Operator.

- 12 National Security Operations Centres (SOC) all over Italy

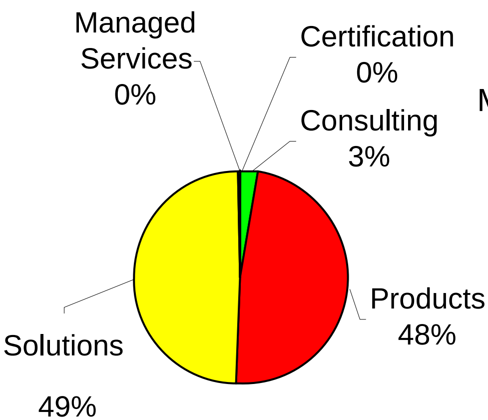
Certification

Support to assess compliance with international standards and/or national regulations.

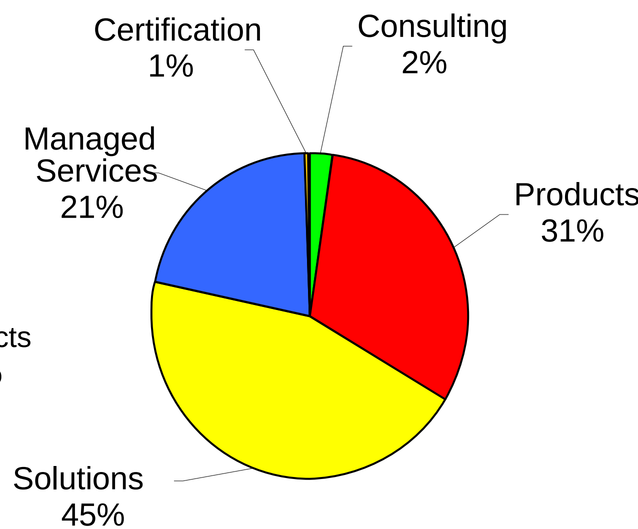
Exceptional growth

Advanced solutions for Security – Pro-forma Revenues

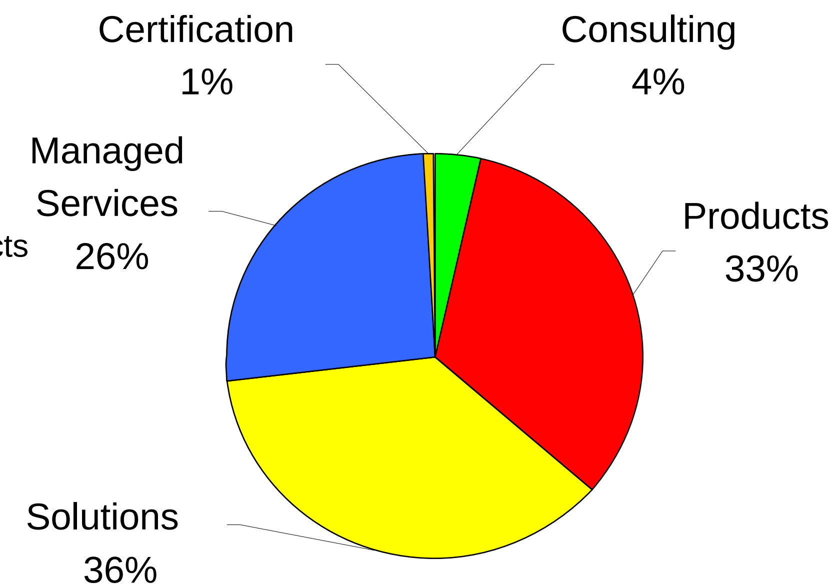
2004: 53 M€

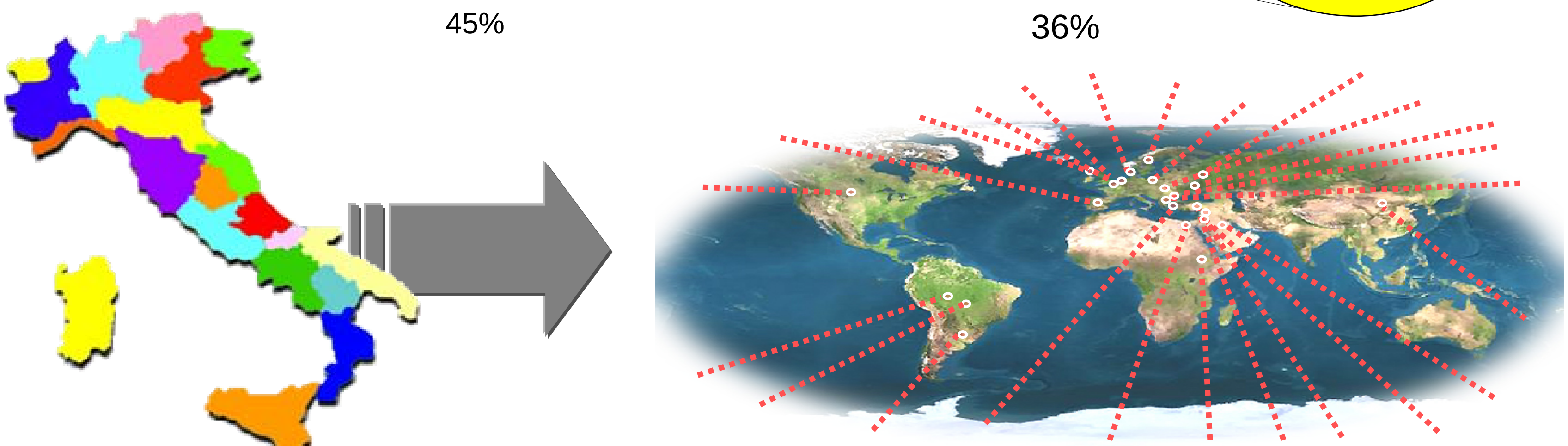


2006: 190 M€



2010: 327 M€





A success case:
mobile car plate reader in US

ELSAG DATAMAT FINMECCANICA

80%+ Market Share

108 Police Organisations as Customers

Summary

- An agile company
- Core competences, continuous innovation and cutting edge solutions delivering growth
- A strong track record

Finmeccanica Investor Day 2006

Carlo Alberto Iardella

CEO

Oto Melara

KEY DRIVERS FOR GROWTH

Oto Melara business and products

OTO MELARA FINMECCANICA

Naval Systems

- Large, medium and small caliber guns and 76mm ammunitions
- Missile launchers

Sales
43%

Land Systems

- Small, medium and large caliber turrets
- Tracked vehicles (IFV, MBT, APC, SPH)
- Missile launcher
- BMS

Sales
52%

Airborne Systems

- Aircraft guns and helicopter turrets and guns
- Airborne bombs guidance kits

Sales
5%

OTO MELARA FINMECCANICA

Current Market Position

- World leader in naval guns
- Strong position in domestic market, all products and services
- Highly competitive in turrets for armoured vehicle
- Unique 8x8 armoured gun vehicle
- Portfolio of orders cover approx. next 3 years of production
- > 50% of sales outside Italy

Building The Future: The Strategic Goals

OTO MELARA FINMECCANICA

Focus on Technologically Advanced Products to:

- Provide strong barriers against competitors
- Increase attractivity of current and future products
- Achieve revenues organic growth > 30% (2009+)
- Maintain steady EBIT margin over 10% (2009+)

Key Technology: Guided ammunitions

Uniqueness Of Guided Ammunitions

OTO MELARA FINMECCANICA

- Gun launched projectiles with performance similar to missiles but less expensive and with minor complexity and cost

Challenge

- The survivability of the on board electronic and mechanical devices to the “gun environment” with shock between 20,000 and 40,000 “g”

Advantages

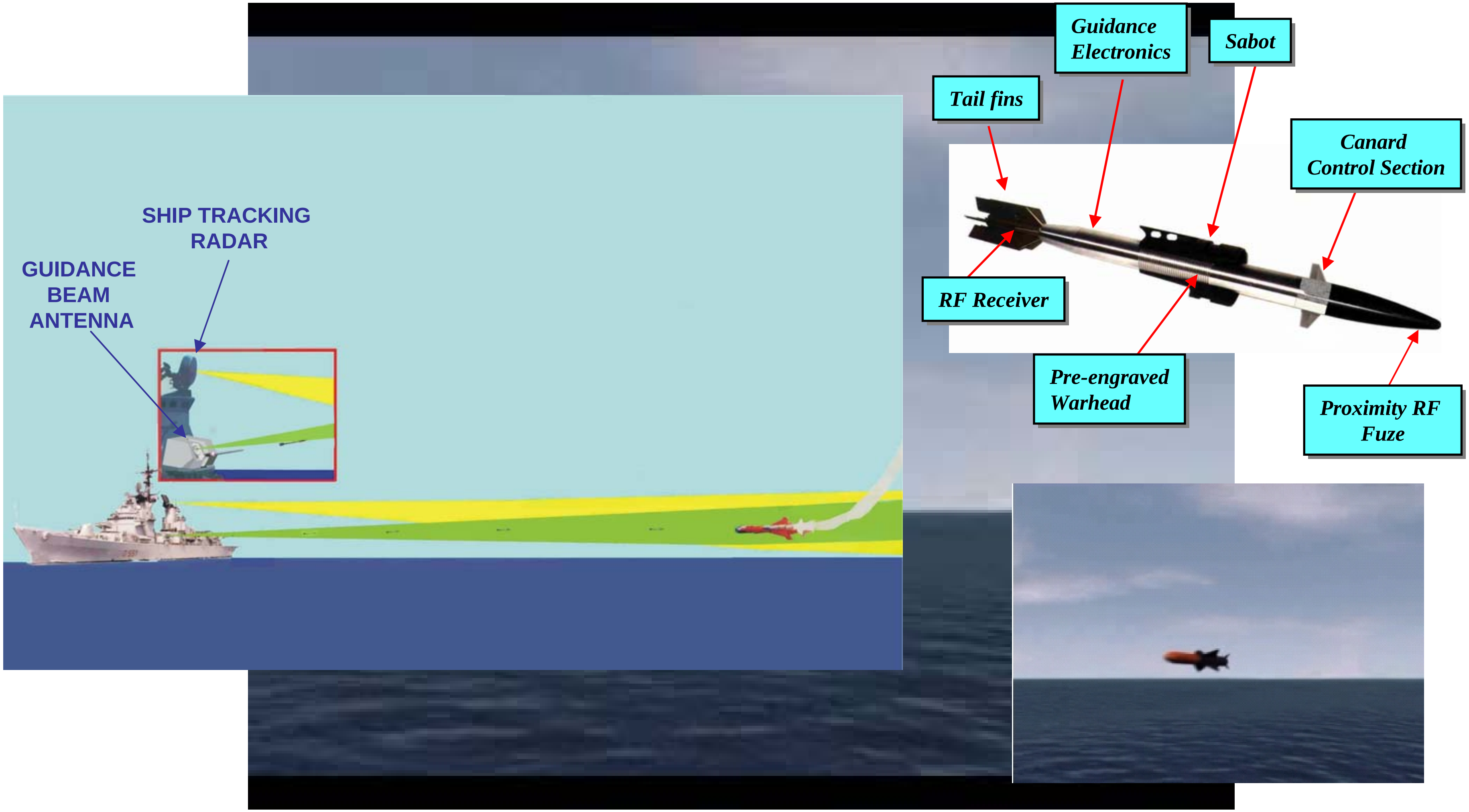
- Immediate maximum speed, reducing time to target (speed over mach 3)
- No warm up operations before launch

KEY DRIVERS FOR GROWTH

Current Developments

76 Naval gun: Strales System Guided Ammunition

AIR DEFENCE – SURFACE FIRING

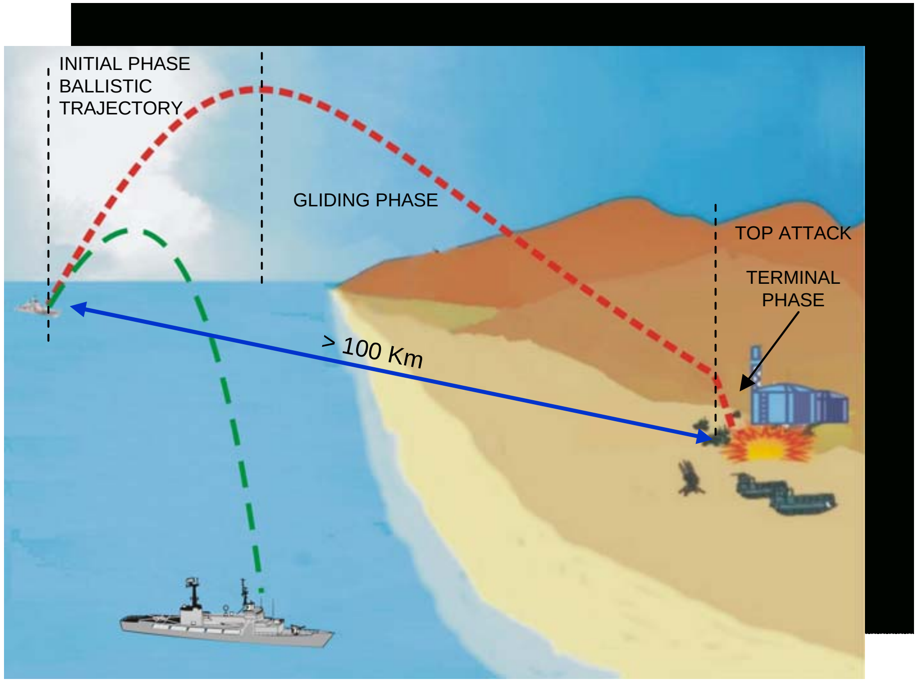


Current Developments

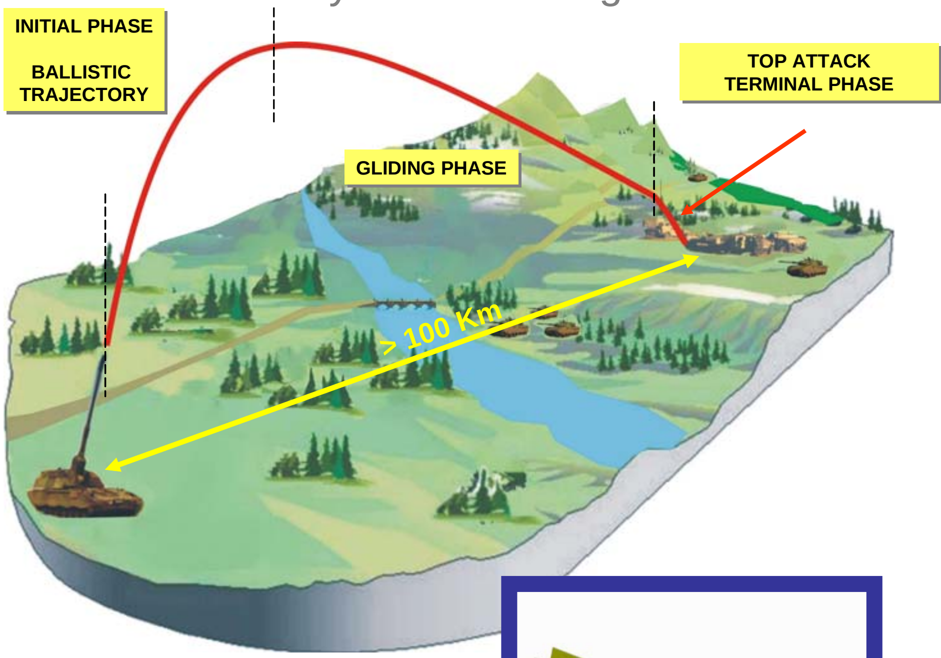
127mm Naval AND 155mm Field Artillery:

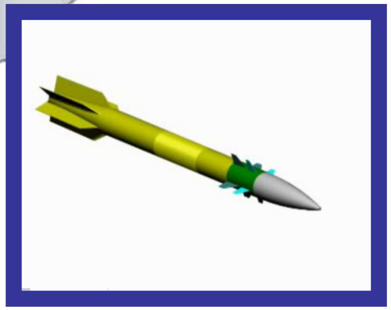
VULCANO: Long Range Autonomous Ammunition Family

Naval Fire Support - Surface Firing



Artillery Precise Firing





Current Developments And Key Features

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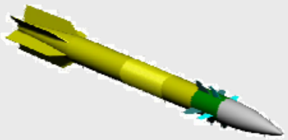
VULCANO

- Development
  - Started in 2003, funded by Italian MoD
  - 2003, Dutch MoD joining It MoD (127)
  - 2006, Spanish MoD joining It MoD (155)
- In Service by
  - 2008 ER (Unguided)
  - 2011 LR (Guided)



15 Countries have 127 Naval Gun (200 Guns) in Service

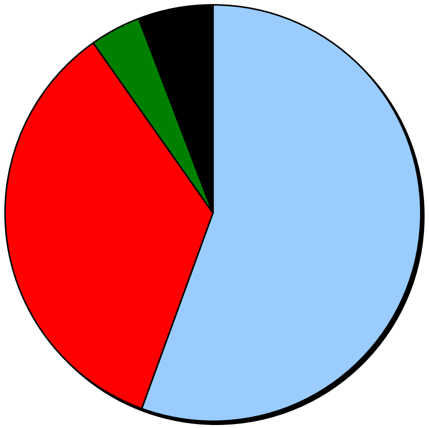
- ***Significant Market for Retrofit***
- ***Unique Advantage on Competitors***
- ***Increase Sales of Naval Systems***
- ***New and Significant Market of Ammunitions***

Many Countries have 155mm Artillery in Service, (>10,000 GUNS)

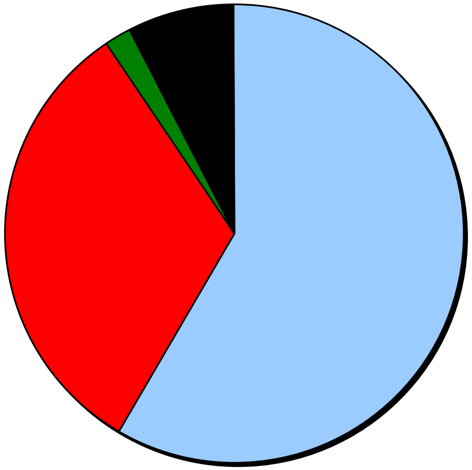
Revenues Growth Driven by Guided Munitions Technology

OTO MELARA FINMECCANICA

2005 - 315 Mln €



2010 - 420 Mln € (estimate)



Ammunition

Air Systems

Naval

Land