

Finmeccanica

Update on the acquisition of DRS Technologies

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London, 31 July 2008



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Actual results could differ materially from those currently anticipated due to a number of factors, including among other things:

- uncertainties as to whether or when our pending DRS acquisition will be consummated;*
- the risk that anticipated synergies and other benefits of the acquisition will not materialise;*
- costs and availability of financing on favorable terms and future capital needs;*
- changes in costs of supplies and raw materials, customer preferences, exchange rates and other national, regional or global economic and financial conditions;*
- the potential inability to retain existing DRS management, upon whom we will rely;*
- uncertainties associated with government procurement practices;*
- difficulties in developing and producing operationally advanced technology systems;*
- marketing, regulatory, product liability, supply, competitive, political and other risks; and*
- changes in and ability to comply with environmental, tax, labor and employment, and other laws and regulations.*

Additional important factors that could cause actual results to differ materially from our current expectations are identified in filings by Finmeccanica and DRS with applicable securities regulators and stock exchanges. We will not update any forward-looking statements to reflect new, changing or unanticipated events or circumstances that occur after the date on which the statement is made, except as may be required by applicable law or regulation.

1. Pier Francesco Guarguaglini:
 - ✓ Strategic Rationale of the Acquisition

2. Alessandro Pansa:
 - ✓ Acquisition Financials
and Finmeccanica & DRS Combined Opportunities

3. Mark S. Newman:
 - ✓ DRS Growth Potential

4. Pier Francesco Guarguaglini:
 - ✓ Concluding Remarks

Pier Francesco Guarguaglini

Finmeccanica Chairman and CEO

Strategic Rationale of the Acquisition

Finmeccanica three pillars:

Aeronautics



C27J

Helicopters



US 101

Defense & Security Electronics



TODAY in USA

Finmeccanica presence is linked to two large contracts for the supply of US101 for the White House and the C27JCA ...

Initial US domestic presence growing through DRS

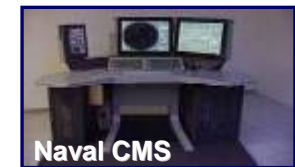
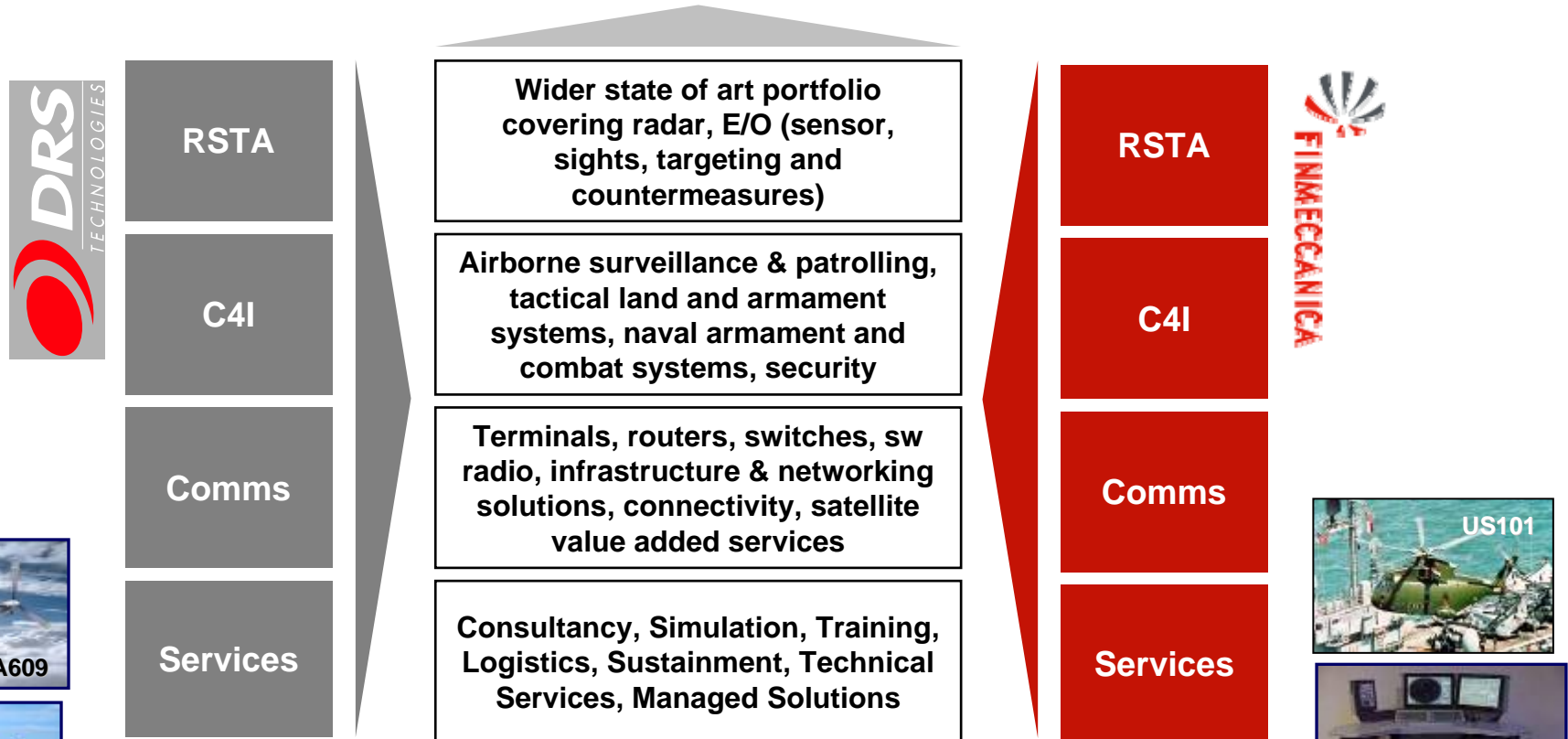
TOMORROW in USA

Strengthen our position as platform supplier evolving into Systems

... will bring strategic and commercial benefits to Aeronautics and Helicopters 5

- ✓ Strong defence electronics technology, together with superior performance
- ✓ Strong management team remaining and committed to further grow the business
- ✓ Direct access and solid relationship with the US military customer, especially with the Army

Aerospace, Defense and Security



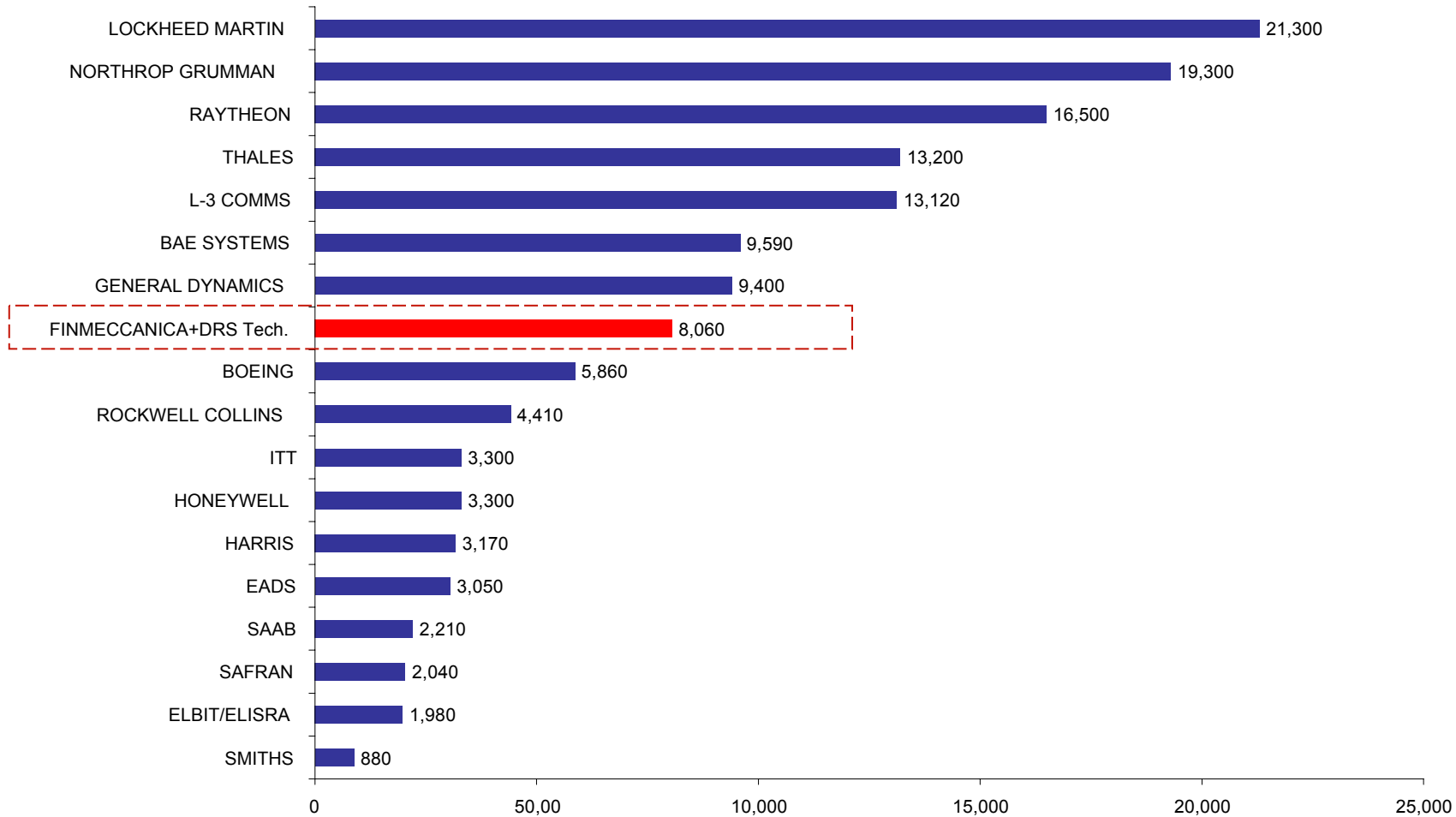
Finmeccanica's Owned Platforms & Systems



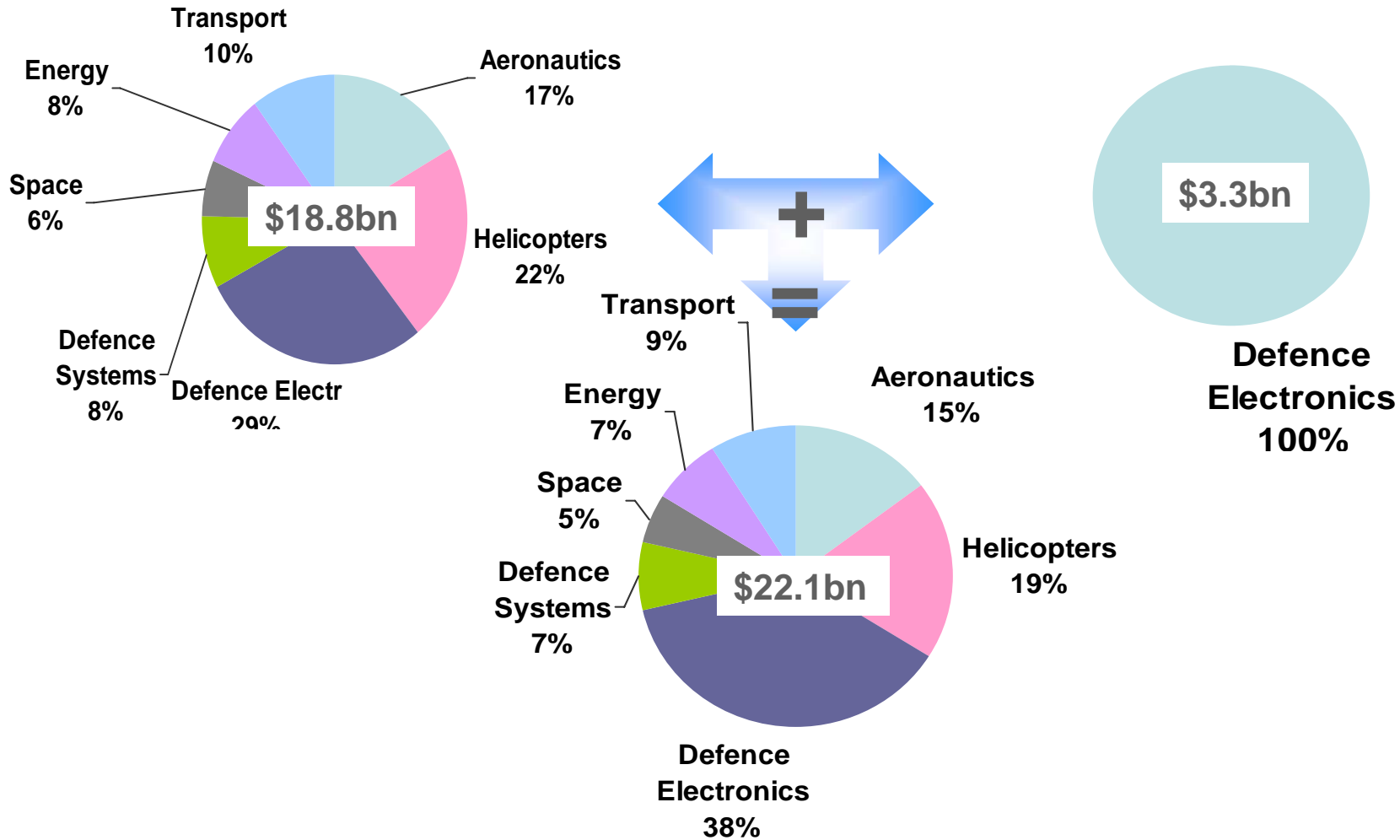
DRS Technologies: The Right Target for Finmeccanica



2007 Revenues (\$mIn) in Defence Electronics*



*Finmeccanica estimates



...Finmeccanica

- ✓ Leading market position and expanded global footprint, focusing on high-growth markets
- ✓ Balanced portfolio of products and solutions that limits risk exposure
- ✓ High revenue visibility supported by ~3 year and growing backlog
- ✓ Increasing profitability through operating leverage and efficiency plans → 10% EBITA Margin in 2010

...and DRS Technologies

As Mark Newman will discuss later...

- ✓ Attractive organic top-line growth, supported by core Defense budget
- ✓ Products positioned on key platforms with minimal exposure to any single programme
- ✓ Solid operating margins (EBITA ~11-13%) leveraging strong programme execution capabilities and established presence in the industry
- ✓ Strong free cash flow generation, available to fuel future growth

Alessandro Pansa

Finmeccanica Co-General Manager / CFO

**Acquisition Financials and
Finmeccanica & DRS
Combined Opportunities**

- Merger agreement under which Finmeccanica will acquire DRS Technologies for US\$81 per share in cash for approximate total consideration of \$5.2B/€3.4B (including transaction costs/adjustments)

**Transaction
Key Terms**

Purchase Price per Share	\$ 81	
Fully Diluted Shares (M)	48,623	
	in \$ (M)	in € @ 1.55(M)
Equity Value (100%)	3,938	2,541
Net Debt@31/12/2007*	1,267	817
Total EV	\$ 5,205	€3,358

Approvals Completed: DRS Technologies and Finmeccanica Boards unanimously approved

Expected to close by the end of Q4



Major Events from Signing



Proxy Statement

Preliminary proxy statement has been filed by DRS with SEC on June 14 and further info has been provided to SEC recently. We expect definitive proxy will be sent to the DRS shareholders shortly.

Exon-Florio notice

The prefiling Exon-Florio notice was filed before CFIUS at the beginning of July and the definitive filing was submitted on July 29.

In parallel, both Finmeccanica and DRS have consulted with the Defense Security Service regarding their plan to mitigate FOCI with respect to the classified work performed by DRS for the U.S. Government.

Antitrust

The antitrust notifications have been filed before the US, the German and Italian Authorities. German and Italian clearances have just been issued; the remaining US clearance is expected to be issued in due course.

STEP 1 Bridge Loan

Syndicated Loan Facilities

- ✓ EUR 3.2 billion syndicated loan completed successfully on 14 July
- ✓ Banks offered more than 2x the original amount, confirming their belief in the sustainability of our growth plan

STEP 2 Permanent Financing Take out Plan

Capital Increase

Non Strategic Asset Disposals

Additional Debt

- ✓ Finmeccanica Board of Directors agreed, on 26 June, to launch a capital increase by way of rights for a maximum amount of €1.4bn, to be approved by Finmeccanica EGM on 1st August 2008
- ✓ Substitution of the previous resolution (capital increase approved on 30 May 2007)
- ✓ Italian Treasury will remain above 30% ownership threshold
- ✓ Capital increase likely to take place in 4Q2008
- ✓ Started process of IPO for a stake of Ansaldo Energia, in line with Finmeccanica's strategy to gradually reduce exposure to non-core assets
- ✓ Global coordinator and legal advisor selected
- ✓ Divestiture of other assets
- ✓ Allocated against both Finmeccanica and DRS Technologies cash flow
- ✓ Preparing the prospectus for launch of Debt issue

- DRS acquisition enhances Finmeccanica's presence in its core three pillars in terms of revenues and assets
- Defence Electronics, post acquisition, increases its weight to 35% of the Group's total assets
- Weight of civil engineering activities reduced
- Increased US sales and profits for Aeronautics and Helicopters due to stronger US footprint, brand visibility and customer relationship

→ **Finmeccanica's risk profile is reduced with an immediate decrease in its estimated cost of capital (WACC) which is expected to further decrease in next few years**

→ **Risk reduction mainly driven by**

- ✓ Strong DRS revenue growth
 - ✓ Higher exposure to uncorrelated and diversified defence budgets
 - ✓ Increased exposure to Defence Electronics, the fastest-growing sector within A&D
 - ✓ Lower volatility relative to civil A&D
 - ✓ Leveraging the stable US Defence budget
- ROIC therefore expected to increase and converge towards Wacc over next few years

... reduces risk profile

- ❑ We expect the DRS acquisition to fully meet our investment Internal Rate of Return (IRR) target of WACC + 3% hurdle rate even with no revenue benefits from the integration
- ❑ Assuming different hypothesis ¹ of revenue and EBITA² benefits from the integration, for indicative purposes, our expected return would increase:

Annual revenue Benefit by 2013	EBITA Benefit ³	Expected Return
~\$600mln	\$70mn	> WACC + 4.0%
~\$1,000mln	\$120mn	> WACC + 4.5%

...this is also the case of DRS acquisition

1. Not forecast, only indicative.
2. Ebita benefits defined as increased Ebita deriving from integration of DRS and Finmeccanica businesses
3. Assuming DRS EBITA margin remaining in line with recent 11% - 12% range and based on assumptions of DRS' strong revenue growth.

	Finmeccanica Guidance Stand alone (a)	DRS Technologies Consensus* (calendarised figures) (b)	Illustrative Post-Deal Finmeccanica c = (a+b)
Revenues	€15.1 – 15.9bn	~ €2.4bn**	~ €17.5 - €18.3bn
EBITA	€1,300 – 1,420mln	~ €270mln**	~ €1,570-1,690bn

The combined figures under column (c) are for illustrative purposes only and do not represent a change in the official 2009 guidance already published for Finmeccanica “stand alone” and reported under column (a).

Guidance will be updated for the effects of the transaction at a later stage

* IBES Consensus CY2009, €/ \$ @1.55

** Calendarised not fiscal year. Ebita DRS includes €18mln of calendarised amortisation.

Finmeccanica and DRS combined creates a leading player in the Defence & Security business, leveraging on:



MARKET

- ✓ Outstanding well balanced geographic footprint through Finmeccanica focused in Europe and DRS in US, with a common strategy to grow further in the rest of the world



PRODUCT

- ✓ Comprehensive, competitive and qualified products / services portfolio enabling it to:
 - ✓ Improve its role as supplier towards DoD and the US Global Players
 - ✓ Strengthen positioning as Tier 1 in large European and Transatlantic co-operation programmes
 - ✓ Achieve more effective access to open market



TECHNOLOGY

- ✓ Reciprocally create value by sharing technology and building-blocks through collaborative relationships and enhancement competitive advantages

Defence Electronics & Security

(Combined 2007 Revenues € 6.1 B)

Wider state of art complementary portfolio covering:

- Border and maritime security solutions
- Electro-optics (airborne, land, naval, space)
- Surveillance & Patrolling (manned and unmmanned)
- Tactical battlefield and naval radar,
- Naval combat systems,
- Equipment and infrastructure & networking solutions for secure comms,
- Simulation and Training,
- Advanced Logistics, Sustainment and Technical Services (satcom incl.)

60%

Products / Technologies owned only by one of the two companies. Goal to enlarge respective portfolio and reciprocally improve positioning (eg avionics, power and auxiliary generators, ATC, airborne radar, countermeasures etc.)

40%

Combined portfolio optimally balanced with:

- 60% revenues complementary for products, technologies and markets with synergies achievable through increased market footprint, economy of scale, R&D rationalisation, common procurement and manufacturing etc.
- 40% revenues reciprocally enhance product offering in respective markets enabling capture of new business

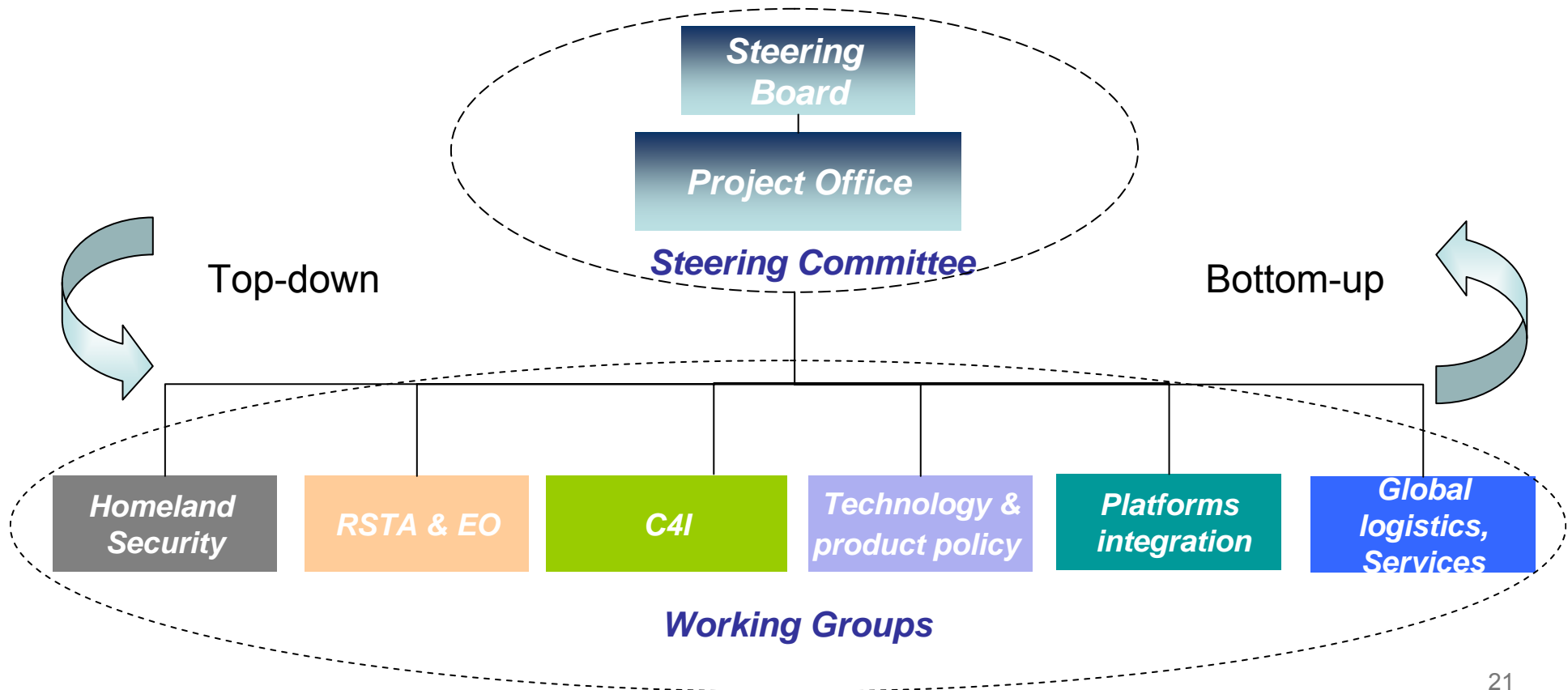
- **Combined R&D benefits**
 - Electro-Optics
 - NEC programs
 - Homeland Security
 - Comms

- **Streamlining of some product lines**

- **Combined purchasing power of subsystems, materials and components**

- **Streamlining of some central costs**

- ✓ Work organisation set up
- ✓ Preliminary joint analysis carried out in order to identify combined opportunities
- ✓ More detailed activities will follow, starting immediately after Antitrust clearance, through the approach below



Mark S. Newman

DRS Technologies Chairman, President and CEO

DRS Growth Potential

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: This presentation contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on management's beliefs and assumptions, current expectations, estimates and projections. Such statements, including statements relating to DRS Technologies' expectations for future financial performance, are not considered historical facts and are considered forward-looking statements under the federal securities laws. These statements may contain words such as "believes," "anticipates," "plans," "expects," "intends," "estimates" or similar expressions. These statements are not guarantees of the Company's future performance and are subject to risks, uncertainties and other important factors that could cause actual performance or achievements to differ materially from those expressed or implied by these forward-looking statements and include, without limitation, demand and competition for the Company's products and other risks or uncertainties detailed in the Company's Securities and Exchange Commission filings. Given these uncertainties, you should not rely on forward-looking statements. Such forward-looking statements speak only as of the date on which they were made, and the Company undertakes no obligations to update any forward-looking statements, whether as a result of new information, future events or otherwise.

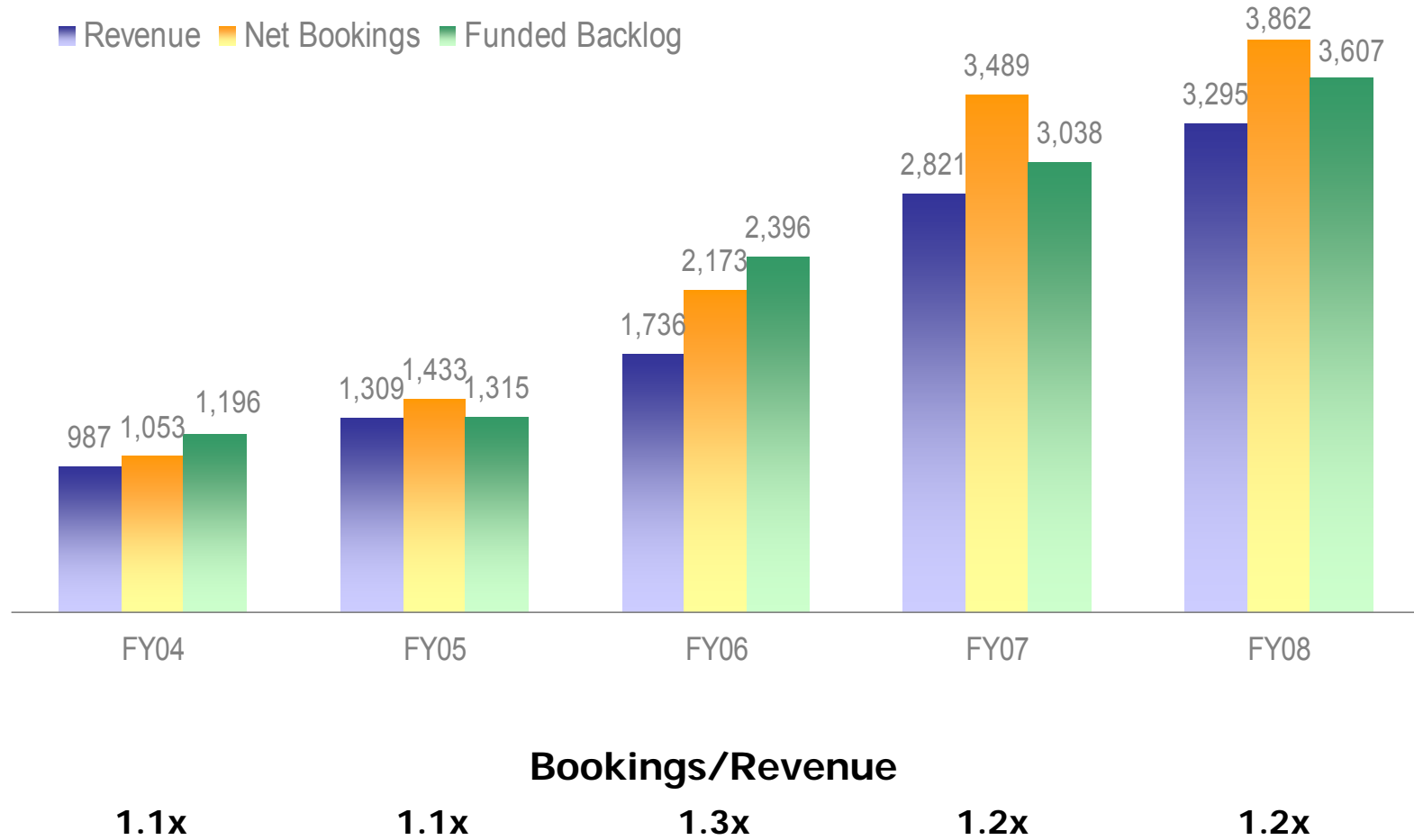
- Leadership position in our key markets
- High organic revenue growth rate
- Strong operating margins
- Excellent free cash flow conversion rate
- Solid book-to-bill ratio (FY08: 1.2 to 1)

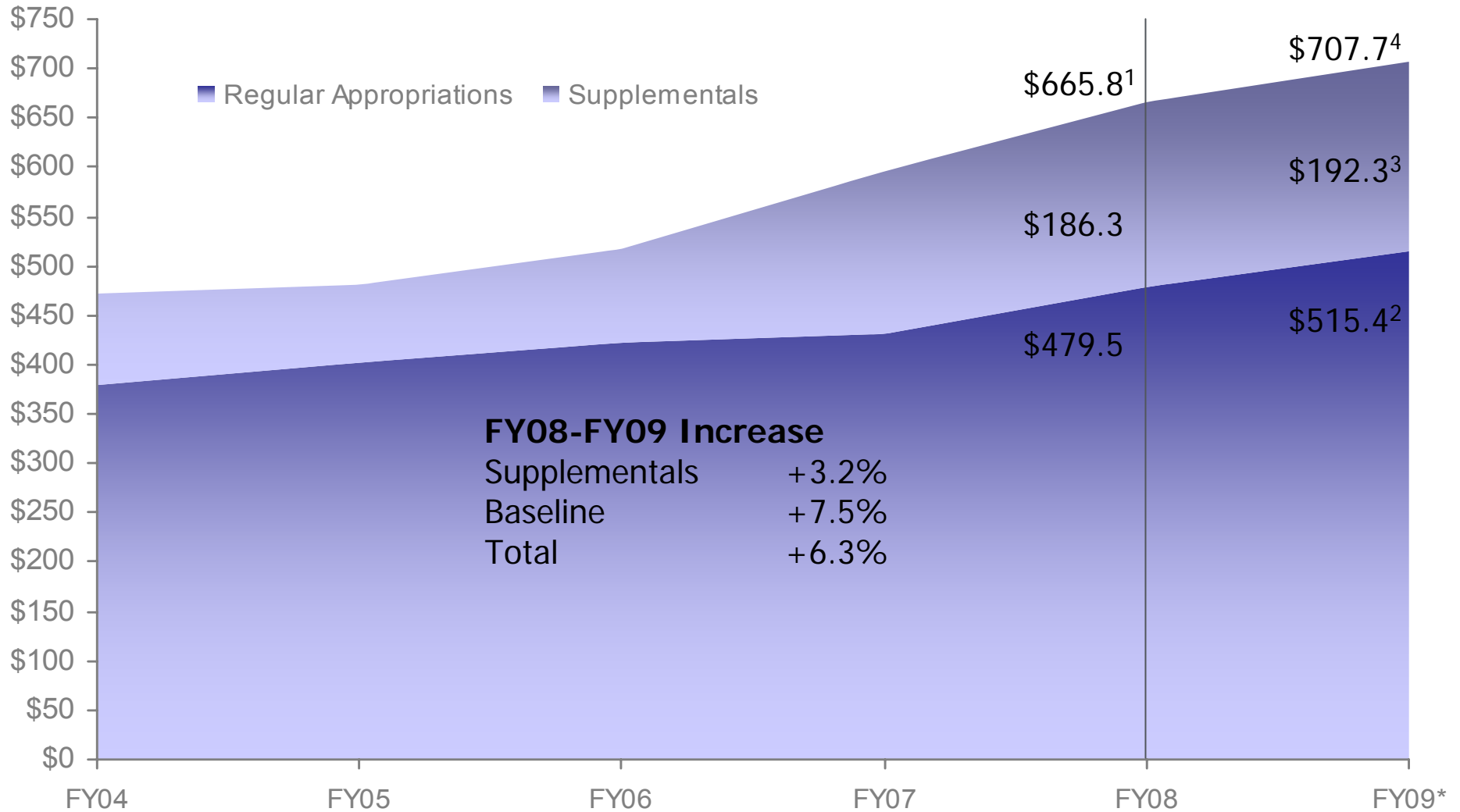


- Infrared technology
- Persistent surveillance
- Battle management
- Power technologies
- Satellite networks and communications infrastructure
- Troop sustainment and support



Strong New Order Flow Drives Future Revenue Growth





* President's request

1 Enacted

2 \$542.5 billion requested including DOE nuclear weapons

3 \$65.9 billion enacted

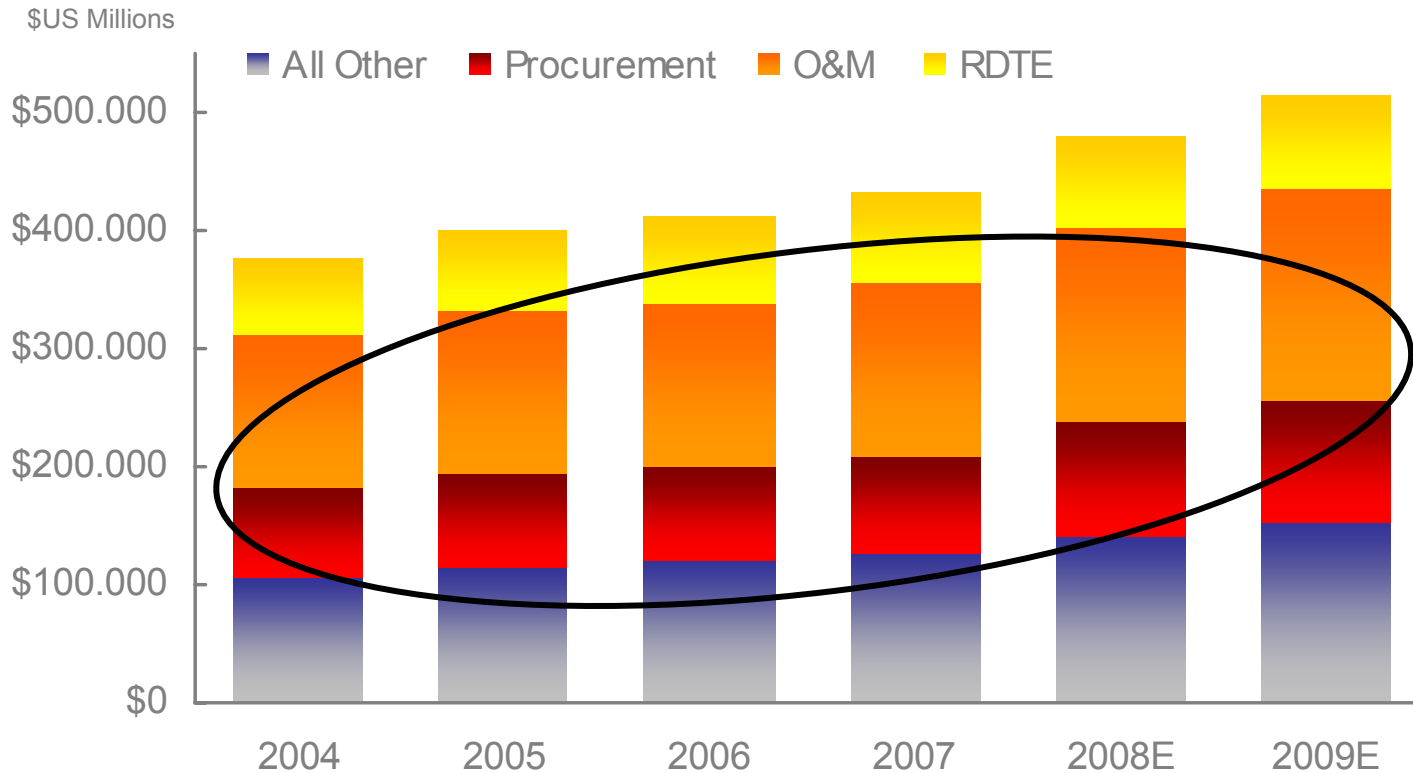
4 \$581.3 billion requested to date

Source: U.S. Department of Defense 27

Global U.S. Commitments Require Ongoing Military Support



> 1.2 Million Active Army/Reserve/Civilians Forward Deployed in ~80 Countries



5-Year CAGR (2004-2009E)

Procurement	6.5%	RDTE	4.4%
O&M	7.0%	Total Baseline Budget	6.5%

Current Baseline

Army

42 Brigade Combat Teams

- 482,400 Soldiers
- 1 year Home Station for 1 year Deployed

Marine Corps

- 175,000 Marines
- 7 months Home Station for 7 months Deployed

FY2012 Goal

Army

48 Brigade Combat Teams

- 547,400 Soldiers
- 2 years Home Station for 1 year Deployed

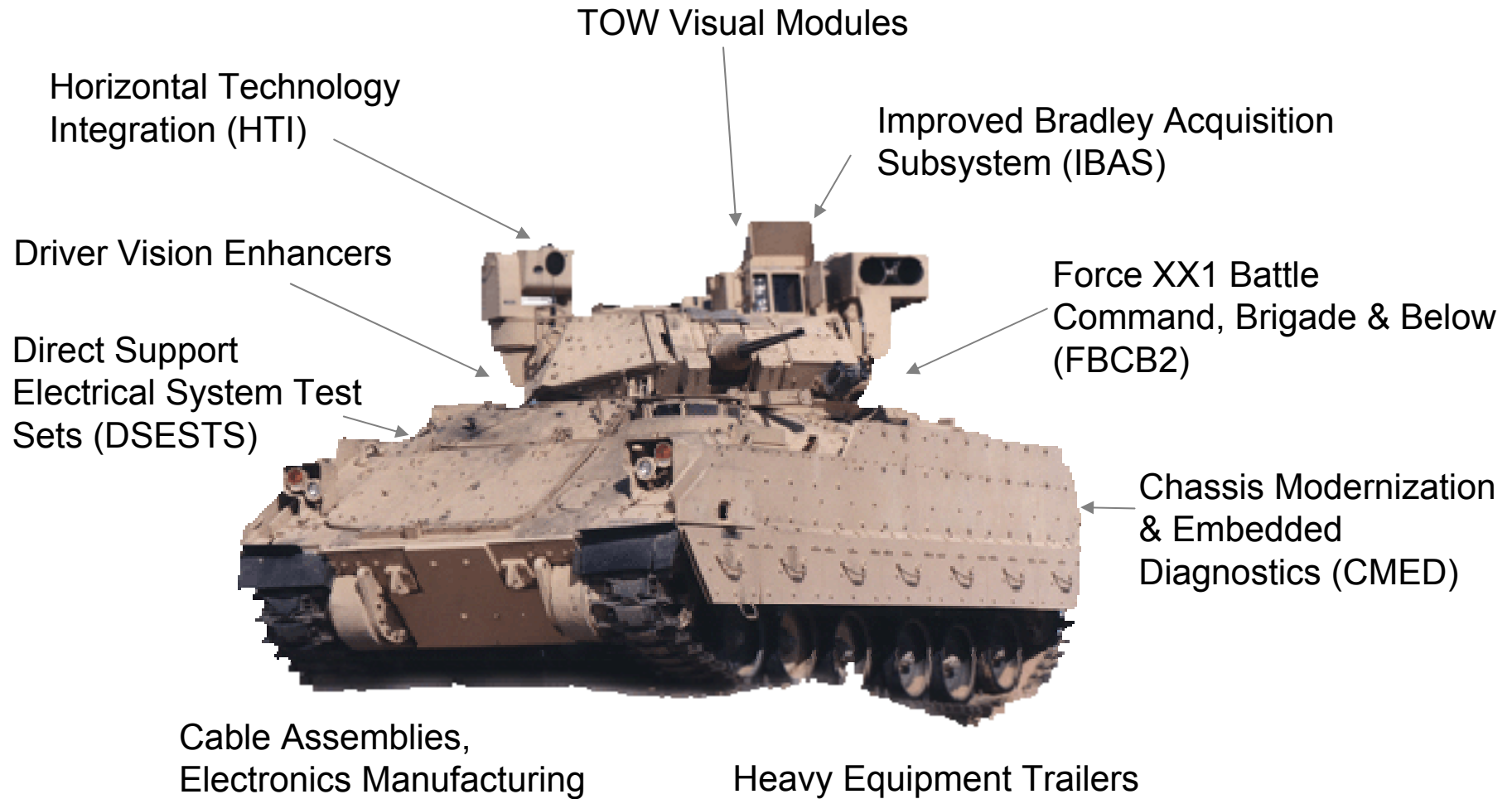
Marine Corps

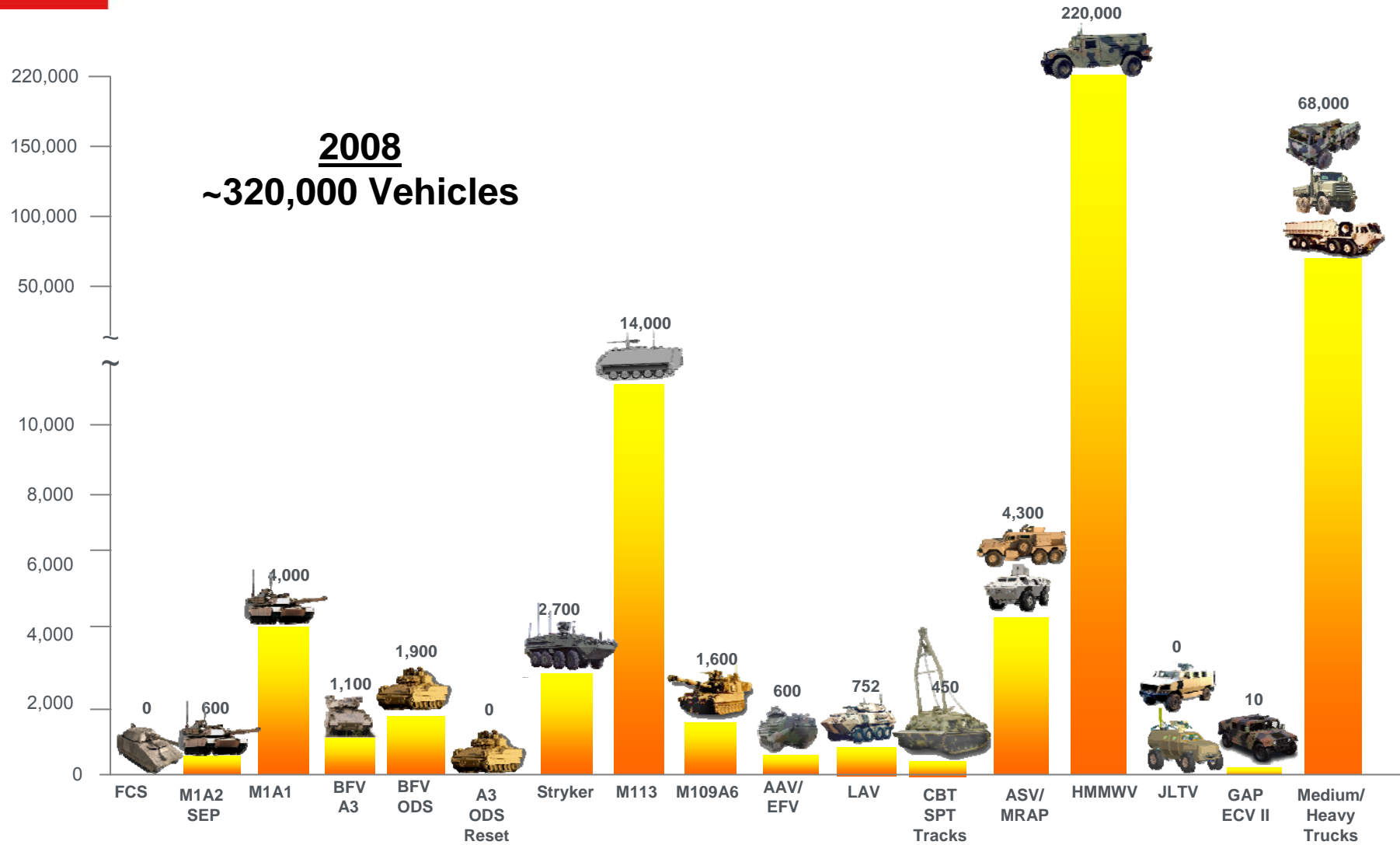
- 202,000 Marines
- 14 months Home Station for 7 months Deployed

Source: U.S. Department of Defense

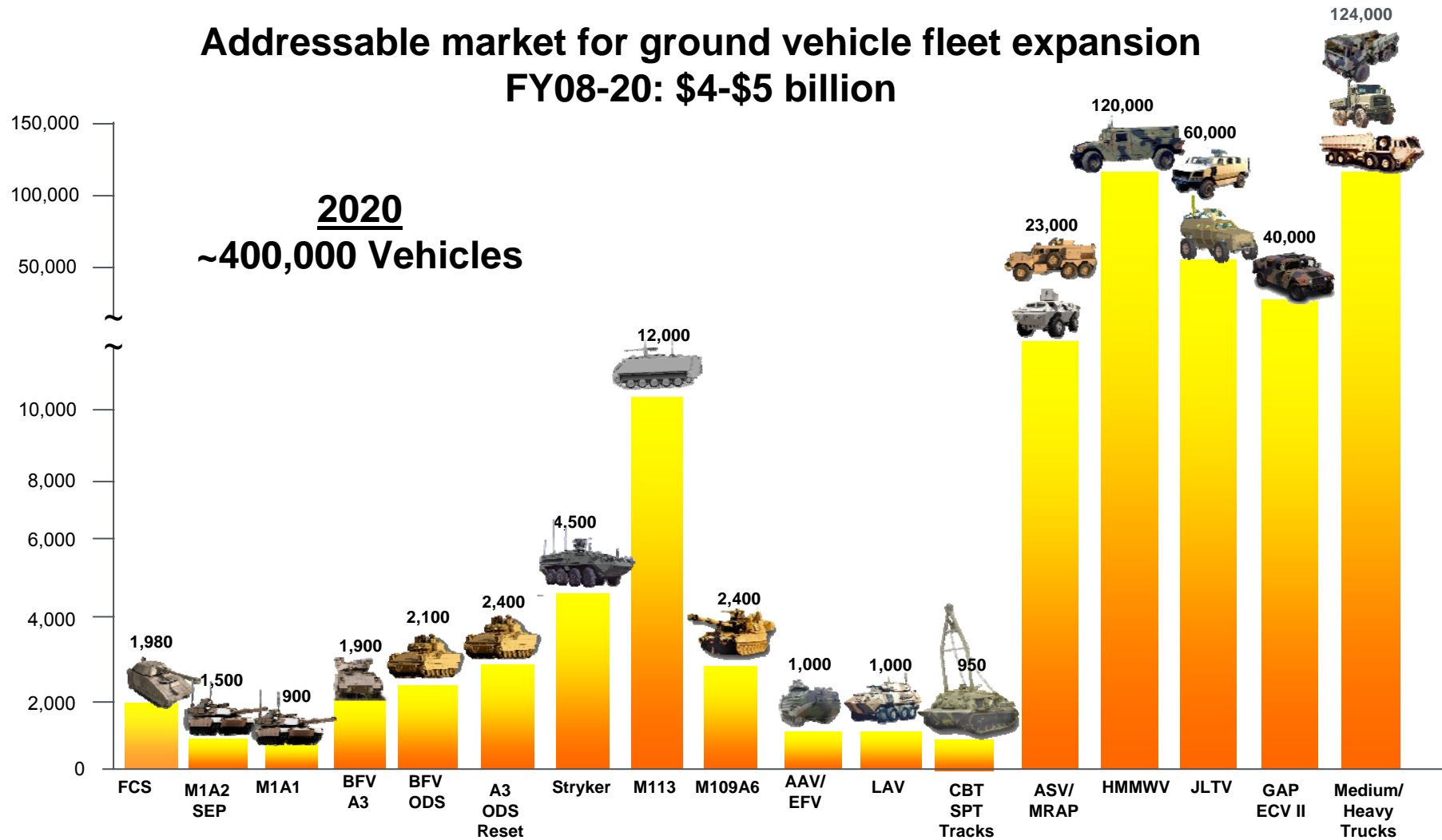
**Adds 92,000 Ground Forces, Increases Combat Capability,
Doubles Time at Home Station**

Large Footprint on Key Platforms: Vehicle Upgrade Requirements Provide Growth Opportunities

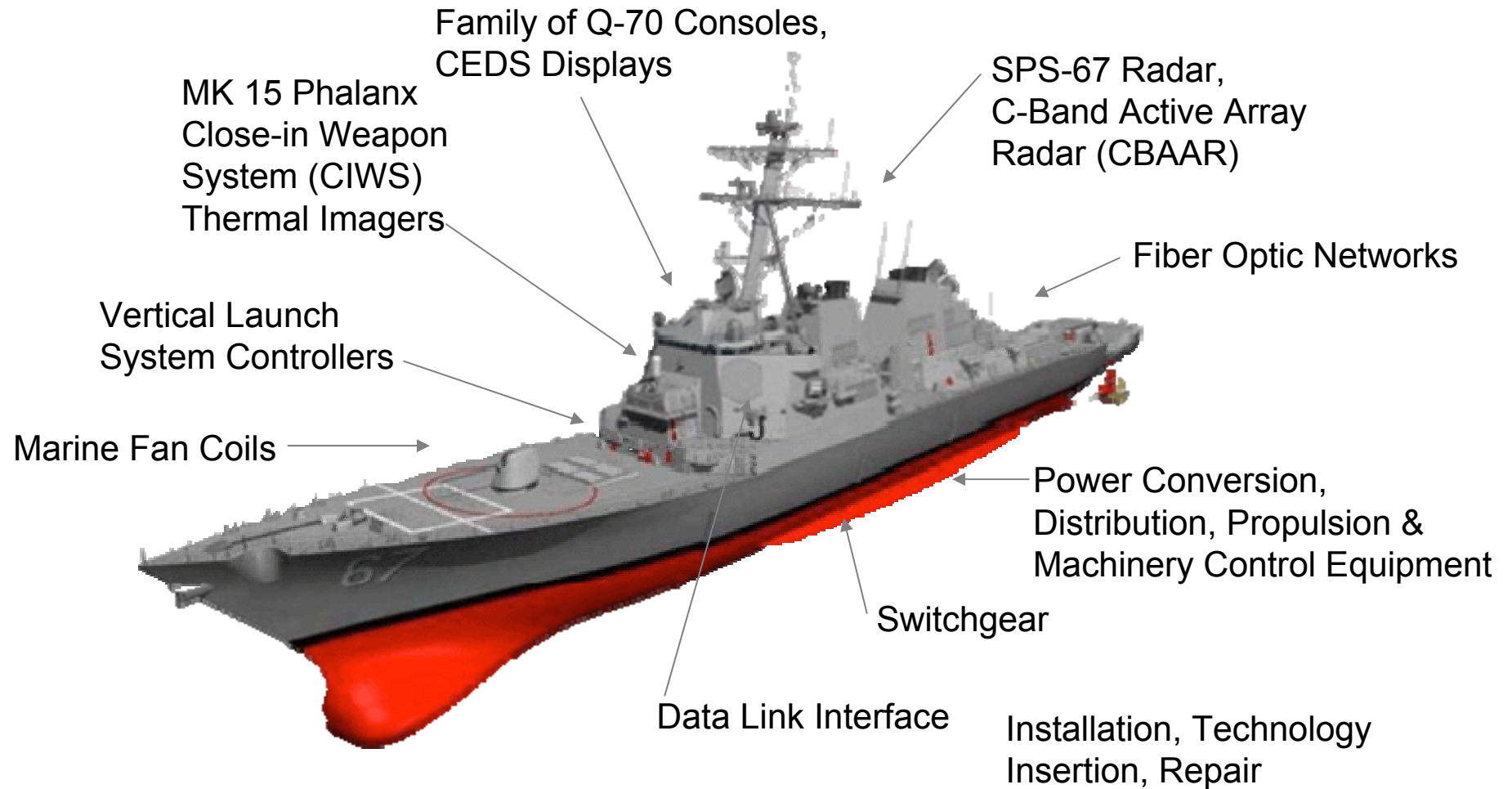




Addressable market for ground vehicle fleet expansion FY08-20: \$4-\$5 billion



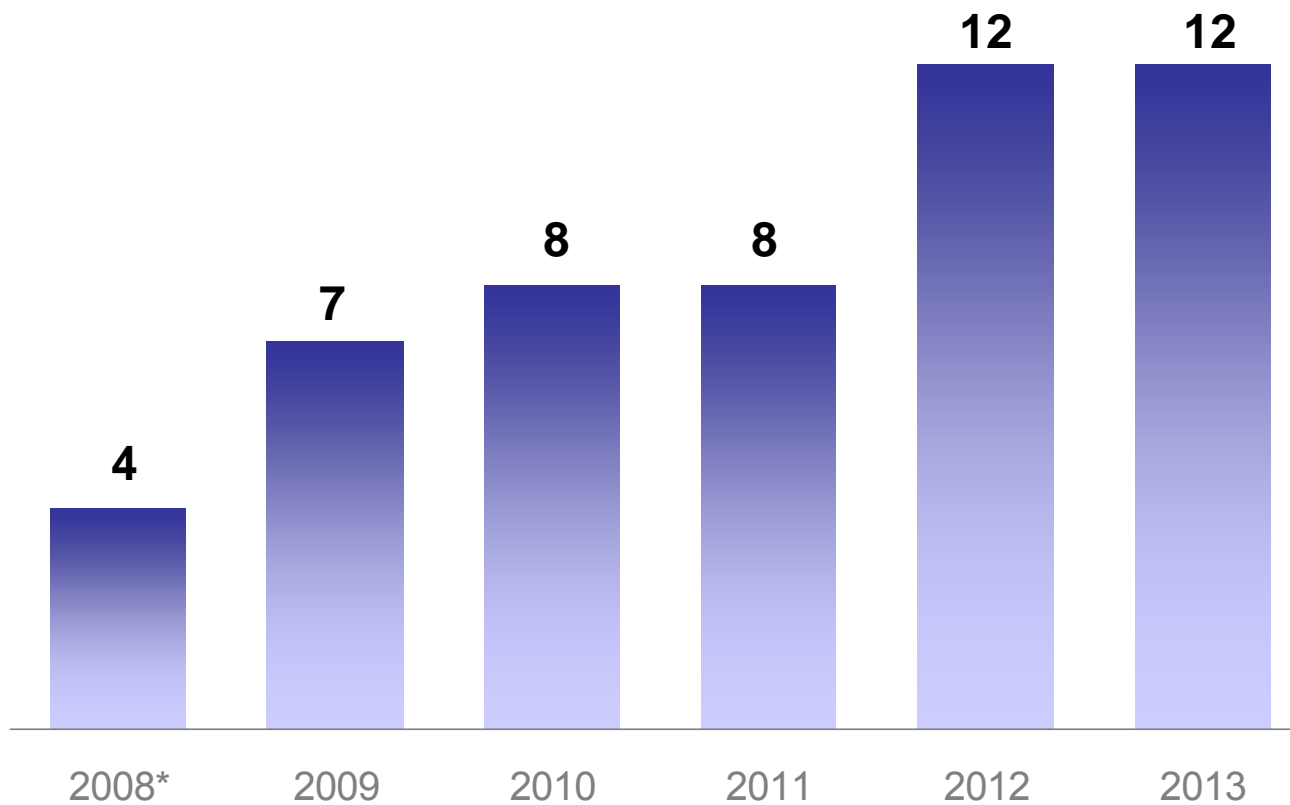
Large Footprint on Key Platforms Supports Follow-on Contracts



DDG-1000 \$62 M/ship	CVN-78 \$33 M/ship	LM LCS \$10.5 M/ship	SSN-774 \$17.6 M/ship	DDG-51 \$16 M/ship
				
<ul style="list-style-type: none"> • Electrical systems • Turbine packaging • Displays • Fire fighting pumps • HVAC 	<ul style="list-style-type: none"> • Electrical distribution • Turbine design • Machinery controls • HVAC 	<ul style="list-style-type: none"> • MPCMS • Turbine packaging • Switchgear • Controllers • Rectifiers • Cooling coils 	<ul style="list-style-type: none"> • Control panels • Detectors • Refrigeration & cooling coils • Displays • Arc-fault sensors 	<ul style="list-style-type: none"> • Controllers • Interior comms • FODMS/GIG-E networks • SPS-67 radar • HVAC • Displays • Launcher controls

**Other shipbuilding programmes of interest:
CG(X), DDG-51 Modernization, Joint High-Speed Vessel**

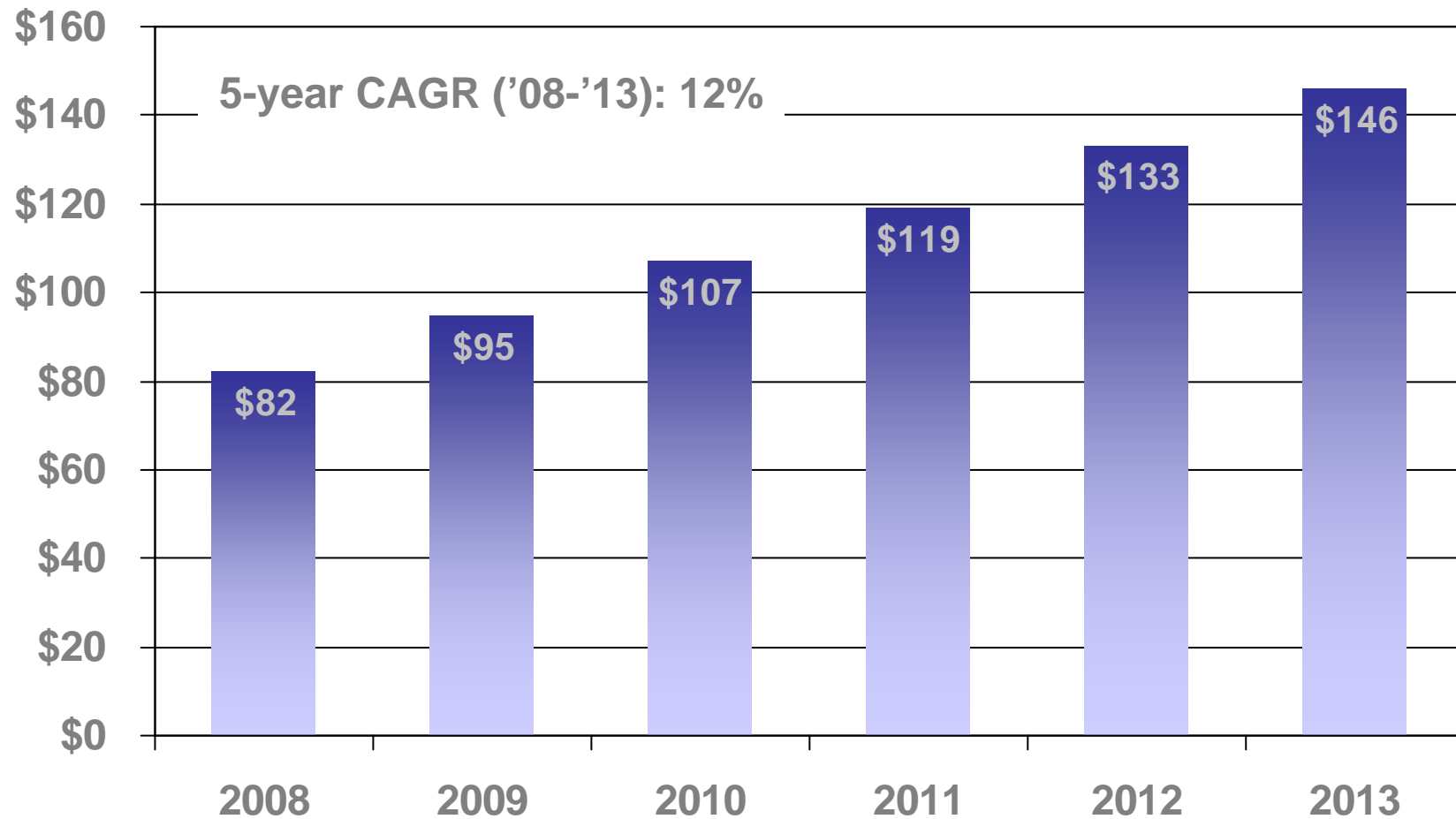
Planned New Construction of 47 Ships & Submarines FY09-13



* President's FY09 budget request



\$ US Billions



*DRS Technologies estimates

DRS's strategic goal to grow exports can be realized through Finmeccanica's international customer network

Land

- Radars
- Electronic warfare systems
- Bradley & Abrams cabling manufacture & refurbishment
- Communications/IT services
- Rugged tactical computers
- Vehicle diagnostics
- Thermal sights
- Driver vision enhancers
- Heavy equipment trailers

- Air cargo transporters
- Decontamination systems
- Water distribution systems
- Refrigerated containers
- Power generators & power supplies
- Environmental systems & shelters
- Asset protection
- Engineering & logistics
- Integrated system solutions/homeland defense technologies

Sea

- Radars
- C2 advanced displays
- Ship fiber optic networks
- Ship communications & sensor systems
- Naval power & drives
- Naval display consoles
- Naval ship heating/cooling coils
- Engineering & logistics
- Underwater systems

Air

- Avionics – flight/mission recorders
- Air combat training & test instrumentation equipment & range support services
- Aircraft station keeping equipment
- Engineering & logistics
- SATCOM
- Contract manufacturing (Space)
- UAVs

- Growing demand for our products and services
- Alignment with military modernization and transformation
- Long-term contracts in backlog
- Critical scale enabling cross-market opportunities
- Broad diversification of customers and programs



Homeland Security

- **The initial assessment brought to the identification of significant market opportunities and benefits to positioning in some key national programmes**
 - ✓ Jordan Border Control
 - ✓ Greek Port Security (~ € 400mln),
 - ✓ Integrated Border Management in Turkey (over € 1.0 bn)

C4I

- **Furthermore, the analysis of capabilities and building blocks available to both companies for Systems and NEC solutions, along with positioning in respective National programmes (FCS, Forza NEC and Advanced Dismounted Combat Soldiers), shows new business opportunities for**
 - ✓ Tactical & Strategic Comms in US (~ € 130bn)
 - ✓ FRES (Total ~ € 30bn platform excl.)
 - ✓ FCS and Forza NEC

Platform Integration, Global Sustainment & Technical Logistics

- ✓ US Coast Guard C130
- ✓ for US Postal Service (~ € 200mln)

There are additional opportunities which are currently under evaluation in terms of potential benefits to the overall business

Homeland Security

- ✓ SBINET (Great Lakes)
- ✓ Egypt Border Control
- ✓ International FMF & FMS programmes (~ €650mln)
- ✓ Dept. of HS agency initiatives and US Dept. of Defence Anti-Terrorism Force protection programmes (~ €650mln)

C4I

- ✓ Data Link 11, 16, 22 for US and FMS
- ✓ Tactical Networks for Rumania, Bulgaria, Egypt, Afghanistan

Platform Integration, Global Sustainment & Technical Logistics

- ✓ C27JCA
- ✓ Simulation and Training for Trainers (i.e. M346, T50)
- ✓ JLTv

Situational awareness: electro-optics

- ✓ Combined offering is suitable for brand new platforms and also capability insertion / upgrade, which will focus particularly in the exploitation of uncooled & cooled IR Technologies (€3-4bn) and for advanced dismantled combat soldier solutions

Pier Francesco Guarguaglini

Finmeccanica Chairman and CEO

Concluding Remarks

HOMELAND SECURITY

PORT SECURITY



VTMS



LAW ENFORCEMENT



BORDER CONTROL



Addressable Market for Border, Territory and Critical Infrastructure Protection and Crisis Management (2007/2012): €300bn

C4I SYSTEMS

SOLDIERS



COMMUNICATIONS



C2 & DATA FUSION



FBCB2



Addressable Market for Command & Control, Communications, Computing and Intelligence (2007/2012): €400bn

GLOBAL SUSTAINMENT & TECHNICAL LOGISTICS

C-130



Fuel and Water Distributions

Mobile Sustainment Systems



Addressable Market for Logistic and Services (2007/2012): €80bn

SITUATIONAL AWARENESS: ELECTRO-OPTICS

NAVAL



AIRBORNE

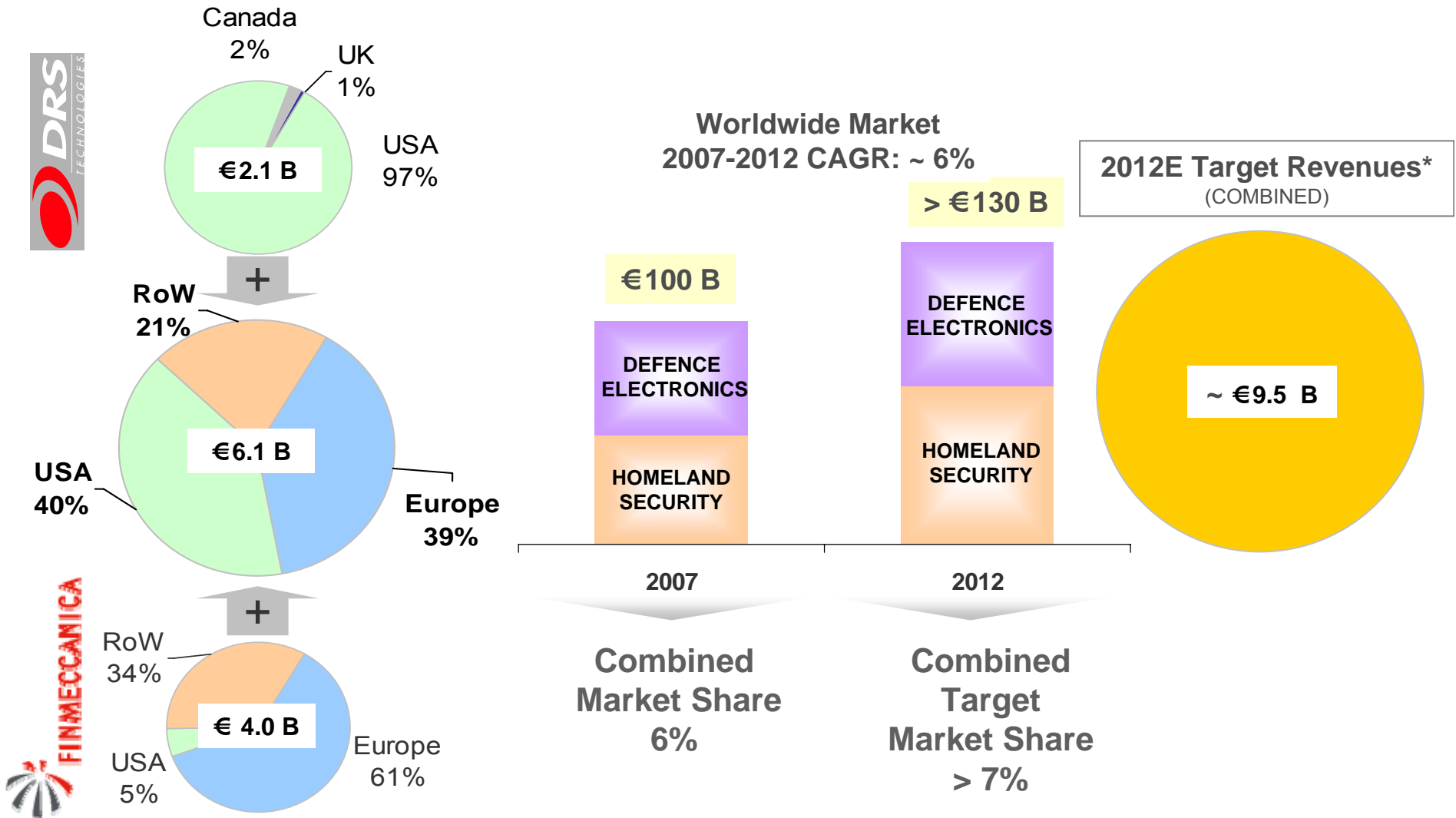


LAND



Addressable Market for Airborne, Land, Naval and Space EO (2007/2012): €60bn

2007 Revenues



Sources: Various external (Forecast Int'l, Frost & Sullivan, Teal) and internal (Finmeccanica Competitive Scenario '07)

*Such data assume an increase in combined market share and the growth of the relevant market and should not be considered a forecast

Preliminary contacts over the last few months allowed to identify a broad range of opportunities


- ✓ Some concrete opportunities of working together already identified
i.e. US Postal Service (~ €200mln) , Jordan Border Control, Greek Port Security (~ €400mln), Tactical & Strategic Comms in US (~ €130bn) ,
US Coast Guard C130**

- ✓ Other additional opportunities of working together under scrutiny**

- ✓ Targeted non domestic geographic markets will offer combined benefits:
Greece, Turkey, Jordan, Egypt, Rumania, Bulgaria, Afghanistan**

Further benefits for Finmeccanica will be achieved thanks to cooperation on its platform business and improved access to US customers for its broader activities

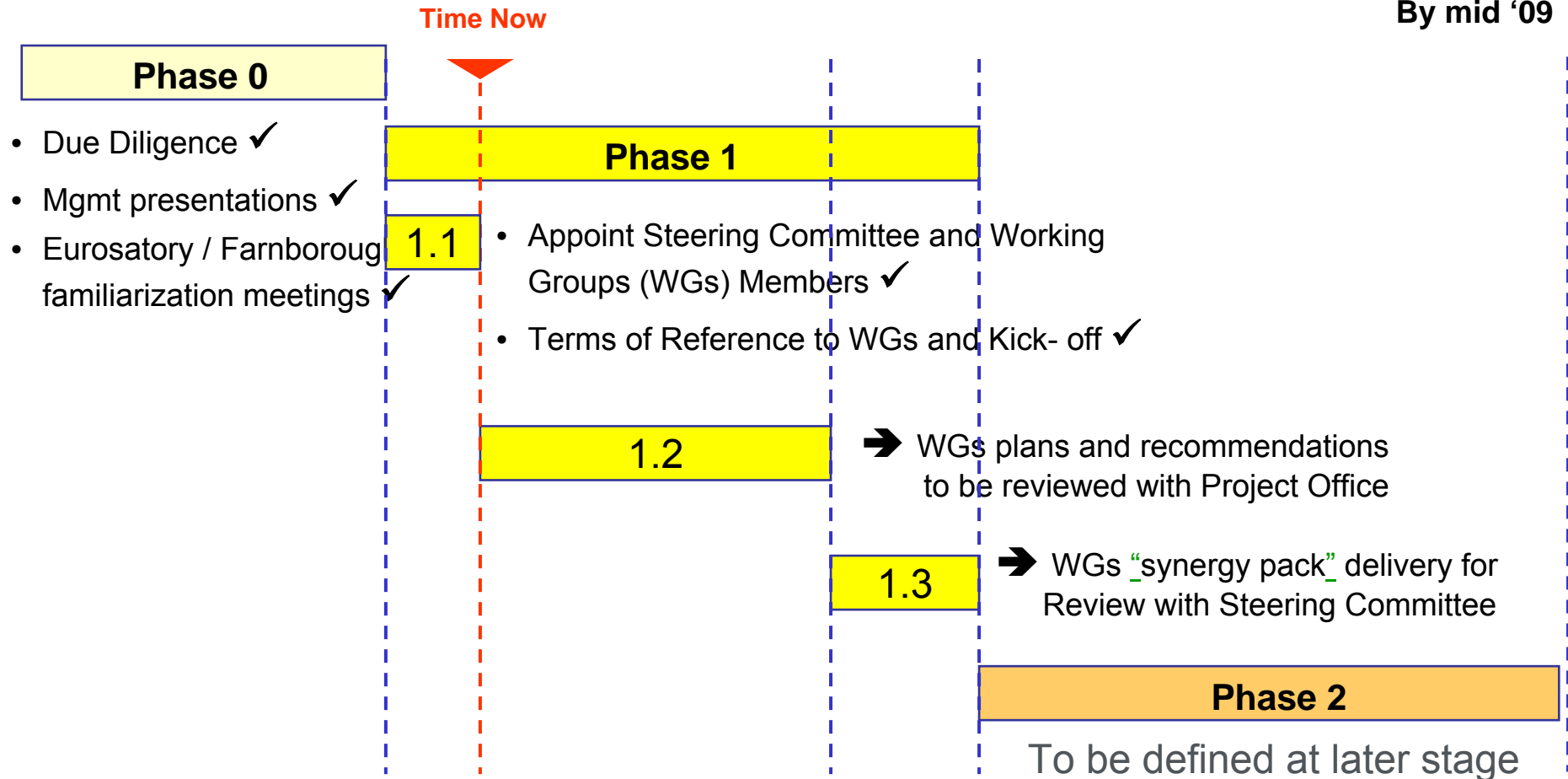
- ✓ Very good feeling fostering productive cooperation at commercial and industrial level stemming from initial operational contacts**
- ✓ Very positive feedback from preliminary contacts with key US customers and institutional representatives**

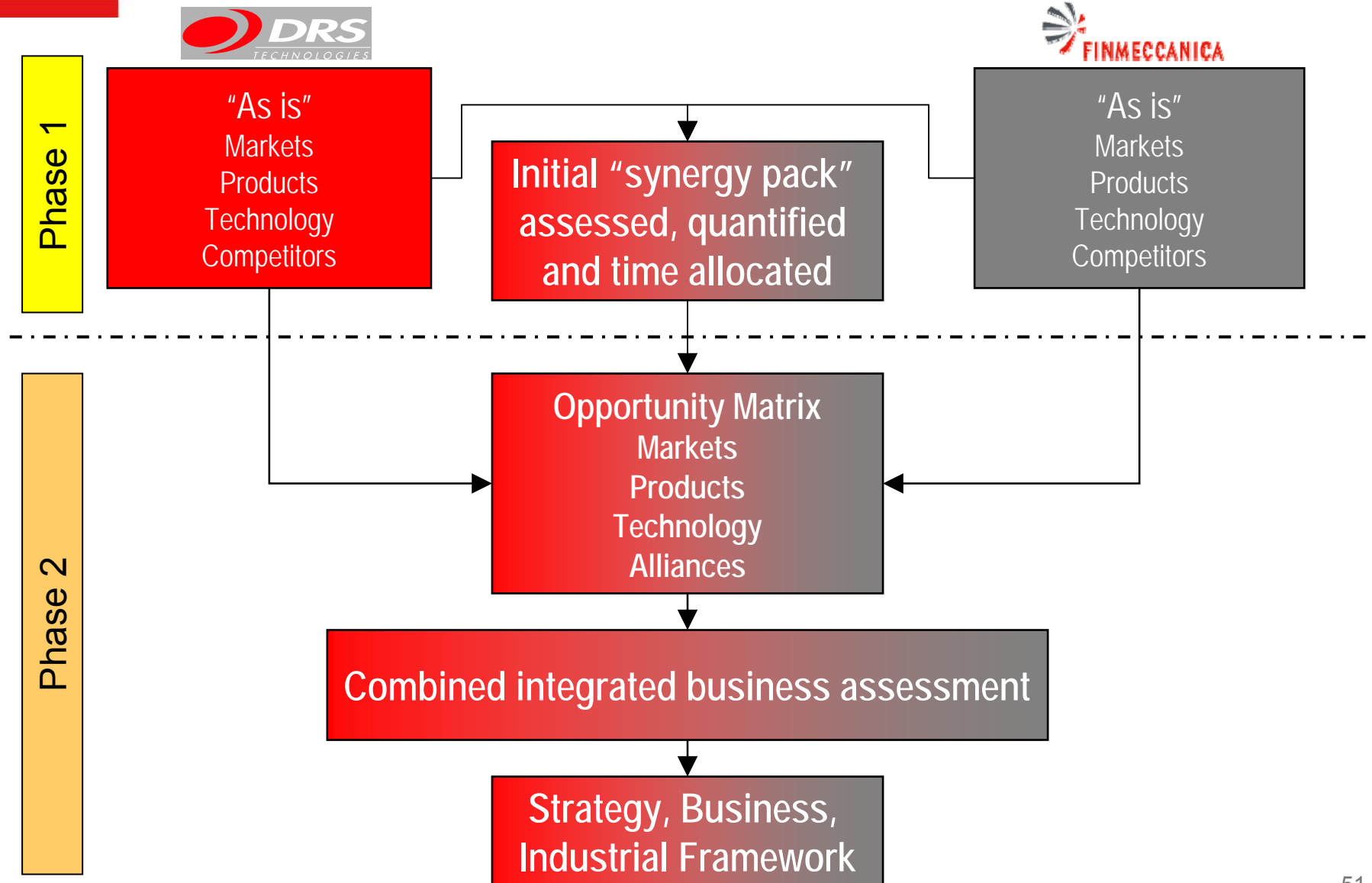
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“I am very confident that we will achieve a level of benefits fully supporting the investment we have made in the US”

APPENDIX

By mid '09







Finmeccanica World Class Defence Electronics Capabilities Already being Sold to US Customers



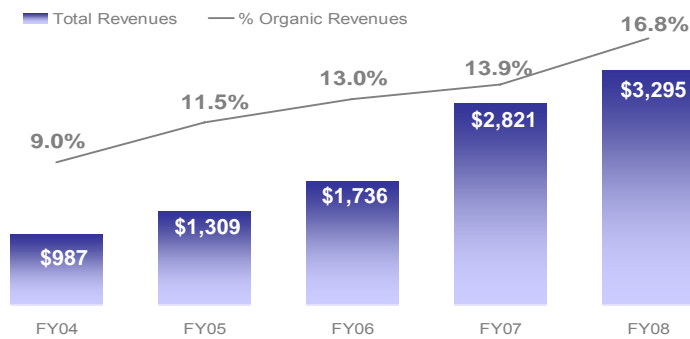
- ✓ **DIRCM** (*Directional Infrared Countermeasure Systems*- self protection) in collaboration with Northrop Grumman
- ✓ **Javelin** – guided missile system. Collaboration program with Lockheed Martin and Raytheon
- ✓ **Seaspray 7500 E** – e-scan radar for US Coast Guard
- ✓ **AT FLIR** – fire control system for F-18 military aircraft. Collaboration program with Raytheon
- ✓ **LOAM** – laser obstacle avoidance system for US Air Force
- ✓ **HALO** – hostile acoustic location system for US Army
- ✓ **CAR PLATE READERS** – more than 240 customers in US

Significant potential to grow sales through US owned company

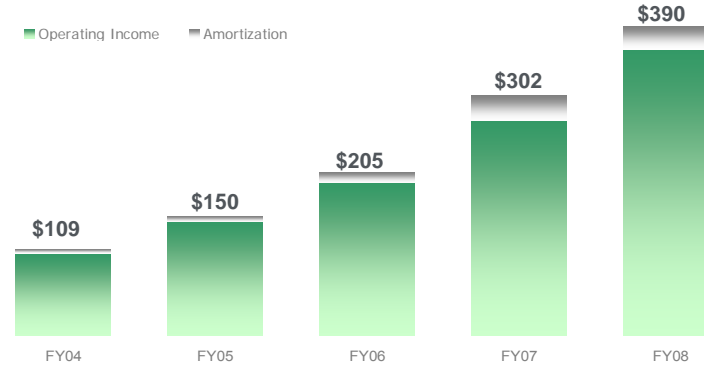
- ✓ A Senior Term Loan Facility successfully syndicated and closed on 14 July 2008
- ✓ Domestic and international banks together offered around EUR 7 billion, more than 2x the original amount., thereby reducing the amounts originally allotted to each bank.
- ✓ 40 banks took part in the transaction.

Facilities	Amount (€)	Tenor	Repayment
Senior Term Loan A	1,000,000,000	1 year	bullet
Senior Term Loan B	1,500,000,000	1 + 1 years	bullet
Senior Term Loan C	700,000,000	3 years	bullet
TOTAL	3,200,000,000		

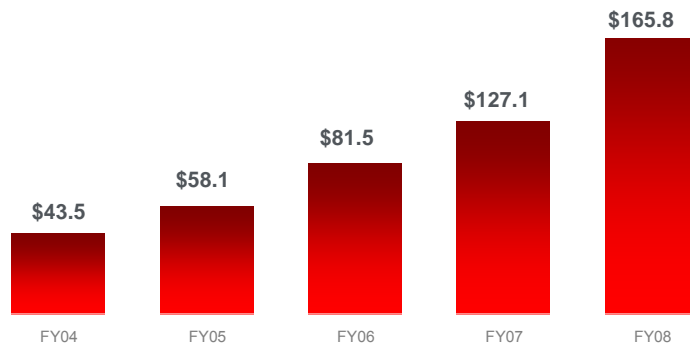
- ✓ **Conditions Precedent:** Capital Increase at least equal to 42.19mln of shares
- ✓ **Mandatory Prepayments:** Issue of Debt/Issue of Equity/Disposal of Assets/Secondary IPO of subsidiary.



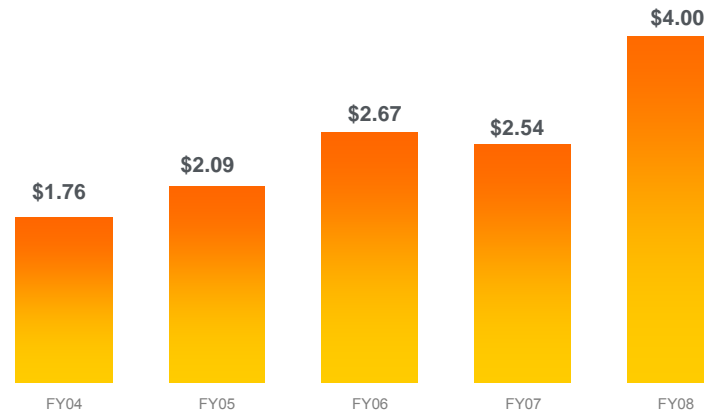
5-Year Revenue CAGR 37%



5-Year EBITA CAGR 42%



5-Year Earnings CAGR 41%



5-Year Diluted EPS CAGR 20%

Finmeccanica

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