



AeroVironment, Inc. Analyst Day Presentation

December 6, 2007

Charging
43.6V 399

7:00am	Welcome and Agenda Review Steven Gitlin, Dir. Investor Relations
7:05am	Vision and Mission Tim Conver, Chairman, CEO and President
7:20am	Financial Review Steve Wright, CFO
7:35am	Energy Technology Ctr. Segment Overview Joe Edwards, VP and GM
7:50am	PosiCharge Segment Overview Pat Dellario, VP and GM
8:05am	<i>Break</i>
8:15am	UAS Segment Overview John Grabowsky, EVP and GM
8:30am	Small UAS Services Overview Dan Stone, VP UAS Logistics

8:45am	Federal Budget Review Alex Hill, Dir. Washington, DC Operations
9:05am	Facility Tours and Product Viewing All
12:00pm	Lunch All
1:00pm	Q&A, Discussion All
1:15pm	End All

This presentation contains "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations, forecasts and assumptions that involve risks and uncertainties, including, but not limited to, economic, competitive, governmental and technological factors outside of our control, that may cause our business, strategy or actual results to differ materially from the forward-looking statements. Factors that could cause actual results to differ materially from the forward-looking statements include, but are not limited to, reliance on sales to the U.S. government; changes in the supply and/or demand and/or prices for our products; the activities of competitors; failure of the markets in which we operate to grow; failure to expand into new markets; changes in significant operating expenses, including components and raw materials; failure to develop new products; changes in the regulatory environment; product liability, infringement and other claims; and general economic and business conditions in the United States and elsewhere in the world. For a further list and description of such risks and uncertainties, see the reports we file with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. We do not intend, and undertake no obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise.



AV Vision and Strategy

Tim Conver

Chairman, CEO and President
AeroVironment, Inc.



What We Do

Innovative Solutions with Compelling New Value

Small UAS



Technology



PosiCharge



\$174 Million FY 2007 Revenue
54% CAGR FY 04 – FY 07

Leader in Market-Driven Innovation

- High Growth Through Technology-based Innovation
- Leading Positions In Growing Markets
- Strong Product Portfolio And Deep Customer Relationships
- Robust, Market-driven Development Pipeline
- Proven, Experienced Management
- Attractive Financial Performance

Our Strategic Intent

- Important work
- High growth
- *Values:*
 - Innovation
 - A good place to work
 - #1 with customers
 - Trust and integrity

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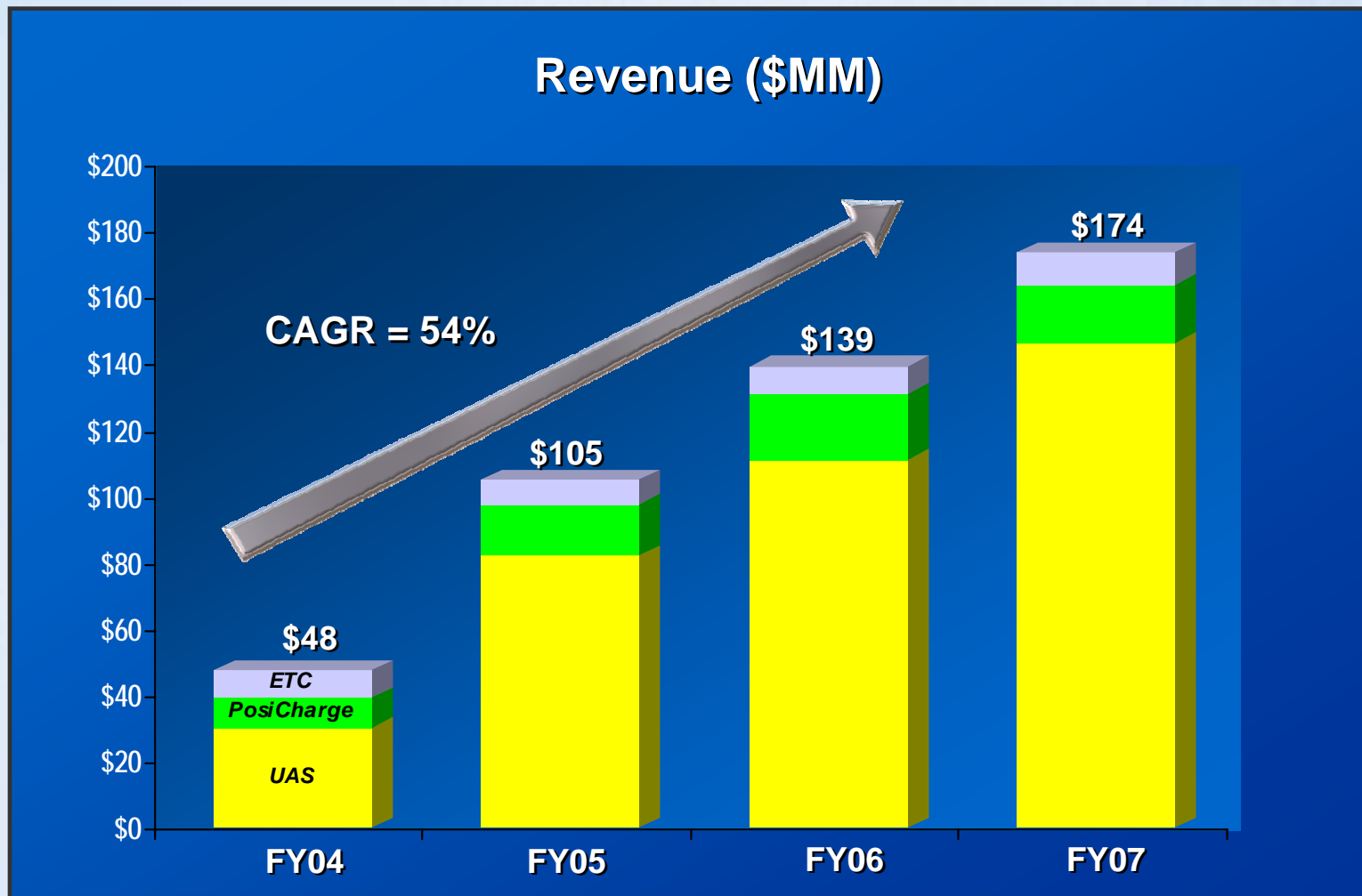
Financial Summary

Steve Wright

Chief Financial Officer
AeroVironment, Inc.

- Strong Organic Revenue Growth
- Track Record of Profitability
- Diverse Revenue Mix
 - Products, R&D, Services
 - Government, Commercial
- Strong Balance Sheet with No Debt

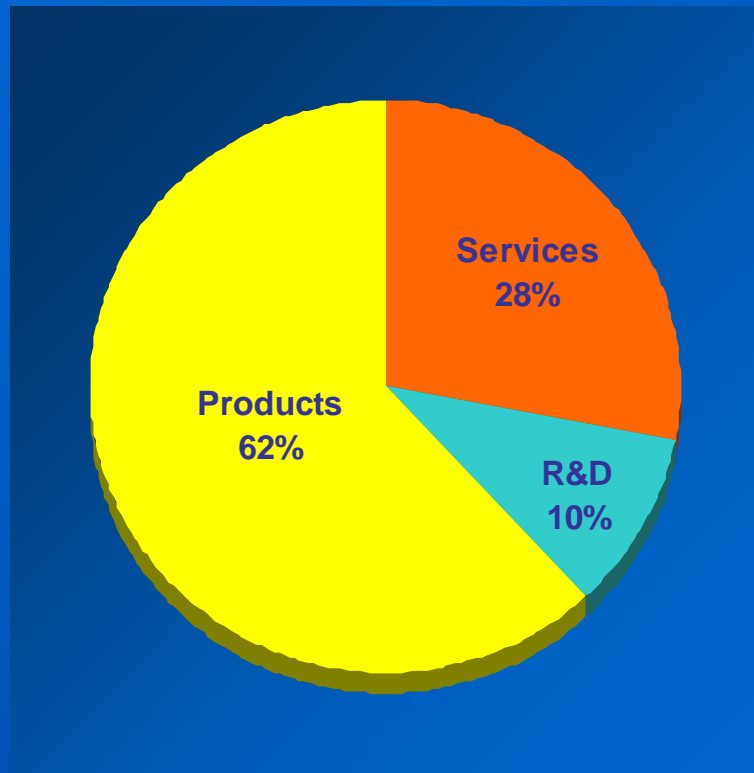
Consistent Annual Revenue Growth



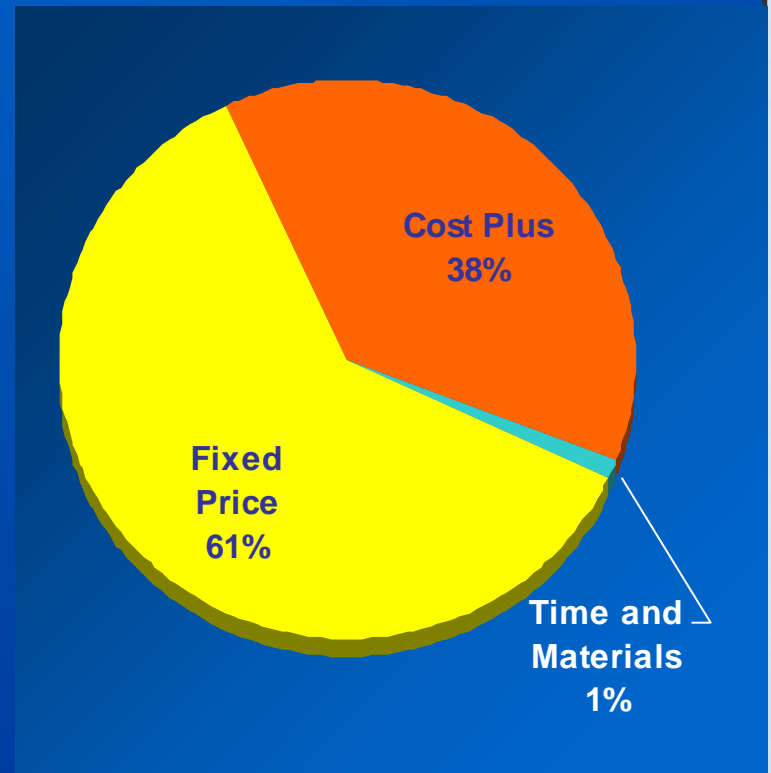
In \$ Millions	FY Ended April 30,				2004 - 2007 CAGR
	2004	2005	2006	2007	
Revenue	\$48	\$105	\$139	\$174	54%
Gross Profit	\$15	\$47	\$57	\$68	68%
<i>Margin</i>	31%	44%	41%	39%	
Operating Income	\$3	\$20	\$16	\$31	114%
<i>Margin</i>	6%	19%	11%	18%	

In \$ Millions	Fiscal Year 2008		Total
	Qtr 1	Qtr2	
Revenue	\$49.2	\$53.7	\$102.9
Gross Profit <i>Margin</i>	\$16.8 34%	\$18.9 35%	\$35.8 35%
Operating Income <i>Margin</i>	\$4.8 10%	\$6.6 12%	\$11.4 11%
Net Income <i>Margin</i>	\$3.8 8%	\$5.2 10%	\$9.0 9%

Q2'08 Ytd Revenue by Function



Q2'08 Ytd Contract Mix



AeroVironment
Fiscal Quarter Ended 10/27/07
(in Millions)

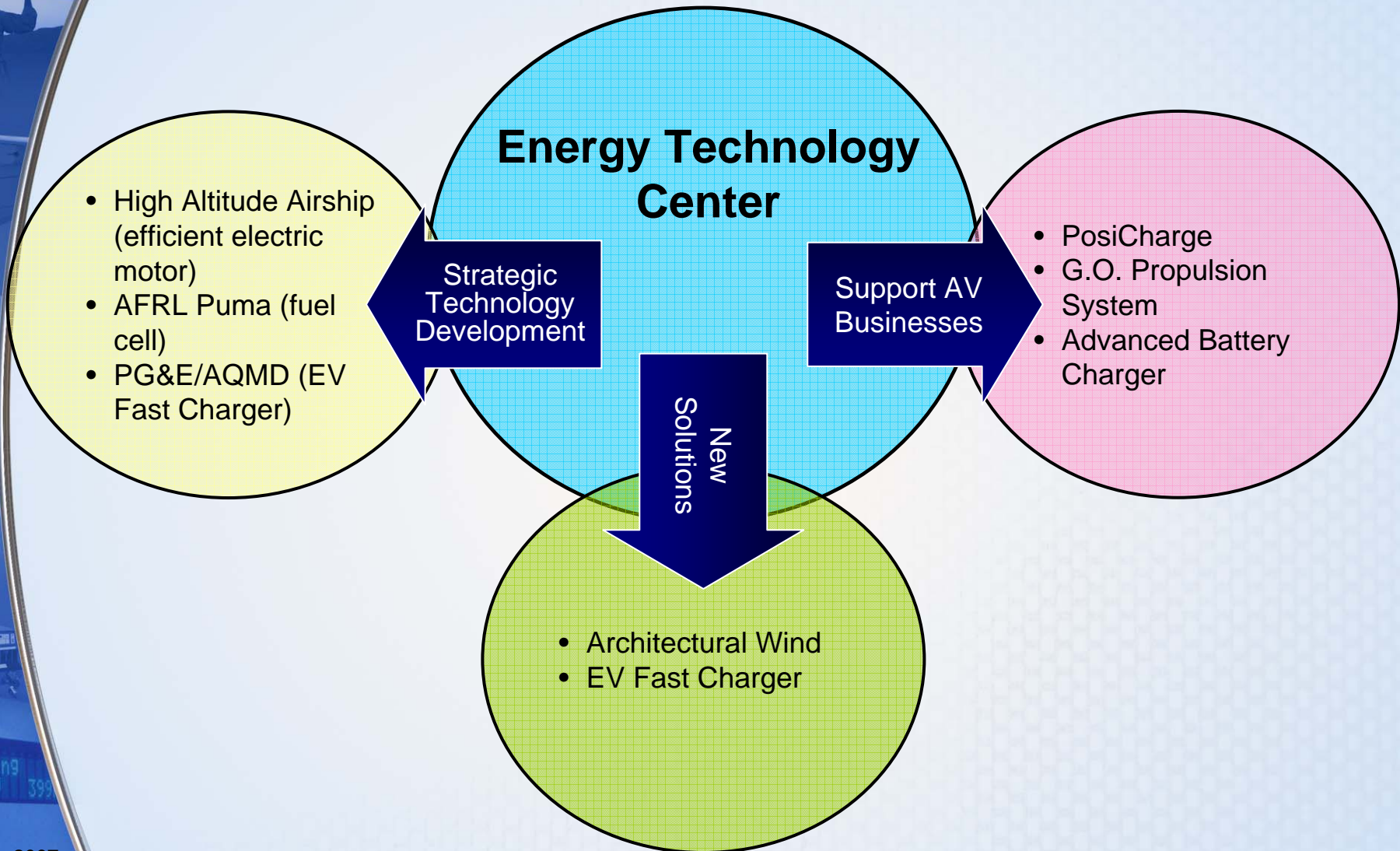
Cash & ST Investments	\$107	Payables	\$11
Receivables	39	Other Liabilities	11
Inventories	13		
Property and Equipment	10	Capital	95
Other Assets	<u>9</u>	Retained Earnings	<u>61</u>
Total Assets	<u>\$178</u>	Total Liabilities & Equity	<u>\$178</u>

Joe Edwards

Vice President, General Manager
Energy Technology Center

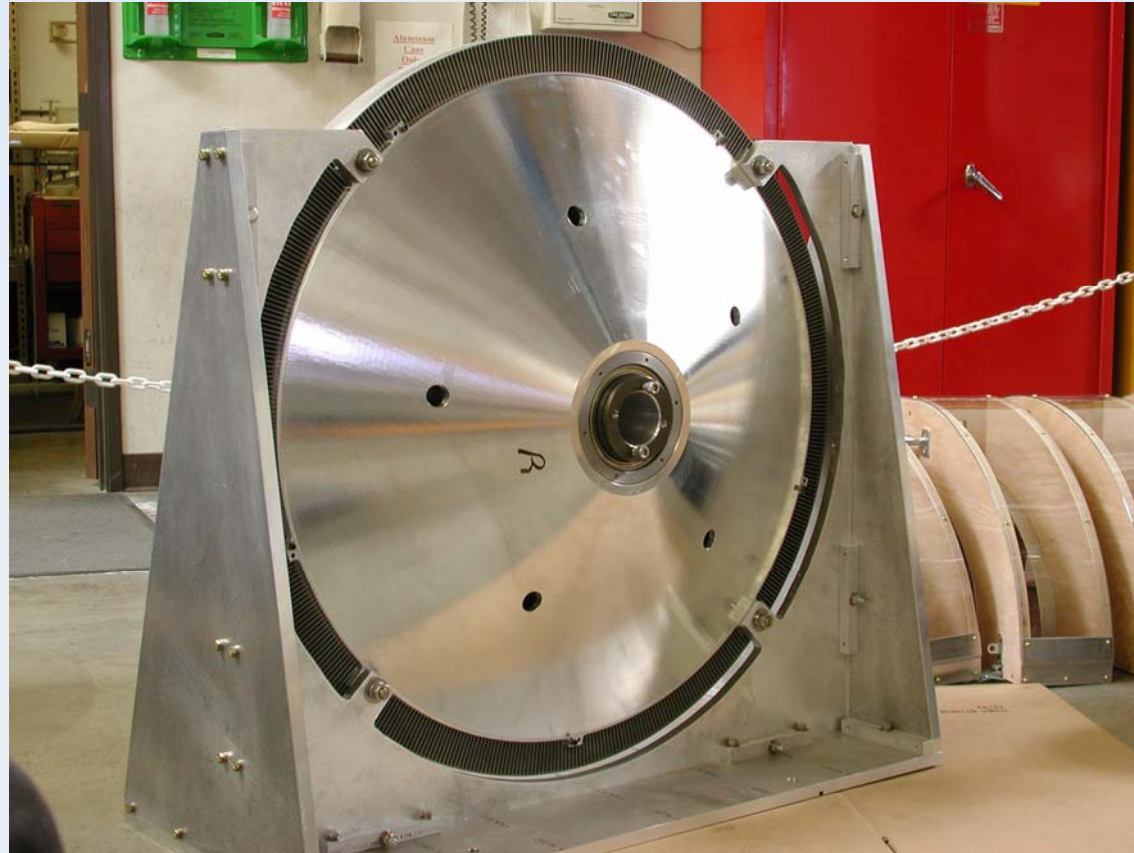


Energy Technology Center – the “Connective Tissue” Enabling Existing and New Businesses



Strategic Projects

HAA – High Efficiency Electric Motor



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Long Endurance Fuel Cell/Battery Powered PUMA

- Achieved flight endurance of 423 min (7 hours, 3 min)
- Key subsystems developed to increase endurance



EV Fast Charge Infrastructure

On-Road EV Battery Pack Demonstrations



Micro-vette EV (Fiat Doblo)

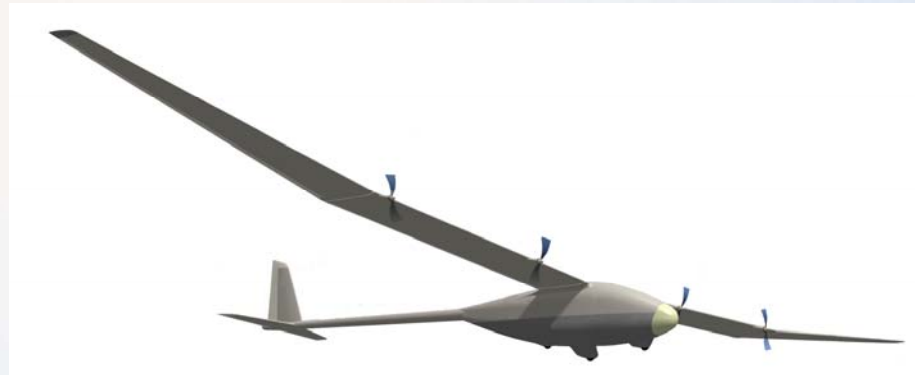


Phoenix Motorcar (SUT)

2007/ 5/16

Supporting AV Businesses

- Propeller Drive Unit (PDU)
- Alternator Rectifier Unit (ARU)
- Energy Storage System
- Power Bus



Global Observer

Mission Critical Charger:

- Voltage Range 2.0V to 30V
- Output 200 Watts Peak Total;
150 Watts Continuous at 50°C
Ambient
- Two Independent Ports
- Complete AC/DC Power
Integration
- Enhanced Communication
Options
- ESD & HUMVEE Spike
Protection



Developing New Solutions

Architectural Wind

“Renewable energy that you can see”

Kettle Foods
Beloit, WI

*1st LEED Gold
Food Processing
Facility*



- Building integrated wind turbines
- Modular and scaleable
- Utility grid-connected
- Onsite generation
- Complementary with grid-connected solar photovoltaics

Ideal for:

- Grid congestion zones
- Expensive commercial electricity
- Customers engaged in sustainability



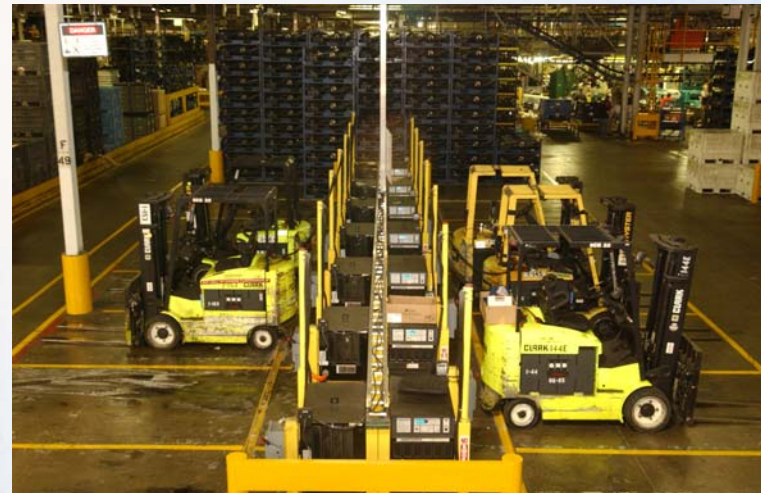
EV Fast Charger Concept



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Pat Dellario

Vice President, General Manager
PosiCharge Systems

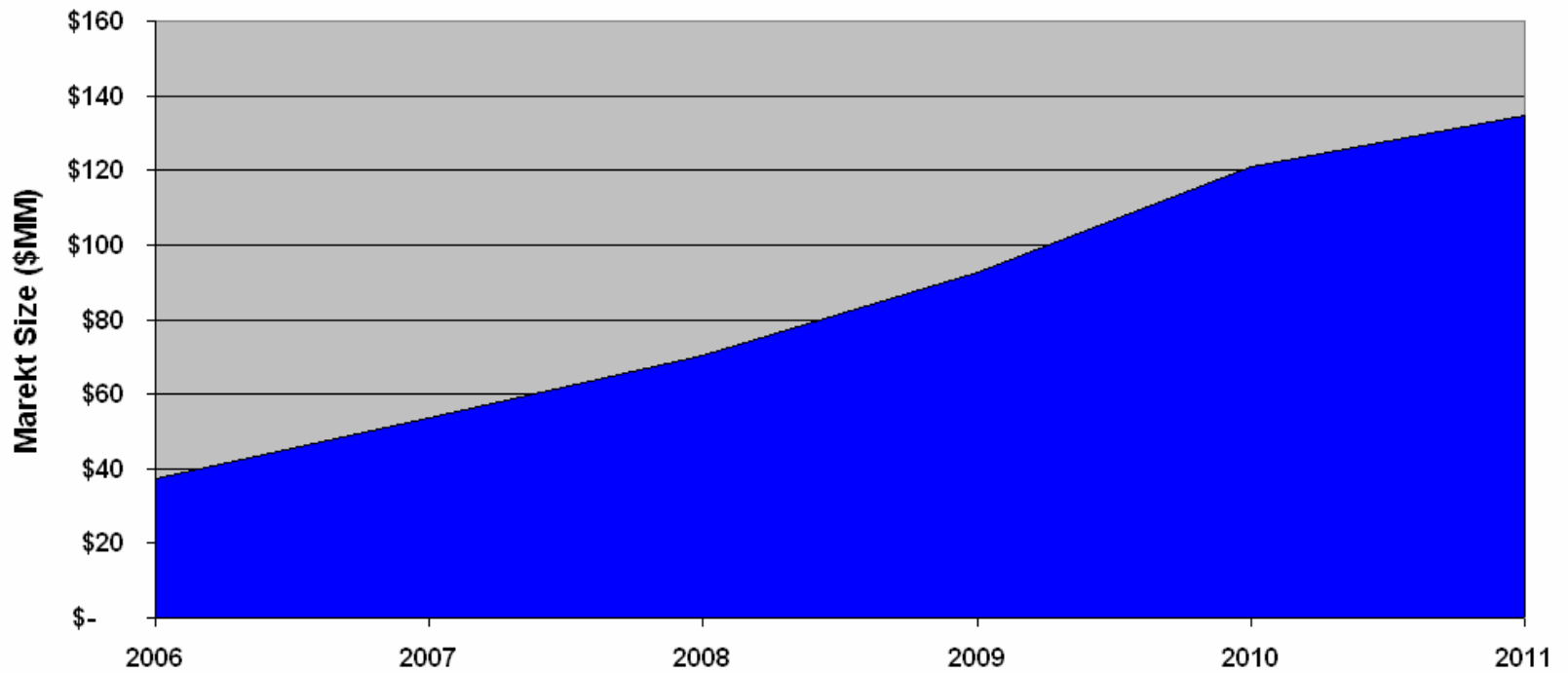


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PosiCharge Solutions Deliver Compelling Benefits to our Customers

- Lower operating costs
 - Customers typically reduce costs by 40%
- Reduced energy consumption
 - Estimated 25,000 MWhrs annually
- Decreased hazardous materials
 - Estimated 480,000 gallons battery acid cumulatively
- Eliminated propane usage from IC conversions
 - Estimated 3,300,000 gallons annually
- Improved customer safety

North American Fast Charge Market 2006 - 2011



Source: Freedonia Group Market Research, 2007

European & Asian market sizes are estimated to be on par with North America, but trail in development

PosiCharge Overview

- History
 - Developed by AV Energy Technology Center
 - Grew out of electric vehicle projects
- 8,000+ ports operating successfully in various demanding applications
 - +300 facilities
 - ~10% of AV revenue
- PosiCharge markets
 - Auto
 - Food & Beverage
 - Airline / GSE
 - Retail / Wholesale / Logistics
- Current operations
 - Management, Engineering, Marketing & Manufacturing: Monrovia
 - Sales & Service: distributed across US, expanding internationally

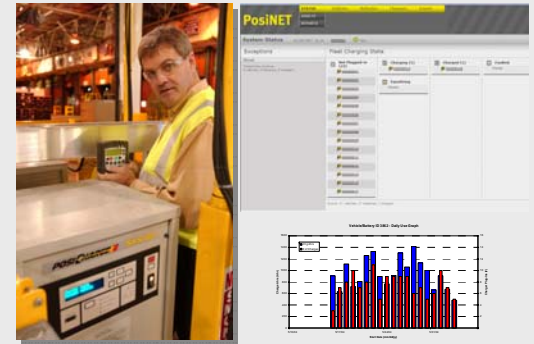
Forklift and Battery Accessories



Expanded Fast Charge Product Line



Data Products And Services



Installation Services



Application Engineering Solutions





Enterprise Level
Solutions



Industry-leading
Technology

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John Grabowsky

Executive Vice President, General Manager
Unmanned Aircraft Systems

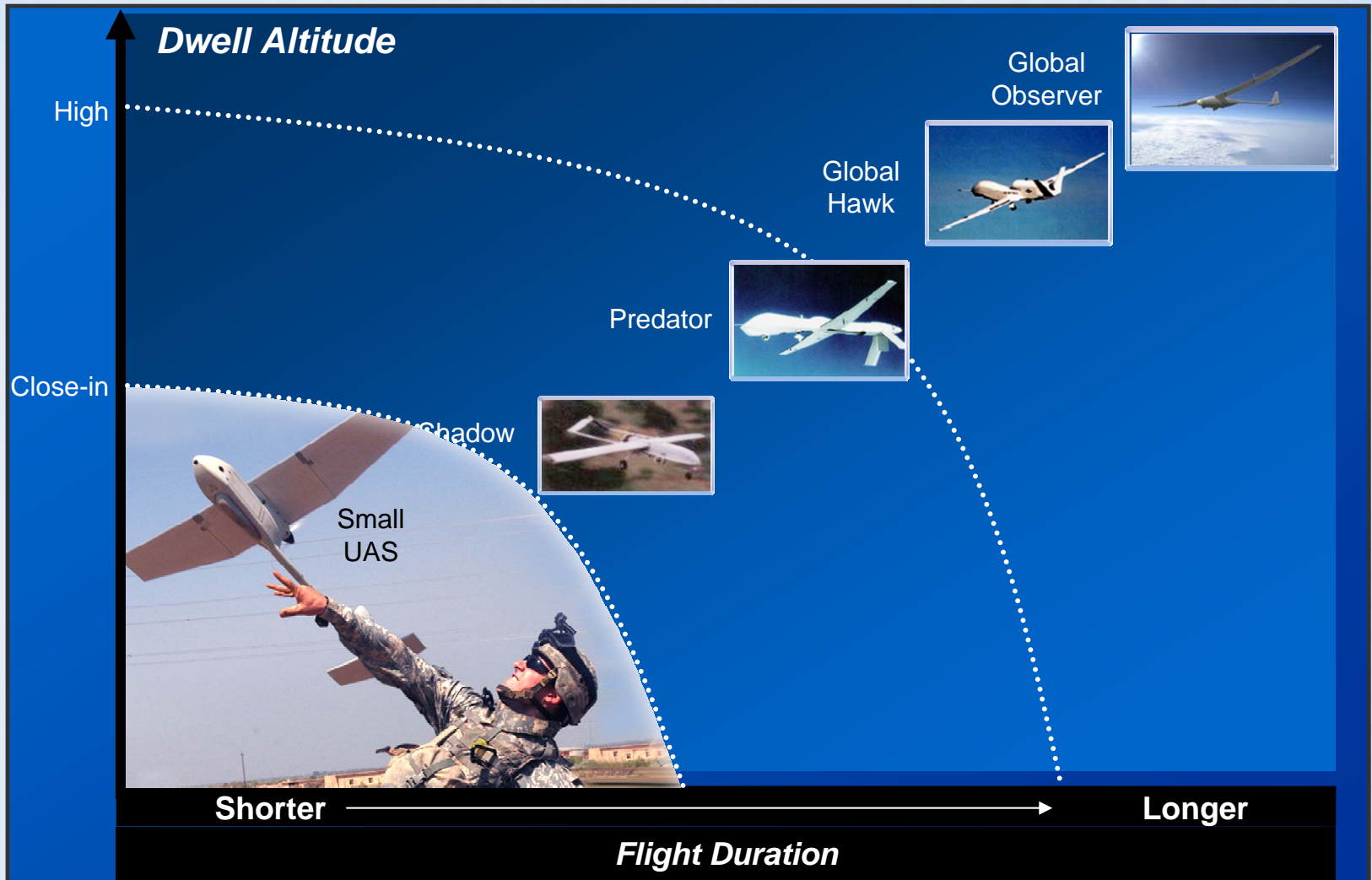


A Robust System... Easy to Use and Reliable



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Different Platforms for Remote Imagery



Small UAS Respond to the Immediate Need for RSTA



Pointer



Raven



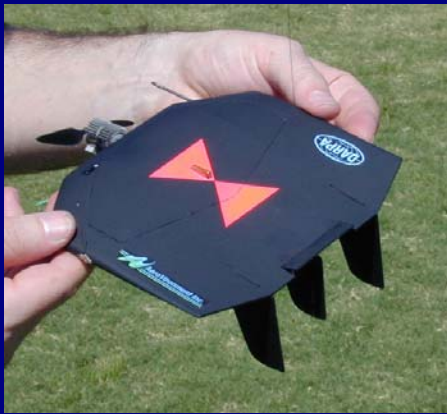
Raven B

- Imagery
- Duration
- Other...

Raven B PIP



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Black Widow



Wasp II



Wasp III



GCU I



CGU II

<i>Existing</i>	<i>Future Adoption Potential</i>		
U.S. Special Forces	National Guard	Individual U.S. Warfighters	Individual International Warfighters
U.S. Army, Marines, Air Force	Border Security	Infrastructure Security	International Infrastructure Security
U.S. Other Government Agencies	Homeland Security	First Response	International First Response
International Military Forces	SWAT Teams	Law Enforcement	International Law Enforcement



Sale of additional products:
Raven, Wasp, Puma

Services sustaining deployed systems:
training, spares, repairs








Product upgrades:
DDL, Raven PIP

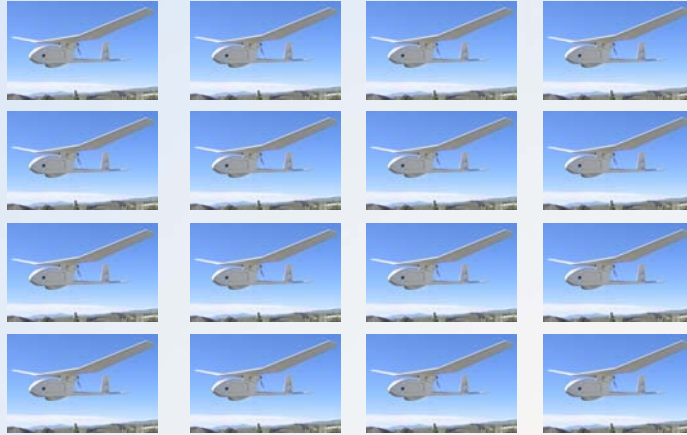
New products:
Switchblade, Global Observer

New markets and applications:
*allied military, border security, law
enforcement*

Global Observer

Technologies Required for Stratospheric Persistence

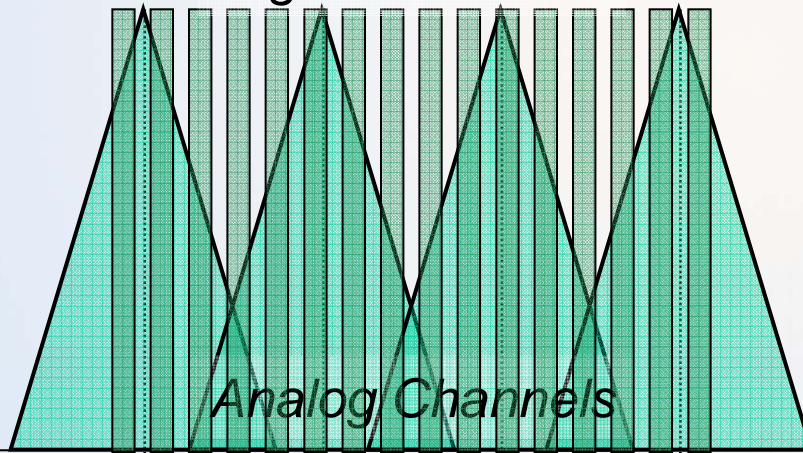
Enabling Technology	State-of-the Art at AeroVironment	
Aircraft Composite Structures		Extremely lightweight, strong, molded, graphite & carbon fiber composite wings, fuselage, tails, and propellers
Low Reynolds Number Aerodynamic Designs		Flight-proven wing, fuselage, and propeller designs up to 96,863 ft altitude
Autonomous & Redundant Flight Control Systems		Autonomous, dual-redundant flight control systems
Electric Motors & Propellers		Lightweight efficient motor drives & efficient propellers flown on the Helios Prototype Developed 3rd generation, efficient ironless motor drive systems for the MDA High Altitude Airship Program
Hydrogen Engines		20-80 kW, efficient, flight prototype, primary LH fuel cell system completed ground & partial flight test Efficient internal combustion engine demonstrated
Liquid Hydrogen Tank		1/3-scale LH2 tank tested in altitude chamber
Air Compression System		Single-stage air compression system flight tested Developing multi-stage air compression system
Flight Operations		Routine high altitude flight operations (PF 46 flights for 205 hrs, Helios 14 flights for 63 hrs), robust ground handling & reliable GCS. Prototype flown on liquid hydrogen at low altitude.



Ground Robot Test



Digital Channels



Currently Allocated Spectrum for Raven Downlink

- We continue to do what we said we would
- Strong market position
- Robust development pipeline

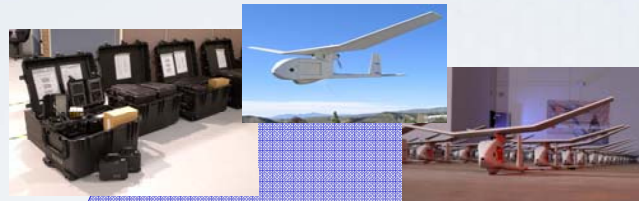
Dan Stone

Vice President Logistics Services
Unmanned Aircraft Systems



AeroVironment Small UAS are.....

Unmanned Aircraft Systems



Logistics and Repairs



Options & Spares



Training



.....more than just a Small Airplane

Small UAS Services - Training Program

- Operator and maintenance training offered in sale of UAS
- Direct training and “train the trainer” options available
- Typical AV trainer has 20 years of military experience in Special Operations and has received AV flight certification
- High equipment performance and reliability supported by an effective training program

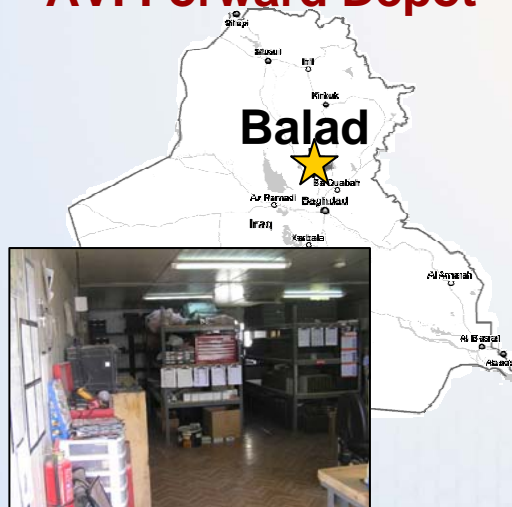


Small UAS Services - Repair Program

An integrated capability of maintenance support inventory and complimenting Forward and Depot Repair, delivers responsive support.

- A full customer support capability is located at our Simi facility, supporting our U.S. and international customers
- A component replacement maintenance concept is supported by an integrated forward repair and main depot capability
- We have maintained an operating availability rate of 97% for the deployed Raven fleet

AVI Forward Depot



Main Depot (Maintenance & Repairs), Simi Valley CA



Alex Hill

Director, Washington, DC Operations
Unmanned Aircraft Systems

- AV Products – Raven, Wasp, Puma, Global Observer
- Funding Sources:
 - FY-07 Supplemental, FY-08 Defense Budget, FY-08 Supplemental
 - Not all AV funding shows up in the budget e.g., \$19.3M USMC BATMAV, and also O&M tail in all programs
- Shift from reprogramming funds to programs of record within the regular defense budget:
 - ~63% increase in AV products in FY08 Defense budget over FY-07
- HASC, SASC, HAC and SAC support:
 - ~12% added to President's Budget for AV products by Congress in FY-08)
- Increased attention on monitoring the defense budget and influencing outcomes:
 - Washington DC office, lobbyists, consultants

Reference: <http://www.defenselink.mil/comptroller/budgetindex>