

Cascina Costa, 12th January 2018

OUR REF: [REDACTED]

To: [REDACTED]

EMSA, Praça Europa 4, 1249-206 Lisbon, Portugal

SUBJECT: Specific Contract No3 Mobilisation for RPAS services implementing Framework contract 2017/EMASE/OP/12/2016 lot-3.

Ref. 1: EMSA Letter ref. c.30.dir(2017)6948848 dated 18.12.2017

Annex 1: Meeting presentation

Dear [REDACTED]

Leonardo would like to thank you again for the meeting held this week at EMSA headquarters on 10th of January. As agreed, please find below the information requested within your letter at Ref. 1 and a number of additional updates. Please also find attached as Annex 1 a copy of the presentation we provided in the aforementioned meeting.

I. [REDACTED] **STATUS AND CAPABILITIES**

OPV [REDACTED] is currently deployed at the [REDACTED] test Range, with the new engine installed and tested. Company test activities are fully completed and the aircraft is potentially available to enter into operation.

ITAR ISSUE RESOLUTION – STATUS:

[REDACTED] analysts completed the case examination without comments. The responsible Officer requested additional clarifications before closing the case, i.e. the list of European Countries where the EMSA services could be performed. The following list was formally provided in response to this request:

ALBANIA	GREECE	NETHERLANDS (THE)
BELGIUM	CROATIA	NORWAY
BULGARIA	HUNGARY	POLAND
DENMARK	ICELAND	PORTUGAL
ESTONIA	ITALY	ROMANIA
CZECH REPUBLIC	LATVIA	SLOVENIA
FINLAND	LITHUANIA	SPAIN
FRANCE	SLOVAKIA	SWEDEN
GERMANY	LUXEMBOURG	UNITED KINGDOM

Leonardo - Finmeccanica - Società per azioni

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Company Share Capital € 2,543,861,738.00 fully paid up

Tax Code & Company Register no. 00401990585

VAT no. 00881841001

R.E.A. no. 7031

Further to our response to these clarifications, the [REDACTED] Officer advised that their intention is to close the case without additional comments by the end of the week starting the 15 January 2018. Evidence of ITAR issue resolution will be delivered to EMSA as soon as this is obtained.

PERMIT TO FLY DOCUMENTATION DELIVERY:

Application request was delivered to ENAC. The application request letter and [REDACTED] are generic and do not include limitations in accordance with the [REDACTED] capabilities. Documentation to support the Permit-to-Fly process is under finalization and will be made available to EMSA and ENAC by [REDACTED]. In accordance with this schedule we expect the Permit to Fly issuance within [REDACTED].

IMITATION:

[REDACTED]

See additional details in the attached presentation (Annex 1).

II. [REDACTED] STATUS AND CAPABILITIES

Leonardo confirm that EMSA is the [REDACTED] and therefore the [REDACTED] are dedicated to the EMSA Program and have been launched accordingly.

These units are currently [REDACTED]

As of today, [REDACTED] % of components are already available for the production, [REDACTED] completed and [REDACTED] has been installed. LH will provide a bi-weekly update to your team to provide evidence and visibility of their progress.

[REDACTED] is currently under maturity flight test campaign having performed at this time over [REDACTED]

Delays in the completion of the maturity campaign tests to date were mainly due to:

- [REDACTED]
- [REDACTED]
- [REDACTED]

The above issues were rapidly investigated and currently addressed and properly solved.

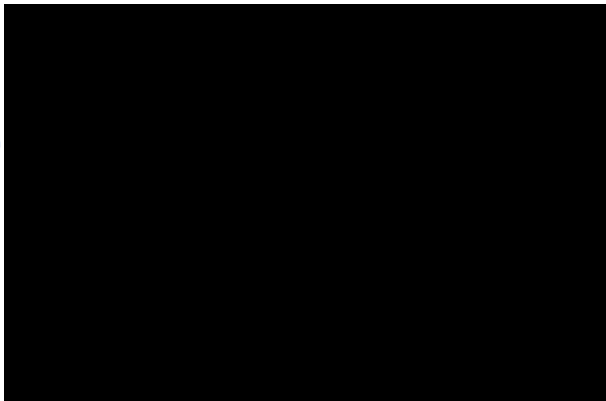
The [REDACTED] cannot regretfully be used for service since [REDACTED]

Leonardo confirm that [REDACTED] are dedicated to the EMSA contracts and will be provided for maritime services equipped with the [REDACTED] as indicated in Annex 1.

Leonardo will inform EMSA through bi-weekly reports about the progress of the maturity test campaign and assembly status of [REDACTED] at the assembly line.

Leonardo hereby again confirms its commitment to further progress with the completion plan and ensure the promised services performances.

Yours Sincerely,

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RUAS - EMSA Project



Current Status – [REDACTED] (1/2)

- [REDACTED] currently deployed at the [REDACTED] Test Range
- New Engine Installed and tested to increase performances
- [REDACTED] procured and ready for installation
- Leonardo flight test campaign completed ready for deployment
- [REDACTED] site survey completed, antenna siting identified and visit report delivered to EMSA (EMI data required).
- Detailed and comprehensive list of services and items that the ITAF base has to made available delivered to EMSA

Current Status – [REDACTED] (2/2)

- Personnel for DUVRI agreement alerted to travel to [REDACTED]
[REDACTED]
- Application for PtF for operation with no limitations in the [REDACTED]
delivered to ENAC
- Flight Operation Internal Risk Evaluation completed
- ITAR issue still open (need the final signature) however recent discussions with US
state dept. Indicate expectec closure in wk [REDACTED]



Limitations

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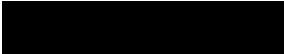

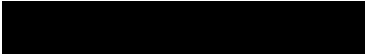












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Current Status – [REDACTED]

- [REDACTED] unit 1, currently under maturity flight test campaign - expected completion and ready for acceptance: [REDACTED]
[REDACTED]
- [REDACTED] units 2 and 3, (launched for EMSA) currently under assembly - expected completion and ready for operations: [REDACTED]
- [REDACTED] units 1,2 and 3 currently under production – expected completion and ready for operation – [REDACTED]



Limitations

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THANK **YOU** FOR YOUR ATTENTION



[REDACTED]
Leonardo - Finmeccanica S.p.A.
Leonardo Helicopters
Piazza Monte Grappa 4
00195 Roma
Italy

By registered mail and
Email to: [REDACTED]
[REDACTED]

Lisbon, 26 JAN 2018
emsa.c.3.0.dir(2018)388783

Subject: Termination of Framework Contract

Ref. Framework Contract 2017/EMSA/OP/12/2016-Lot 3

Dear [REDACTED]

In the letter dated 23 November 2017, EMSA informed you that the tests and deliverables were partially accepted up to [REDACTED] % of the required capabilities.

In accordance with this partial acceptance the Agency has considered that Leonardo Helicopters was ready to provide RPAS services under the contract in reference as per mobilisation alert sent on 31st of October 2017 for operation in [REDACTED] (Italy). This readiness for operations was however conditional to [REDACTED]

Moreover, this partial system acceptance was also conditional to the installation of all those devices, such as the [REDACTED] which are needed for the execution of flights over sea in safety (as per Leonardo's internal safety guidelines).

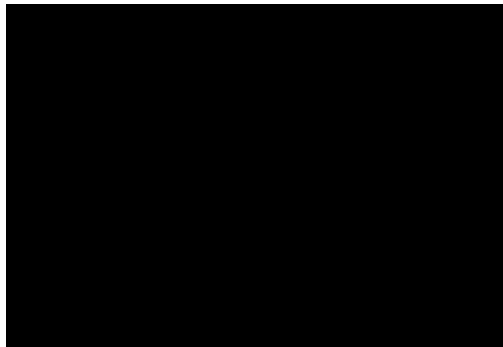
On 18 December 2017, EMSA sent a new reminder to Leonardo Finmeccanica indicating that the conditions described above had not been achieved. As a consequence EMSA had withdrawn the offer to Specific Contract No 3 as well as the Specific Contract No 2 for interfacing and announced its intention to terminate the FWC unless deliverables would be completed within one month of that letter (by 17 January 2018).

Further to that Letter, a meeting was held in EMSA premises on 10 January 2018 and you sent a letter dated 12 January 2018 where you indicated that advancements in the ITAR issue resolution and in the obtainment of the Permit to Fly were made. However, in the same letter, [REDACTED] (proposed as interim limitation) [REDACTED] the [REDACTED] from the shore. As already stated with the partial acceptance, such a limitation is not

acceptable by EMSA since it does not meet the capabilities required by the tender specifications. Additionally, you also confirmed that the [REDACTED] which was indicated to be available by the end of 2017 according to the Contract, will not be ready before the end of [REDACTED]

Based on the above, EMSA herewith cancels the mobilisation alert for the operation in Italy, as sent by letter of 31 October 2017 and considers the status of [REDACTED] as a breach of substantial contractual obligations in the terms of Article II.18.1(c) of the Framework Contract - "Grounds for termination by the contracting authority". As a consequence EMSA terminates the FWC, as notified on 18 December 2017. Such termination will take effect on the date following the date of receipt of this letter.

Yours sincerely,

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Cascina Costa, 7th February 2018

OUR REF: GOV/ES/18/0002

To:

[REDACTED]
EMSA, Praça Europa 4, 1249-206 Lisbon,
Portugal**SUBJECT:** Framework Contract 2017/EMSA/OP/12/2016-Lot 3

Ref. 1: EMSA Letter ref. emsa.c.3.0.c.30.dir(2018)388783 dated 26.01.2018

Ref. 2: GOV/ES/18/0001 dated 12th Jan 2018

Ref. 3: EMSA_ [REDACTED] dtd 04-Feb-18

Dear [REDACTED]

Leonardo regretfully acknowledges receipt of your letter at Ref. 1 through which EMSA has notified intentions to proceed with the termination of the mobilization alert for operations in Italy as well as the subject Framework Contract.

In line with the discussion that took place between Leonardo and EMSA in Lisbon on 10th January 2018, and in consideration of the ongoing actions undertaken after that meeting and relevant progresses, Leonardo respectfully requires EMSA to consider the temporary suspension of the notified termination of the subject Framework Contract.

In case EMSA would favorably consider this request, Leonardo commits to keep EMSA informed of the progress against the planned activities identified during the 10th January meeting to allow EMSA to decide if and when [REDACTED] surveillance services may be called upon.

Leonardo would like EMSA to positively evaluate this proposal also in consideration of the significant amount of resources that Leonardo dedicated for the development of this program and the extra endeavors implemented for the recovery of the unexpected events that negatively impacted the delivery schedule, as detailed by Leonardo during the previous meetings and communications and promptly reported to EMSA along with the appropriate mitigation plans. Please note that the investments made by Leonardo to enable EMSA services to be conducted under the Framework Contract amount to in excess of [REDACTED]

As of today, two [REDACTED] aircrafts continue to be assembled with the sole scope of being utilized to satisfy the requirements of the subject contract and subsequent related specific contracts. It is also important to note that said two aircraft and [REDACTED] sensors and equipment were launched as a result of the Framework Contract between the parties, something which of course was further justified by the partial acceptance of the set-up phase as noted in Ref. 1

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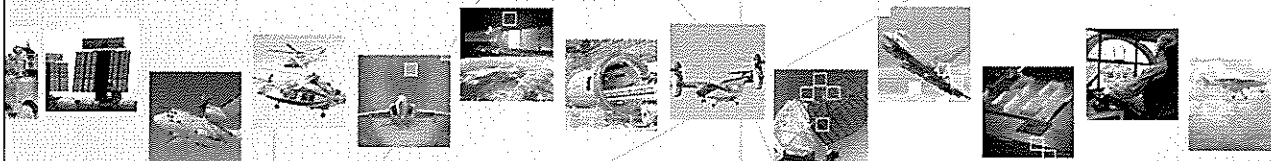
The build status of the aforementioned aircraft are here reported and attached at Ref. 3.

In line with the above and the actions assigned to Leonardo after the Partial acceptance, Leonardo has also provided evidence to EMSA of the successful obtainment of the ITAR clearances and the submittal of the Permit to Fly documentation for the [REDACTED] platform as requested by EMSA.

Given the above, Leonardo confirms again its strong willingness of maintaining this collaboration with EMSA and its commitment to further progress with the [REDACTED] completion plan and ensure the promised targets upon EMSA favorable consideration of Leonardo proposal to further proceed with the Framework Contract development.

Yours Faithfully,

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Feb 2018

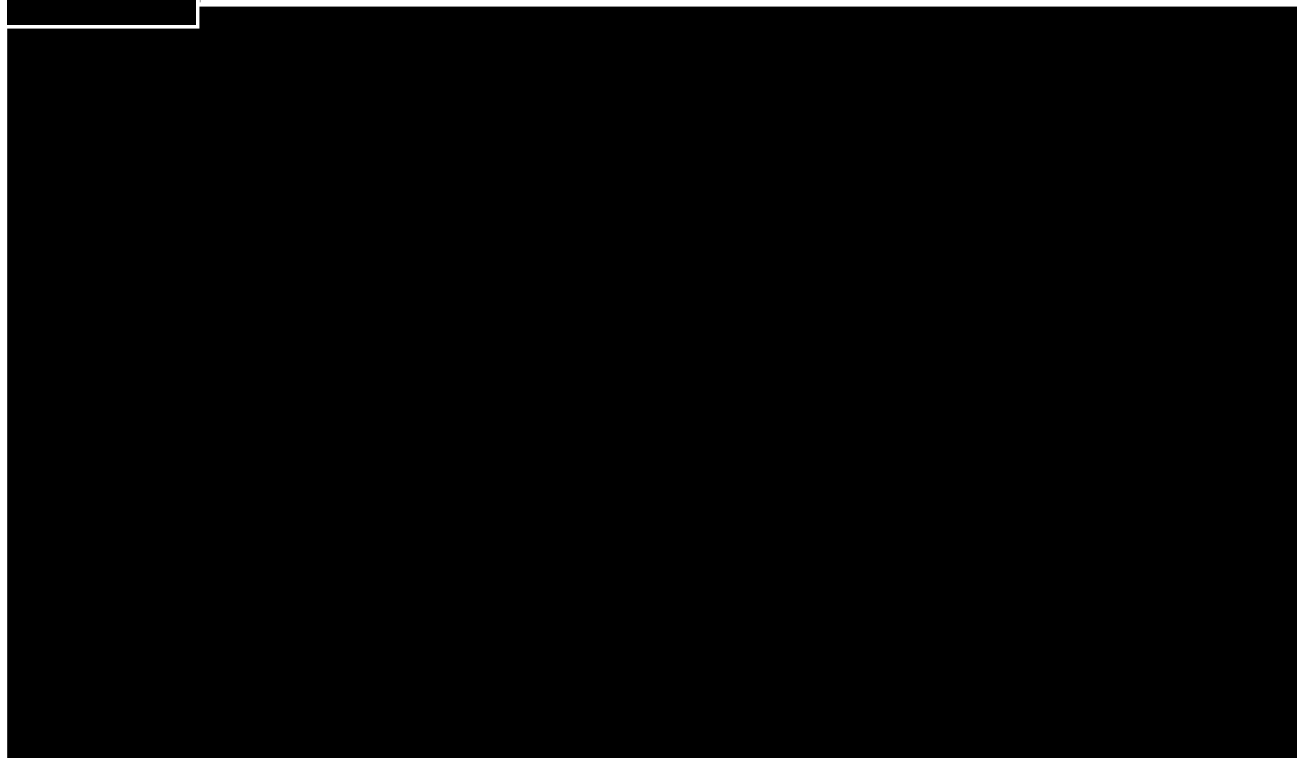
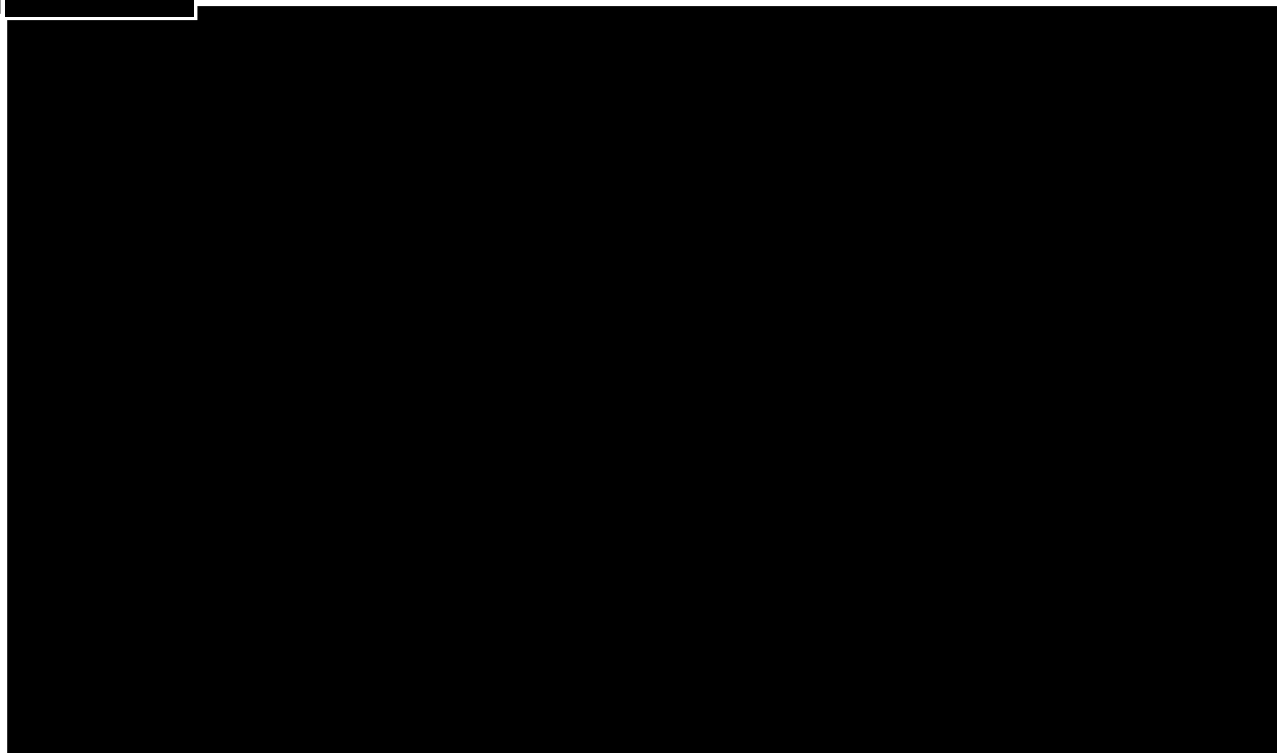
 **LEONARDO**
HELICOPTERS

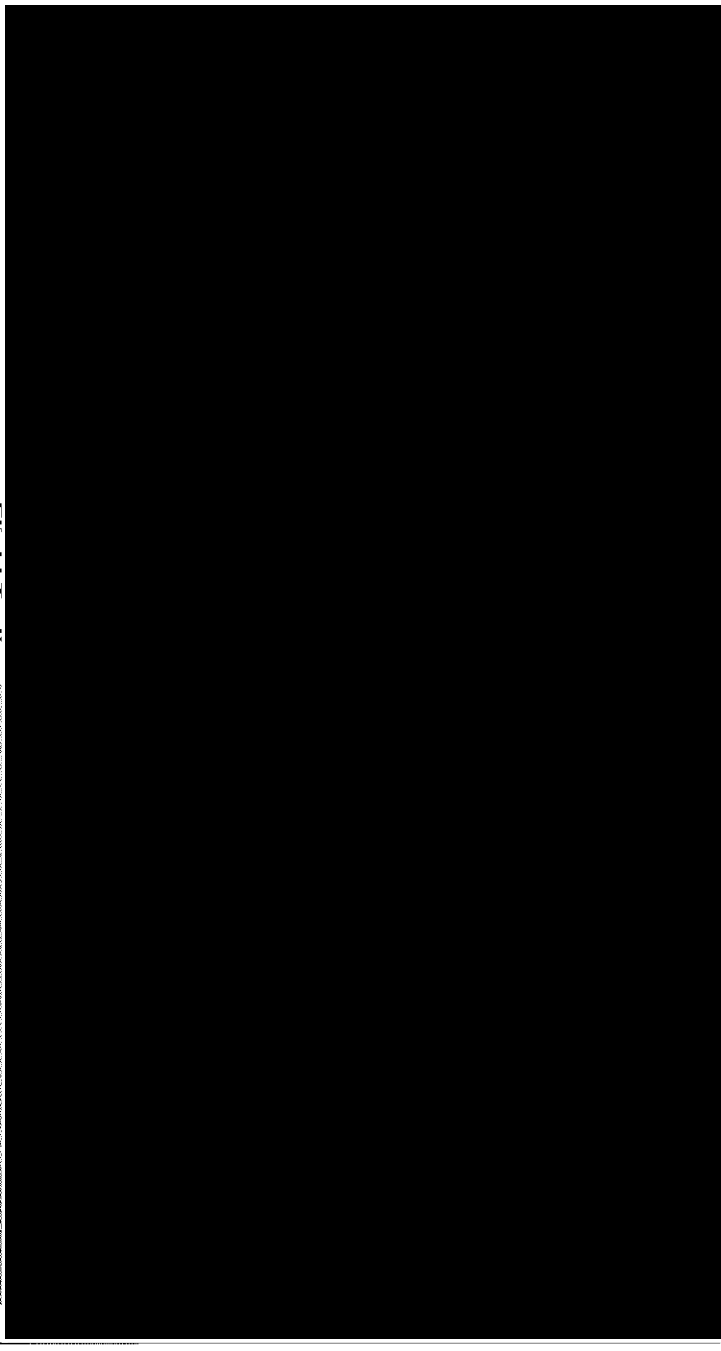
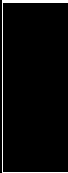
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Flight Testing



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THANK YOU FOR YOUR ATTENTION

[REDACTED]
Leonardo - Finmeccanica S.p.A.
Leonardo Helicopters
Piazza Monte Grappa 4
00195 Roma, Italy

By registered mail and

Lisbon, 21 FEB 2018
emsa.c.3.0.dir(2018)942387

Subject: Termination of Framework Contract - Answer to Leonardo Helicopters letter dated 7th February 2018

Ref. Framework Contract 2017/EMSA/OP/12/2016-Lot 3

Dear [REDACTED]

Thank you for your letter dated 7 February 2018.

In the letter dated 26 January 2018, EMSA informed you that the mobilization alert for the operation in Italy was cancelled. In the same letter EMSA informed you about the termination of the Framework Contract 2017/EMSA/OP/12/2016-Lot 3 due the limitations of [REDACTED] platform for maritime applications and the announced delay in the production of [REDACTED] which are a breach of substantial contractual obligations.

The achievements described in your letter dated 7 February 2018 were already presented to EMSA at the meeting held in EMSA on 10 January 2018. Availability of an aircraft capable to perform RPAS maritime operations only as from April 2018 is not respecting the terms of the Contract as already communicated at the meeting.

We would like to recall that:

- 1) All activities/services related to the [REDACTED] aircraft (the interim solution until the [REDACTED] will be available for operations) were supposed to be ready by 30 June 2017, which already includes one extension of 25 days;
- 2) after two reminder letters by EMSA, the acceptance tests took place on 16 and 17 October 2017;
- 3) EMSA sent a mobilisation alert for operation in Italy on 31 October 2017 and after the partial acceptance on 23 November 2017 EMSA sent the Specific Contract No 3 for signature while reiterating several conditions to be respected;

- 4) Based on the lack of progress, EMSA withdrew Specific Contract No3 as well as Specific Contract No2 for interfacing on 18 December 2017 and announced its intention to terminate the FWC, unless deliverables were completed by 18 January 2018.

EMSA underlines again that the 2017/EMSA/OP/12/2016-Lot 3 is finally terminated due to a manifest non-compliance to the agreed contractual terms for the provision of an operational system/service.

In spite of this, we still look forward to collaborate with Leonardo Helicopters in any future project.

Yours sincerely.

