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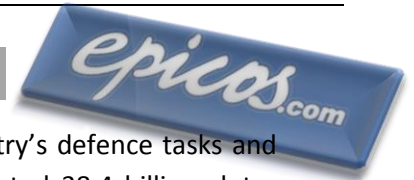
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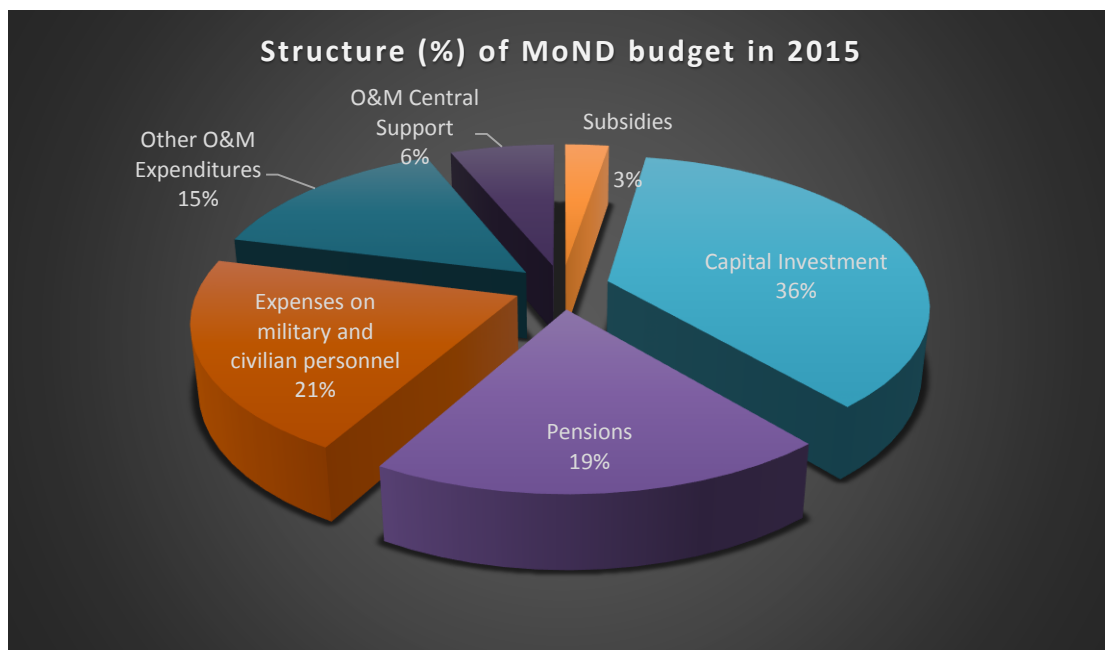
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Polish Defence Budget



In order to fulfill the country's defence tasks and missions, Poland has allocated 38.4 billion zlotys (approximately 10.2 billion US dollars) for 2015. This is an 18% increase compared to the last year's defence budget. With the implementation of the 2015 defence budget, Poland is set to join a handful of NATO members who meet the alliance's target of investing at least 2% of national income in defence. At present, this club consists only of America, Britain, Estonia and Greece.

The Polish defence budget is allocated as depicted in the pie-chart below. Expenses on military and civilian personnel represents 20.7% of the total military budget accounting for 7,900.1 million Zlotys (approximately 2 billion US dollars), while capital investment represents 36.2% hence 13.775,7 million Zlotys (approximately 3.6 billion US dollars). Pensions and other Operational and Maintenance (O&M) expenditures represents 19.4% and 14.9% of the total military budget respectively.



Additionally, it is worth mentioning that capital investment expenses has increased significantly. It is indicative that the 2015 budget allocates 13.775,7 million Zlotys (approximately 3.6 billion US dollars) while the 2012 budget allocated 6.114 million Zlotys (approximately 1.6 billion US dollars).

The main objective of the 2015 budget are the following:

1. To increase operational capability of the Polish Armed Forces;
2. Modernization of the military equipment and weapons;
3. To ensure favourable conditions for the development of military operational capabilities of Polish Armed Forces through international cooperation;
4. To improve cyber defence and national cryptology solutions;

5. To improve effectiveness and efficiency of the Ministry of National Defence;
6. Improvement of command and control structure of the Polish Armed Forces;
7. To increase level of computerization of the Ministry of Defence.

Kyriazis Vasileios,

Epicos Newsletter Head Editor

Polish Defence Industry

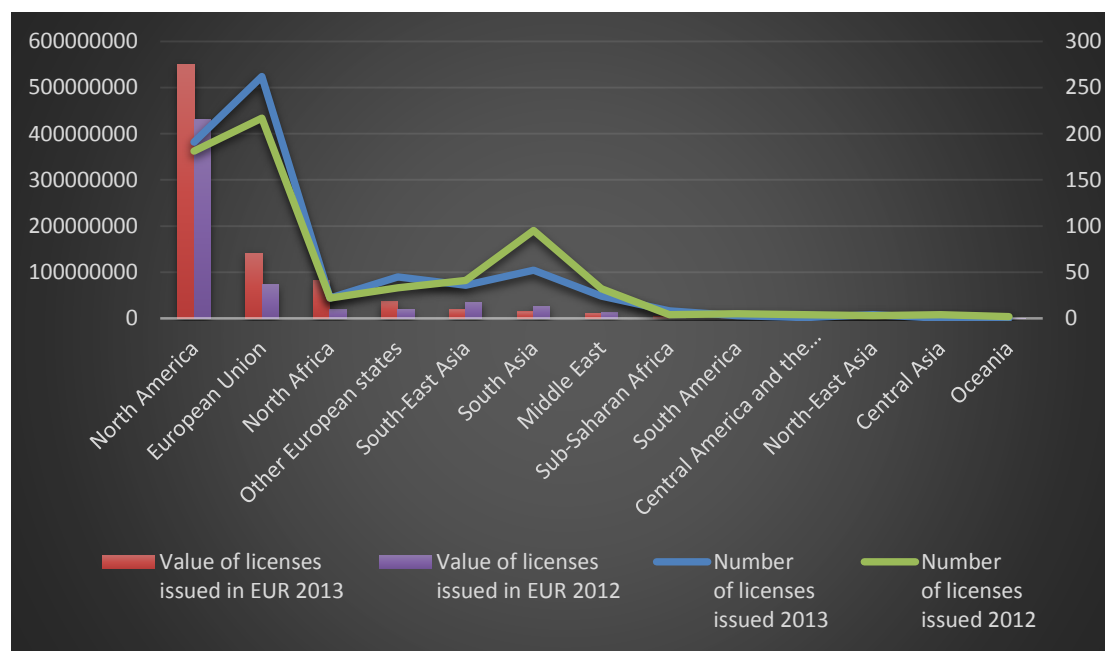


Ministry of National Defence Republic of Poland

Defence industrial restructuring in Poland began later than the other former communist countries. It was only in 1999

that the government initiated the first Strategy for the Restructuring of the Defence Industry, aiming at enhancing the specialization and potential of the indigenous defence industry. However the program had limited success. Thus, Poland adopted a new program in 2002, which resulted at the complete transformation of the Polish defence industrial base. Nowadays, the Polish defence industry is dominated by the Polska Grupa Zbrojeniowa- Polish Armament Group (PGZ SA) which comprises over 30 companies with more than 17.400 employees and a turnover of 5 billion zlotys (approximately 1.3 billion US dollars).

As it is already mentioned PGZ includes over 30 companies including Rosomak SA, Huta Stalowa Wola SA, Jelcz Sp. z o.o., Ośrodek Badawczo-Rozwojowy Centrum Techniki Morskiej SA, Wojskowe Zakłady Elektroniczne SA, Wojskowe Zakłady Inżynieryjne SA, Wojskowe Zakłady Motoryzacyjne SA, Wojskowe Zakłady Łączności Nr 1 SA, Wojskowe Zakłady Łączności Nr 2 SA, the Wojskowe Centralne Biuro Konstrukcyjno-Technologiczne, Wojskowe Zakłady Lotnicze Nr 1 SA, Wojskowe Zakłady Lotnicze Nr 2 SA, Wojskowe Zakłady Lotnicze Nr 4 SA i Wojskowe Zakłady Uzbrojenia SA, WSK PZL Kalisz SA, Fabryka Broni Łucznik Radom SA, Nano Carbon SA.



	Number of licenses issued 2013	Value of licenses issued in EUR 2013	Number of licenses issued 2012	Value of licenses issued in EUR 2012
North America	191	549 697 742	181	430 459 544
European Union	262	141 591 467	217	73 255 250
North Africa	22	81 412 132	22	19 515 673
Other European states	45	36 599 279	33	20 121 828

	Number of licenses issued 2013	Value of licenses issued in EUR 2013	Number of licenses issued 2012	Value of licenses issued in EUR 2012
South Asia	52	13 572 224	95	26 272 970
Middle East	24	11 365 950	32	12 159 395
Sub-Saharan Africa	8	3 519 018	4	143 343
South America	3	1 202 296	5	5 937 217
Central America and the Caribbean	1	217 888	4	1 450 482
North-East Asia	4	183 460	3	221 009
Central Asia	0	0	4	7 805 180
Oceania	0	0	2	15 482
Total	648	858 001 551	641	633 003 667

Regarding exports, the Polish defence industry in 2013 recorded a small increase compared to 2012, both in terms of the number of licenses issued and the total value of these licenses. Nevertheless, it would be difficult to identify any clear patterns in the dynamics of Polish exports. This can be explained by the fact that the Polish export whose value is limited, tends to grow or decrease dramatically following the winning or losing of a single contract, even if its value is not very significant.

Nevertheless, it is clear that North America holds the lion's share as a destination of Poland's Defence exports both in 2012 and 2013, whereas European Union follows.

Kyriazis Vasileios,

Epicos Newsletter Head Editor

Epicos "Industrial Cooperation and Offset Projects"



Epicos "Industrial Cooperation and Offset Projects" provides a unique set of online tools enabling the structure, identification and implementation of comprehensive Offsets programs, through a searchable database. By introducing different offset projects and ideas proposed by local A&D industry it ensures the optimum cost for Prime Contractors and reassures that the priorities of local industry are fully met...

[For Further Information Press Here](#)

Introduction of vapour compression technology for the development of new generation Future Soldier ballistic protection vests



A company specializing in the manufacture of bullet proof vests, is proposing collaboration with another company for the investigation and potential development of vapour compression technology equipment, to be used in the production of new generation Future Soldier ballistic protection vests. The new vests will provide ballistic protection, as well as cooling properties for the soldiers.

[For Further Information Contact our ICO Department](#)

Mail at: g-menexis@epicos.com

Low cost battle vehicle information system



A company with long standing experience in the development and production of electromechanical instruments and avionics systems, is proposing the adaptation of existing Battle Vehicle Information System (BVIS) technology used in MBTs, in order to meet related requirements in light armoured vehicles used in peace keeping and homeland security applications around the world.

[For Further Information Contact our ICO Department](#)

Mail at: g-menexis@epicos.com

News from our A&D Business Network**FINMECCANICA Signed the Agreement to Sell the 100% of FATA S.p.A.**

Finmeccanica S.p.A. signed an agreement with DANIELI Group to sell the 100% of Fata S.p.A, active in the field of industrial plant engineering, including its subsidiaries in USA (Fata Hunter), India (Fata Engineering), China (Fata Shanghai) and UAE (Fata Gulf). The disposal agreement does not include the 100% stake Finmeccanica owns in Fata Logistic Systems S.p.A and some assets, that will be span off before the closing. With approx. 200 headcount and ca. 150 million euros of revenues per year, Fata is a company active in the design of turn key industrial plants (Engineering, Procurement and Construction) and has proprietary technologies in the field of steel processing plants.

The disposal of Fata by Finmeccanica marks a further step forward in the execution of the Industrial Plan, focusing and strengthening the Group in the core Aerospace, Defence and Security business.

DANIELI Group, active in the engineering of steel processing plants field, has been selected as the best industrial partner for Fata, able to ensure the Company, its employees and its current and future customers the development and enhancement of its portfolio of capabilities and technologies.

The closing of the transaction is expected in the first quarter of 2016 and is subject to standard conditions for this kind of transactions. For the transaction, Finmeccanica was assisted by UniCredit Corporate & Investment Banking as financial advisor.

For Further Information [Click Here](#)

CAE wins defence contracts valued at more than C\$100 million

CAE today announced that it has won defence contracts, included as part of its second quarter order intake, valued at more than C\$100 million to provide training services and simulation products for global military customers. Some of the key contracts include the United States Air Force exercising another option year for CAE USA to

continue providing comprehensive training services as part of the KC-135 Aircrew Training System (ATS) program; the United States Navy exercising another option year for CAE USA to continue providing T-44C aircrew training services; and a five-year contract to provide maintenance and support services on the German Air Force's Eurofighter training devices.

"The delivery of training services such as classroom and simulator instruction as well as upgrades and maintenance support is an important part of our strategy to be a full-service training systems integrator," said Gene Colabatistto, CAE's Group President, Defence & Security. "We are continuing to pursue a range of long-term training services contracts and expect the delivery of services to make up a growing percentage of our business portfolio as defence forces look to leverage the support and expertise of industry."

U.S. Air Force KC-135

The U.S. Air Force has exercised the option for the sixth year of aircrew training services provided by CAE USA as the prime contractor on the KC-135 Aircrew Training System (ATS) program. CAE USA will continue to provide classroom and simulator instruction as well as upgrades, maintenance, and support of all KC-135 aircrew training devices. CAE USA provides KC-135 aircrew training services at Altus Air Force Base, Oklahoma; Fairchild Air Force Base, Washington; Grissom Air Reserve Base, Indiana; Hickam Air Force Base, Hawaii; Kadena Air Base, Japan; MacDill Air Force Base, Florida; March Air Force Base, California; McConnell Air Force Base, Kansas; Mildenhall Air Base, United Kingdom; Milwaukee Air National Guard Base, Wisconsin; Pease Air Force Base, New Hampshire; Pittsburgh Air National Guard Base, Pennsylvania; Scott Air Force Base, Illinois; and Seymour-Johnson Air Force Base, North Carolina.

U.S. Navy T-44C

The U.S. Navy has exercised the option for the second full-year of comprehensive T-44C aircrew training services provided at Naval Air Station (NAS) Corpus Christi in Texas. CAE USA provides T-44C aircrew training services under a contractor-owned, contractor-operated training program. CAE is providing classroom and simulator training for more than 500 students annually to support the Navy's T-44C aircraft, which is used for multi-engine intermediate and advanced flight training.

German Air Force Eurofighter

CAE will continue providing a range of maintenance and in-service support services for the German Air Force's Eurofighter training devices as part of an industry team in Germany. CAE will have specific responsibility for maintaining the Eurofighter visual systems, including CAE

Medallion-6000 image generators as well as projector and display systems. The maintenance and in-service support services will be performed on-site at Laage, Neuburg, Noervernich and Wittmund, which are the four Eurofighter main operating bases in Germany.

About CAE

CAE's Defence & Security business unit focuses on helping prepare our customers to develop and maintain the highest levels of mission readiness. We are a world-class training systems integrator offering a comprehensive portfolio of training centres, training services and simulation products across the air, land, sea and public safety market segments. We serve our global defence and security customers through regional operations in Canada; the United States/Latin America; Europe/Middle East/Africa; and Asia/Pacific, all of which leverage the full breadth of CAE's capabilities, technologies and solutions.

CAE is a global leader in the delivery of training for the civil aviation, defence and security, and healthcare markets. We design and integrate the industry's most comprehensive training solutions, anchored by the knowledge and expertise of our 8,000 employees, our world-leading simulation technologies and a track record of service and technology innovation spanning seven decades. Our global presence is the broadest in the industry, with 160 sites and training locations in 35 countries, including our joint venture operations, and the world's largest installed base of flight simulators. Each year, we train more than 120,000 civil and defence crewmembers, as well as thousands of healthcare professionals. www.cae.com

Follow on Twitter @CAE_Inc and @CAE_Defence

CAE contact:

Hélène V. Gagnon, Vice President, Public Affairs and Global Communications,

+1-514-340-5536, helene.v.gagnon@cae.com

Epicos NewsRoom**Belarus says 'does not need' Russian airbase**

Belarusian President Alexander Lukashenko on Tuesday said his country does not need a Russian airbase despite Moscow pushing to establish a facility in the strategic nation bordering the European Union.

"Today we don't need a base, even less the air force," Lukashenko said.

"We need specific arms. I have spoken publicly about it to Putin," the strongman said in comments released by his press office. In September, Russian President Vladimir Putin ordered his ministers to agree a deal with Belarus to establish an airbase in the country.

Ex-Soviet Belarus is a long-standing ally of Russia and is a member of a Moscow-led economic union. Russia already has a radar station and a navy radio station in Belarus but the air unit will be Russia's first major military base in that country.

The creation of a Russian military air base in Belarus -- which borders NATO and European Union members Poland, Latvia and Lithuania -- has been mooted since 2013.

Relations between Minsk and Moscow have, however, sometimes been prickly and strongman leader Lukashenko has largely remained neutral over the conflict in neighbouring Ukraine while relations with the European Union have improved slightly.

Around a thousand opposition supporters took to the streets of Minsk over the weekend to demonstrate against Russian plans to build an airbase.

Belarusians go to the polls this Sunday in presidential polls that look certain to see Lukashenko extend his 21-year grip on power. Some leaders in eastern European countries such as Poland and the Baltic nations have become increasingly jittery over Russian expansionism since Moscow seized the Crimea region from Ukraine in March 2014.

Source: 2015 AFP, Agence France-Presse (AFP)

Hollande warns Air France violence 'could harm country's image'

French President Francois Hollande said Tuesday scenes of Air France executives fleeing an angry mob after having their shirts ripped off by striking workers were "unacceptable" and put the country's image at risk. With the shirt stripped off his back, the struggling airline's human resources manager Xavier Broseta had to escape over a fence with the help of security guards on Monday after announcing plans to cut 2,900 jobs.

Another executive, Pierre Plissonnier, head of the airline's long-haul flight division, also had his shirt and jacket ripped in the chaos. Photographs of a bare-chested Broseta were splashed

across the front pages and websites of newspapers across the world, including the Financial Times and New York Times.

Hollande said Tuesday: "Social dialogue matters and when it's interrupted by violence, and disputes take on an unacceptable form, it can have consequences for the image and attractiveness" of the country. French employers' federation MEDEF sounded a similar note of concern. "It would be dramatic for our country if such a symbolic company is confronted with difficulties due to the refusal of a minority to adapt to a changing world," it said on Monday.

On his return from Japan, a grim-faced Prime Minister Manuel Valls visited Air France's headquarters to express his concern at the attack. "All of France is in shock," he said, blaming "thugs" for the violence. Seven people were hurt, including a security guard who was knocked unconscious and required hospital treatment. Prosecutors said Tuesday they were opening a criminal investigation into the violence.

"The only possible response is to prosecute because these incidents were totally beyond the scope of union action," Transport Minister Alain Vidalies told parliament. The incident made headlines worldwide, leaving the government red faced.

- Fallen giant -

Air France, once a proud symbol of French elegance and technical know-how, is struggling to compete in the face of intense competition from global rivals, not least Germany's Lufthansa and the combined forces of British Airways and Iberia in Europe.

The airline employs 52,000 people and has tried to convince its pilots, who earn an average of 150,000 to 175,000 euros a year at senior levels, to fly 100 more hours a year for the same salary. But talks broke down last week. Instead, the company has proposed job cuts, believed to involve 300 pilots, 900 air hostesses and stewards, and 1,700 ground staff.

On Tuesday, management denied a report in the Canard Enchaîné weekly that the airline was also planning a further 5,000 job cuts after 2017. "Air France denies these figures," the company said in a statement sent to AFP, adding there was "no plan concerning the evolution of staff in 2018, 2019 and beyond". The company already shed 5,500 posts through voluntary departures between 2012 and 2014.

Its new cost-cutting plan also includes measures to reduce long-haul flights, sell 14 planes and possibly cancel some or all of the new Boeing 787s it has on order. Air France staff are highly divided, according to unions. Not all support the pilots, who went on a two-week strike a year ago over the expansion of Air France's low-cost subsidiary Transavia.

The record-long strike cost the company more than 400 million euros (\$450 million) and prompted accusations from the government that they were effectively holding the airline to ransom.

Beatrice Lestic, of the CFDT union, told Le Parisien newspaper this week that ground staff, stewards and cabin crew "feel they have made enormous efforts without ending up in a

position to influence decisions". They felt helpless, she said, and were "now spectators to a crash in which they will be the first victims".

Source: 2015 AFP, Agence France-Presse (AFP)

Russia 'could put in place' coordination with US on Syria strikes

Russia could implement US proposals aiming to coordinate Moscow's strikes in Syria with the Washington-led coalition, a Russian defence ministry spokesman said on Wednesday.

"The Russian defence ministry has answered the demands of the Pentagon and is examining in depth American proposals on coordinating operations carried out ... against the terrorist group Islamic State on Syrian territory," Russian news agencies cited Igor Konashenkov as saying.

"On the whole, these proposals could be put in place," he said, adding: "We will for our part only try to clarify certain technical details which will be discussed today between Russian military defence experts and those from the Pentagon."

US and Russian officials held discussions last week -- at Russia's request -- on establishing measures to avoid accidents so warplanes flying over Syria would not be in the same place at the same time.

The so-called "deconfliction" talks came after Russia started bombing in support of Syrian President Bashar al-Assad, further complicating the four-and-a-half-year conflict.

Russian jets carried out air strikes on 12 Islamic State sites in Syria on Tuesday, as Moscow expanded its week-old bombing campaign in the war-torn country amid mounting tensions with Ankara over the violation of Turkey's airspace by Russian military planes.

Source: 2015 AFP, Agence France-Presse (AFP)

Raytheon broadens cyber capabilities with acquisition of Foreground Security

Raytheon Company announced it has acquired Herndon, Virginia-based Foreground Security, a leading provider of security operations centers (SOCs), managed security service solutions and cybersecurity professional services. The acquired company, which will be called Raytheon Foreground Security (RFS), accelerates Raytheon's expansion into managed security services across federal, international and commercial markets. RFS has approximately 165 employees, 85 percent who are trained cybersecurity experts.

"Raytheon Foreground Security has an exceptionally strong portfolio of solutions and proprietary technology in some of the fastest growing segments of the cybersecurity market," said Dave Wajsgras, president of Raytheon Intelligence, Information and Services. "Importantly, they will complement and expand our cybersecurity business. Their capabilities are compelling and clearly add immediate value to our already broad cyber offerings," Wajsgras added.

Foreground Security's Virtual Security Operations Center (V-SOC) and Automated Threat Intelligence Platform (ATIP) offer unique advanced cyber monitoring, threat hunting and professional services capabilities.

"Foreground has a well-earned reputation for cutting edge, next generation capabilities in security monitoring services and proprietary 'cyber hunting' technologies," said David Amsler, founder and CEO of Foreground Security. "And now as part of Raytheon, we will have the resources and breadth to build upon these advanced capabilities and bring them to a much larger global customer set."

About Raytheon

Raytheon Company, with 2014 sales of \$23 billion and 61,000 employees worldwide, is a technology and innovation leader specializing in defense, civil government and cybersecurity markets throughout the world. With a history of innovation spanning 93 years, Raytheon provides state-of-the-art electronics, mission systems integration and other capabilities in the areas of sensing; effects; and command, control, communications and intelligence systems, as well as cybersecurity and a broad range of mission support services. Raytheon is headquartered in Waltham, Mass. For more about Raytheon, visit www.raytheon.com and follow on Twitter @Raytheon.

Media Contact

Raytheon

Jo-Anne Sears

571 250 1914

iispr@raytheon.com

Source: Epicos, Raytheon

F-16V Comes to Indonesia

Lockheed Martin brought its F-16 cockpit demonstrator to Indonesia this week to highlight the F-16V, the latest version of Lockheed Martin's venerable F-16 Fighting Falcon multirole fighter. The F-16V offers the most advanced 4th Generation capability available on the market today, including Scalable Agile Beam Radar (SABR) and enhancements to the aircraft's mission computer, vehicle systems, aircraft structure, cockpit and electronic warfare system.

The F-16V is the next generation configuration that leverages a common worldwide sustainment infrastructure and provides significant capability improvements to the world's most affordable and effective multi-role fighter. This upgrade and production configuration will be the predominant configuration for the F-16 worldwide fleet. The new avionics configuration represents the most significant F-16 upgrade to date.

With more than 4,500 F-16s delivered, the F-16V is a natural step in the evolution of the world's most successful 4th Generation fighter. The Fighting Falcon program has continually evolved as it began with the F-16 A/B as the lightweight fighter then transitioned to F-16 C/D and Block 60 versions as customers' requirements evolved.

For additional information, visit the website: www.lockheedmartin.com/f16

About Lockheed Martin

Headquartered in Bethesda, Maryland, Lockheed Martin is a global security and aerospace company that employs approximately 112,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. The Corporation's net sales for 2014 were \$45.6 billion.

Source: Epicos, Lockheed Martin