SUMITOMO CORPORATION OF AMERICA

October 12, 2011

Mail and FAX: (808) 768-5110

Mr. Kenneth Toru Hamayasu
Interim Executive Director
Honolulu Authority for Rapid Transportation
Ali'i Place, Suite 1700
1099 Alakea Street
Honolulu, Hawai'i 96813

Re: Core Systems DBOM RFP-DTS-198413

Dear Mr. Hamayasu:

We have previously written to express our concerns regarding the City's decision to award to Ansaldo Honolulu JV ("Ansaldo") the Core Systems Contract, including Ansaldo's (a) failure to comply with Hawai'i contractor's licensing laws and (b) questionable track record strongly indicating a lack of capability to complete this project on time, among many other issues.

Since our last communication there continues to be growing concerns that can jeopardize the success of this project. For example:

Financial Responsibility. The CEO of Ansaldo's parent company, Finmeccanica SpA, has publically stated that due to its financial problems, AnsaldoBreda will either be sold or restructured by the end of this year. Since making such statement, news articles have reported that Finmeccanica has indeed hired Mediobanca SpA, an investment bank, to advise it regarding the sale of both Ansaldo STS and AnsaldoBreda. Such a sale would be contrary to the terms of the RFP. Section 6.13(D) of RFP Part 1 provides:

> It is a requirement of the City that Offeror organizations, including Principal Participants and specialized Subcontractors, identified in the Qualifications Proposal remain intact for the duration of the procurement process, including the subsequent Contract, unless otherwise approved by the City. An Offeror may propose substitutions for participants after the Qualifications Proposal submittal; however, such changes will require written approval by the City, and approval may be granted or withheld at the City's sole discretion. Requests for changes must be made in writing no later than thirty (30) calendar days prior to the due date for submittal of Technical, O&M and Price Proposals; ... [underling added]

Has Finmeccanica/Ansaldo requested the City's consent to change their organization as is required under the provisions of the RFP?

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In addition, regardless of whether its sister company, Ansaldo STS, may or may not be financially responsible, AnsaldoBreda is not financially capable of standing on its own, separate and apart from its parent company. Since the RFP does not require that Finmeccanica legally guarantee the contract, Ansaldo STS and AnsaldoBreda must be evaluated on their own merit, separate and apart from Finmeccanica.

Even if Finmeccanica were to guarantee the contract, however, its own financial status has been deteriorating, as evidenced just last week in the attached October 5, 2011 independent report of Moody's. In downgrading the ratings for Finmeccanica, "Moody's notes particular concern with respect to recent financial results, with evidence of accelerating adverse trends in the company's Defence Electronics and Aeronautics business lines now also negatively impacting margins and exacerbating longer-term restructuring needs related to its Transport rolling stock operations." [underlining added]

Contractor's License. The Regulated Industries Complaints Office of the Hawaii DCCA is currently investigating the failure of Ansaldo to have a contractor's license at the time that it bid the project. The required penalties are a fine equal to 40% of the contract value and/or suspension and revocation of Ansaldo's license. If its license is suspended or revoked, Ansaldo will be unable to legally proceed with the work. If it is assessed a fine of 40% of the total contract value, Ansaldo will be unable to financially proceed with the work.

In sum, significant and material changes have occurred since the notice of award of the contract to Ansaldo. Those changes suggest that a basis for the award no longer exists. We therefore request HART to reconsider the award to Ansaldo.

Sumitomo Corporation of America stands by its commitment to work with the City in a timely manner to provide the best value transit system possible.

Thank you for your consideration.

Very truly yours,

Gino M. Antoniello
Vice President
Transportation Systems and
Equipment Business Unit
Sumitomo Corporation of America

SUMITOMO CORPORATION OF AMERICA

cc: transitmailbox@honolulu.gov

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Attachment: Moody's Rating Action on Finmeccanica

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's downgrades Finmeccanica to Baa2; outlook stable (Italy)

Global Credit Research - 05 Oct 2011

Approximately EUR 6.3 billion of debt affected

New York, October 05, 2011 -- Moody's Investors Service has today downgraded to Baa2 from A3 the long-term issuer ratings of Finmeccanica SpA and its subsidiaries, including DRS Technologies, Inc., Finmeccanica Finance S.A. and Meccanica Holdings USA, Inc. (collectively, Finmeccanica or the company). The outlook for all ratings is stable. Today's rating action concludes Moody's review for downgrade, as initiated 20 June 2011.

This is one of several rating actions on Italian government-related issuers (GRIs) which are being announced separately.

RATING RATIONALE

RATIONALE FOR DOWNGRADE

Today's rating action follows Moody's downgrade of the rating of the government of the Republic of Italy to A2 with a negative outlook, from Aa2. For full details please refer to http://www.moodys.com/research/Moodys-downgrades-Italys-government-bond-ratings-to-A2-with-a--PR_227333.

In addition to weakened sovereign creditworthiness, Finmeccanica's standalone credit quality has also deteriorated, and Moody's has subsequently lowered the company's Baseline Credit Assessment (BCA) (on a scale of 1 to 21, where 1 represents the lowest credit risk) to 10 (or Baa3-equivalent) from 9 (or Baa2-equivalent).

The one-notch reduction in Finmeccanica's BCA reflects operating performance and credit metrics that continue to lag Moody's expectations and have persisted since the company leveraged up to buy DRS Technologies (DRS) at the end of 2008. Moreover, Moody's notes particular concern with respect to recent financial results, with evidence of accelerating adverse trends in the company's Defence Electronics and Aeronautics business lines now also negatively impacting margins and exacerbating longer-term restructuring needs related to its Transport rolling stock operations. The company's key credit metrics are suggestive of a more modest credit profile, more akin to companies in the Ba1-to-Baa3 rating range, with Debt-to-EBITDA of 4.2 times and EBIT-to-Interest of 2.3 times (both on a trailing 12-month basis for the period ended 30 June 2011). Moody's believes that Finmeccanica's firm-wide restructuring programme should yield improved operating performance over the next couple of years. However, earnings and cash flows are likely to remain weak over the interim period, with free cash flows anticipated to be well below historical levels. Implicit in the stable outlook is an acknowledgement that free cash flow may benefit from reduced tax payments and a possible curtailment of shareholder dividends while the restructuring proceeds in order to mitigate an otherwise cash-absorptive profile.

Finmeccanica recognises the current business challenges and has begun a firm-wide restructuring programme to address process and cost inefficiencies in certain lower-performing business units: primarily concentrated in Transportation, Aeronautics, and Defence Electronics. Moody's believes that the plan, while aggressive in its attempt to address structural challenges as a means to establishing a more firm base for future growth, will likely take some time to fully implement and is not without risk in terms of its ability to achieve satisfactory results. In addition, there will likely be some resistance in implementing certain elements, particularly in the areas of cost restructuring stemming from political and/or labour pressures. However, the restructuring plan could result in additional divestitures beyond what has already been achieved, the proceeds from which Moody's expects would be applied to debt reduction and could thereby provide a somewhat accelerated improvement in the company's credit profile.

With about 30% of its shares owned by the Italian government, Finmeccanica is a GRI. The company's Baa2 long-term rating is a function of (1) a BCA of 10 (Baa3 equivalent); (2) the default risk of the supporting government (Italy is now rated A2/negative); (3) the perceived strong and continued likelihood of government support (primarily because of the key role that Finmeccanica plays in providing defence-related products to the Italian government); and (4) the moderate default dependence between Finmeccanica and Italy (principally due to the global breadth of Finmeccanica's revenue base).

RATIONALE FOR STABLE OUTLOOK

Despite the negative outlook for the Italian sovereign, the stable outlook for Finmeccanica reflects Moody's belief that the company will ultimately be successful in effecting a substantial amount of restructuring within its business operations, and thereby improve its creditworthiness over the interim period. Of particular note is the company's solid liquidity position (with significant cash balances and a large, EUR2.4 billion undrawn revolving credit facility), a sizeable backlog (at more than twice annual revenues) and limited near-term maturities that are deemed to collectively afford management the time and thereby the opportunity to address problem areas. Finmeccanica's large size (with more than EUR18 billion of revenues), its position as a prime defence contractor and tier-one supplier to critical aerospace platforms (B787, Eurofighter), and as a leading manufacturer of helicopters with a broad global installed base, along with its diverse revenue streams in both commercial and military applications, all lend support to an investment-grade credit profile.

WHAT COULD CHANGE THE RATING UP/DOWN

The inability to restore consolidated operating margins to the high single-digit level as the restructuring initiatives are completed could negatively impact the rating and/or outlook. In particular, Defence Electronics and Aeronautics operating margins that fail to progress towards low double-digit and high single-digit levels, respectively, could cause downward rating pressure. A lack of progress towards debt reduction, through application of free cash flows and/or additional divestitures, could also exert downward pressure on the rating. Other factors that could cause the rating to be downgraded include: reduction in Alenia Aeronautica's business from Boeing due to supplier concerns, poor execution of the backlog, loss of a major defence contract for which costs are not recoverable, Debt-to-EBITDA sustained above 3.5 times and Retained Cash Flow-to-Debt below 15%.

Although unlikely in the intermediate term, Moody's could consider upgrading the rating if Finmeccanica reports a consolidated operating margin that is sustainable above 10%, an improving return on capital (EBITA-to-Average Assets) of 11% or better, and Retained Cash Flow-to-Debt rising to the high-20% range, with a continued focus of business operations around the three core units of defence electronics, aviation and helicopters.

The principal methodology used in rating Finmeccanica was the Global Aerospace and Defense Industry Methodology published in June 2010. Other methodologies used include the Government-Related Issuers methodology published in July 2010. Please see the Credit Policy page on www.moodys.com for a copy of these methodologies.

Headquartered in Rome, Finmeccanica SpA is one of Italy's largest industrial conglomerates and receives about half of Italy's annual defence outlays. Finmeccanica is concentrated in the defence electronics and aerospace (helicopters and aircraft) markets and has interests in the transportation (train signalling systems) and energy sectors. The company reported revenues of around EUR18.5 billion for the 12 months ended 30 June 2011.

RATINGS LIST

Downgrades:

..Issuer: Finmeccanica S.p.A.

....EUR 2.6 Billion Gtd Senior Unsecured Medium-Term Note Program, Downgraded to (P)Baa2 from (P)A3

..Issuer: Finmeccanica Finance S.A.

....EUR 600 Million Gtd Senior Unsecured Eurobonds, Downgraded to (P)Baa2 from (P)A3

....GBP 400 Million Gtd Senior Unsecured Medium-Term Notes, Downgraded to Baa2 from A3

....EUR 2.0 Billion Gtd Senior Unsecured Medium-Term Notes, Downgraded to Baa2 from A3

..Issuer: Meccanica Holdings USA, Inc.

....US$ 1.3 Billion Gtd Senior Unsecured Global Notes, Downgraded to Baa2 from A3

..Issuer: DRS Technologies, Inc.

....US$ 12.0 Million Gtd Senior Unsecured Global Notes, Downgraded to Baa2 from A3

Outlook Actions:

..Issuer: Finmeccanica S.p.A.

....Outlook, Changed To Stable From Rating Under Review

..Issuer: Finmeccanica Finance S.A.

....Outlook, Changed To Stable From Rating Under Review

..Issuer: Meccanica Holdings USA, Inc.

....Outlook, Changed To Stable From Rating Under Review

..Issuer: DRS Technologies, Inc.

....Outlook, Changed To Stable From Rating Under Review

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