



Finmeccanica to Acquire DRS Technologies

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This presentation and other statements by Finmeccanica may include forward-looking statements within the meaning of applicable securities laws and regulations with respect to the pending DRS acquisition, future synergies, future financing activities, financial structure objectives and other future financial or business performance, conditions, strategies, expectations or goals. All statements that are not descriptions of historical facts are forward-looking statements, based on management's estimates, assumptions and projections that are subject to risks and uncertainties. These statements can generally be identified by the use of forward-looking terminology such as "believes," "expects," "intends," "may," "will," "should," or "anticipates" or similar terminology.

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.

IBES consensus estimates for DRS are used in this presentation for illustrative purposes. DRS projections may differ and actual results may vary. Finmeccanica does not adopt IBES estimates as its projections.

Transaction Announcement



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

Transaction Key Terms

Purchase Price per Share	\$ 81
Fully Diluted Shares (mm)	48,623

	in \$ (mln)	in € @ 1.55(mln)
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

Approvals Needed: DRS Technologies Stockholders, Committee on Foreign Investment in the United States (CFIUS), US antitrust authorities (HSR), Defence Security Service (DSS)

Expected to close by the end of Q4

Delivering on Finmeccanica Three Pillars* Growth Strategy



Grow organically and through acquisitions

Acquisition track record

- ✓ 2002-2004: new positioning as National Champion thanks to focused **domestic** acquisitions (Telespazio, Aermacchi, Marconi)
- ✓ 2005-2007: strong **UK footprint** established through AgustaWestland, BAE Systems Avionics and Vega acquisitions

In USA – the most valuable A,D&S market in the world, which offers significant opportunities from a technical and industrial viewpoint, our strategy is to:

- ✓ Consolidate industrial presence already established in Aeronautics (B787 – Charleston) and Helicopters (AW139 – Philadelphia)
- ✓ Strengthen relationship network building with large US players upon existing teaming experiences

* Helicopters, Defence Electronics, Aeronautics

Participating in Large US Platform Programmes



FY2007A: Finmeccanica in USA

- ✓ Headcount ~2,000
- ✓ Revenues ~€1.5bn/ ~\$2.3bn

Locations



✓ **US-101 (\$1.7 bn)** - 23 helicopters for US Navy (VH-71 Presidential fleet)

✓ **C-27J (\$2.1 bn)** – 78 aircraft for US Army and Air Force within the JCA programme (*Joint Cargo Aircraft*), with a potential total requirement for 207 aircraft

✓ **B-787 (\$2.3 bn)** – 300 aircraft (with a total of 900 aircraft already sold by Boeing)

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

Why DRS Technologies?



- ✓ Strong defence electronics technology
- ✓ Superior performance through both organic and external growth
- ✓ Strong backlog trends and contract mix
- ✓ Strong management team remaining and committed to further grow the business
- ✓ Meaningful opportunities; minimum overlap
- ✓ Significantly augments defence electronics footprint from €4bn to > €6bn
- ✓ Access to the most valuable D&S market worldwide

DRS Technologies: Business Overview



- *CY2007A Revenues: \$3,155mIn
- CY2007A EBIT: \$309mIn (9.80%)
- Headcount: 10,000

Reconnaissance, Surveillance & Target Acquisition

23%

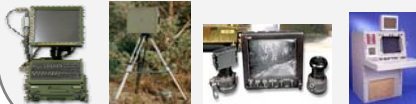
- **CY2007A Revenues: \$719mIn**
- Develops and produces electro-optical sighting, targeting systems, sensors, night vision, combat identification, and laser aiming products; also provides other electronic manufacturing services



C4I

40%

- **CY2007A Revenues: \$1,269mIn**
- Develops and produces naval display systems, radar systems, air combat training and electronic warfare systems, naval and industrial power systems, intelligence collection and processing systems, tactical computer systems and vehicle electronics



Sustainment Systems

15%

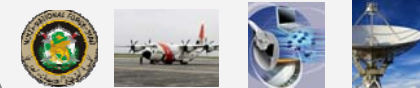
- **CY2007A Revenues: \$474mIn**
- Designs, engineers and manufactures military radar, power generation and distribution equipment, cargo lifters, heavy equipment transporters, refrigerated containers, shelters, and water purification equipment



Technical Services

22%

- **CY2007A Revenues: \$693mIn**
- Provides engineering services, product support and training, aircraft maintenance, telecommunications and IT integration and support, satellite bandwidth management and wireless networking, and sensor integration and personnel for asset security



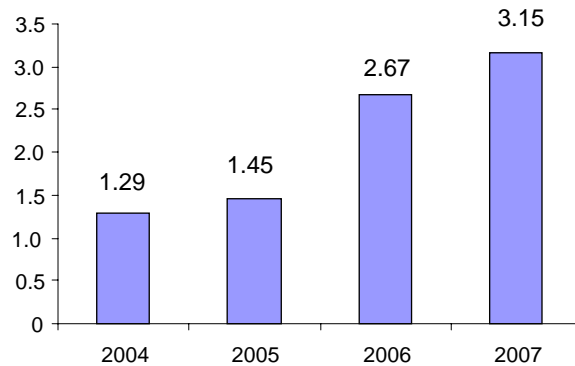
Defence technology leader providing integrated products, services and support for military forces, intelligence agencies and prime contractors mainly for the US DoD and other Government customers. Wide and diversified capabilities to produce components and sub-systems as high supplier

*Calendar year

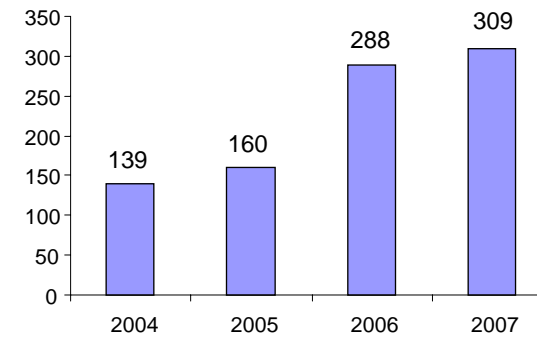
DRS Technologies Performance Outstanding



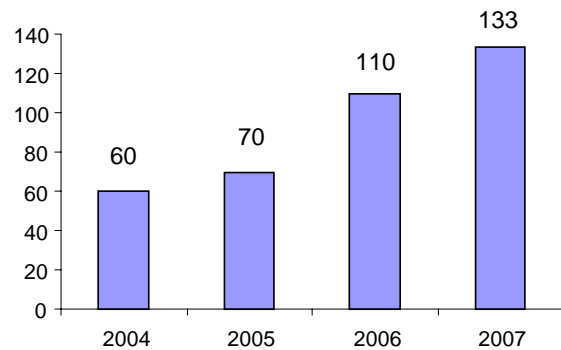
Revenues CY2004-2007 (\$bn)



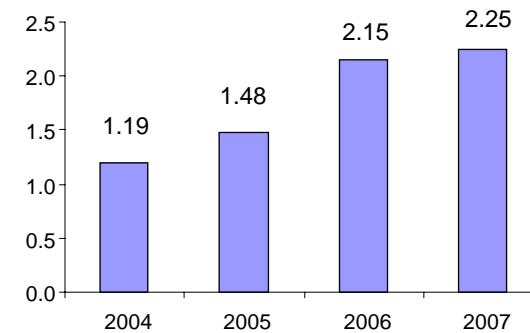
EBIT CY2004-2007 (\$mIn)



Net Income CY2004-2007 (\$mIn)



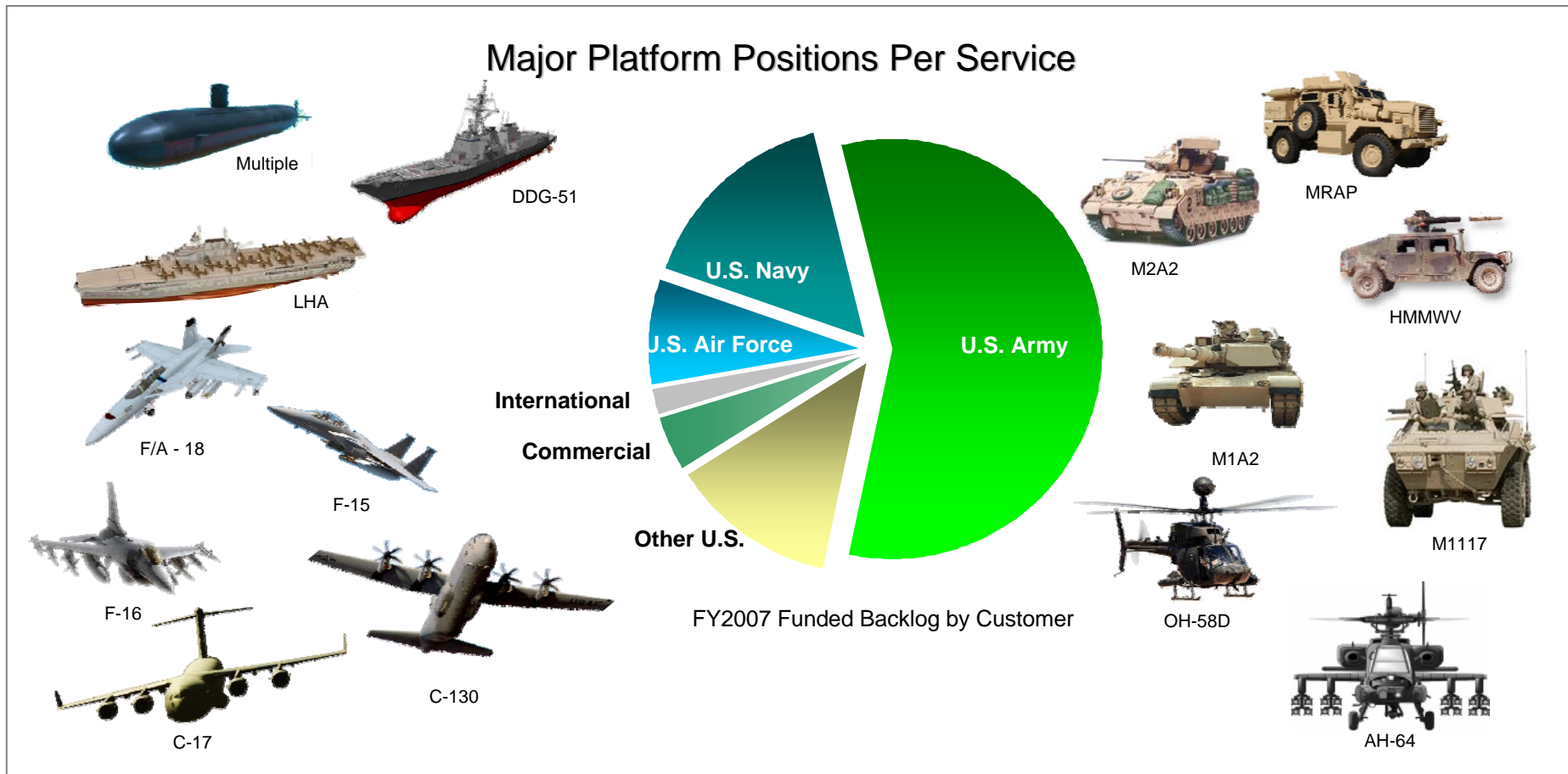
Market Cap CY2004-2007 (\$bn)



Major DRS Technologies Platforms: Ground, Air, and Naval



- Products installed on the majority of current US war-fighting platforms
- Foreign Military Sales of existing air and ground assets provides follow-on opportunities in platforms' lifecycles
- Technological incumbency provides avenue for upgrades and future platform development – DDG 1000, CVN 78, etc.

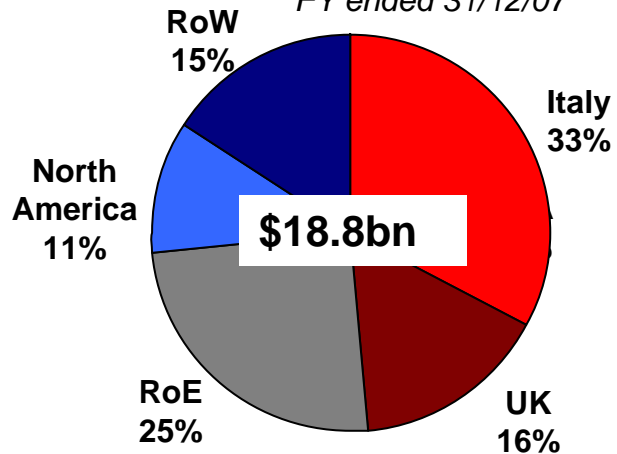


A product business largely insulated from any single platform's waning demand

Finmeccanica and DRS Technologies Together



* FY ended 31/12/07

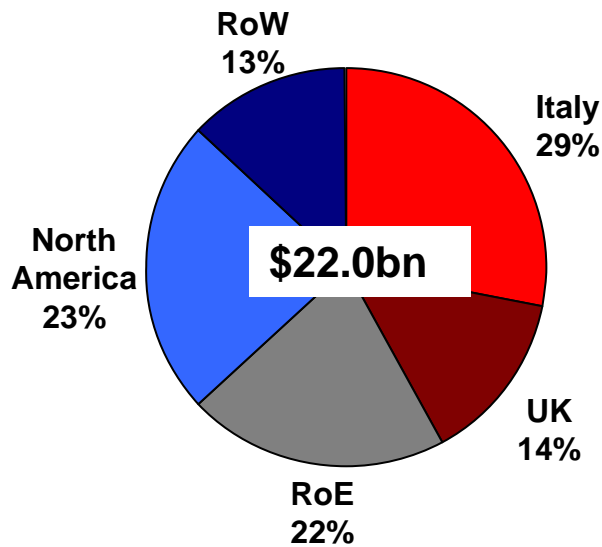
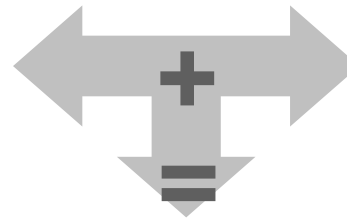
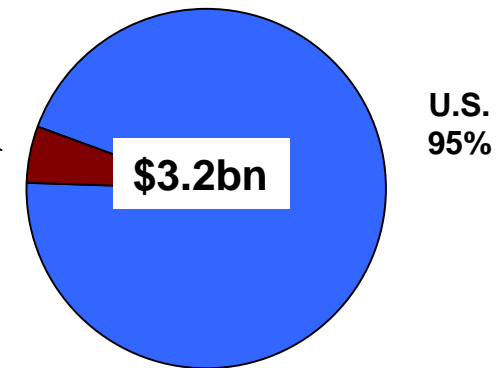


2007A Revenues



** CY2007E

International
5%



After this acquisition
Finmeccanica becomes:

- one of the most geographically diversified A,D&S players worldwide
- with a significant presence in UK and US markets

Good Fit and Minimal Overlap



Aerospace, Defense and Security



- RSTA
- C4I
- Comms
- Services

Wider state of art portfolio covering radar, E/O (sensor, sights, targeting and countermeasures)

Airborne surveillance & patrolling, tactical land and armament systems, naval armament and combat systems, security

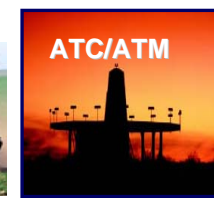
Terminals, routers, switches, sw radio, infrastructure & networking solutions, connectivity, satellite value added services

Consultancy, Simulation, Training, Logistics, Sustainment, Technical Services, Managed Solutions

- RSTA
- C4I
- Comms
- Services



Finmeccanica's Owned Platforms & Systems



Synergy Opportunities



Electro-optics

- Leverage capabilities of both entities in optronics to create a more competitive player
- Establish *Centres of Excellence* and combine with other technology capabilities (radar) to offer comprehensive ISTAR solutions

Battle-space and Naval Systems

- Grow in US battle-space systems using well established DRS Technologies positioning and technology insertion (comms)
- Expand DRS Technologies' position as naval solution provider by pulling through Finmeccanica products (Radar, Fire Control Systems)

Homeland Security

- Use complementary DRS solutions internationally to enhance Finmeccanica perimeter control offering to compete effectively for opportunities for national and critical infrastructure surveillance / protection, both land and maritime

Services

- Increase competitiveness share by combining skills / competences, growing on simulation & training for *Land and HLS* operations, expanding satellite based networking, connectivity and value added services offering to support expeditionary warfare and security operations
- Become an advanced logistic centre to support airborne platform maintenance, overhaul and through life capability management

US Market & Procurement

- Position Finmeccanica's products into US through DRS Technologies' established channels and by exploiting production in the country through DRS Technologies' manufacture excellence capabilities
- Leverage DRS Technologies' position in the Army, Navy and SOCOM (Special Operation Commands) to meet insurgency warfare needs proposing "off-the-shelf" products and solutions

Manufacturing Rationalization

- Take advantage of favourable currency exchange rates to increase natural hedge

Transaction Structure and Timetable



Finmeccanica to acquire 100% of outstanding shares of DRS Technologies in a cash merger

Based on the indicative timetable, transaction expected to close by the end of Q4 2008

Done

- ✓ Signing of Merger Agreement
- ✓ Finmeccanica and DRS Technologies Board Approval
- ✓ Public Announcement

To be done

- ✓ DRS Technologies Stockholder Approval
- ✓ HSR – US and other antitrust authorities
- ✓ CFIUS – Committee on Foreign Investment in the United States
- ✓ DSS/FOCI – Mitigation Agreement

Break-up fee of approx. \$90mln

Valuation Multiples



	\$ mln	€ mln
DRS Technologies net fully diluted shares @ \$81	3,938	2,541
DRS Technologies net debt @ 31/12/2007 (Assumes convertible conversion)	1,267	817
Total EV	5,205	3,358
2008 Consensus* DRS Technologies EBIT	362	234
2008 Consensus* DRS Technologies EBITDA	457	295
2008 Consensus* DRS Technologies Net Income	167	108
Premium to 30 day trading of \$61,35per share:		32%
	EV/EBIT	14.3x
	EV/EBITDA	11.4x
	P/E	23.6x

The transaction multiples are in line with recent transactions

* IBES Consensus calendarised, \$ per €=1.55x

DRS Transaction Multiples



	\$mm	€mm	
Fully Diluted Shares (mm)	48.623	48.623	
Offer Price	\$81.00	€52.26	
Equity Value	3,938	2,541	
Net Debt as of December 31 st , 2007	1,267	817	
Enterprise Value	\$5,205	€3,358	
Key Financials	\$mm	€mm	Transaction Multiples
CY 2008 Revenues	3,409	2,200	1.53x
CY 2009 Revenues	3,656	2,359	1.42x
CY 2008 EBITDA	457	295	11.4x
CY 2009 EBITDA	496	320	10.5x
CY 2008 EBITA	392	253	13.3x
CY 2009 EBITA	419	270	12.4x
CY 2008 EBIT	362	234	14.4x
CY 2009 EBIT	391	252	13.3x
CY 2008 Net Income	167	108	23.6x
CY 2009 Net Income	192	124	20.5x

Note: CY 2008 EBITDA, EBITA, EBIT and net income estimates are based on FY 2008 estimates before the TWS II charge of \$36.8mn and the curtailment gain of \$11.7mn for the 9 months as of 31/12/07. Assumed exchange rate equal to 1.55 \$ / €.

Source: IBES consensus.

Notional / Illustrative 2009 Impact on Finmeccanica



	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

Sources of Financing



STEP 1
Bridge Loan

**Syndicated
Loan
Facilities**

- ✓ Transaction will be initially funded through a Bridge Bank Financing amounting to €3.2bn and cash on hand

STEP 2
Permanent
Financing
Take out Plan

Capital Increase

**Non Strategic
Asset Disposals**

Additional Debt

- ✓ Capital increase transaction expected to be carried out on terms to be defined
- ✓ A 42 million share non rights offering already approved by General Shareholder Meeting

- ✓ Sale of a stake of Ansaldo Energia, through an IPO, in line with Finmeccanica's strategy to gradually lower exposure in non-core assets
- ✓ Divestiture of other assets

- ✓ Allocated against both Finmeccanica and DRS Technologies cash flow

Financial Structure Rationale



Sustainable Capital Structure

- ✓ Preserve Finmeccanica's solid capital structure, while preserving EPS
- ✓ Strong commitment to current ratings
- ✓ Equity and asset disposals will fund approximately two thirds of the acquisition
- ✓ Maintain a strong capital base to support the Group's growth strategy

Value Creation

- ✓ Shareholders value accretive (growth of EPS)

Financial Flexibility

- ✓ Strong focus on operational cash flow generation
- ✓ Available credit lines and cash balances
- ✓ Liquidity position and debt capacity targets in line with current credit ratings

Appendix

Price paid is lower than comparable transactions in the US defense industry



Date	Acquiror	Target	Enterprise Value	EV / EBITDA		EV / EBITA	
				LTM ⁽¹⁾	NTM ⁽²⁾	LTM ⁽¹⁾	NTM ⁽²⁾
13-May-08	Finmeccanica	DRS Technologies ⁽³⁾	US\$ 5,205	12.7 x	11.4 x	14.3 x	13.3 x

Mean of Selected Defense Transactions⁽⁴⁾	15.9x	12.6x	17.5x	13.5x
Median of Selected Defense Transactions⁽⁴⁾	16.0 x	12.2 x	16.7 x	13.4 x

1. LTM: Last Twelve Months before the transaction announcement.
2. NTM: Next Twelve Months after the transaction announcement.
3. DRS LTM (Last Twelve Months) figures as of 31/12/07, DRS NTM (Next Twelve Months) figures corresponding to calendarised 2008 figure based on Fiscal Year 2008 IBES consensus estimates before the Thermal Weapons Sight II charge of \$36.8mn and the curtailment gain of \$11.7mn for the 9 months as of 31/12/07.
4. Selected Defence Transactions include: the acquisition of Armor Holdings by BAE Systems in May 2007, the acquisition of Anteon by General Dynamics in December 2005, the acquisition of Titan by L-3 Communications in June 2005, the acquisition of United Defense by BAE Systems in March 2005 and the acquisition of Veridian Corp. by General Dynamics in June 2003.

DRS Technologies: M&A Augments Organic Growth



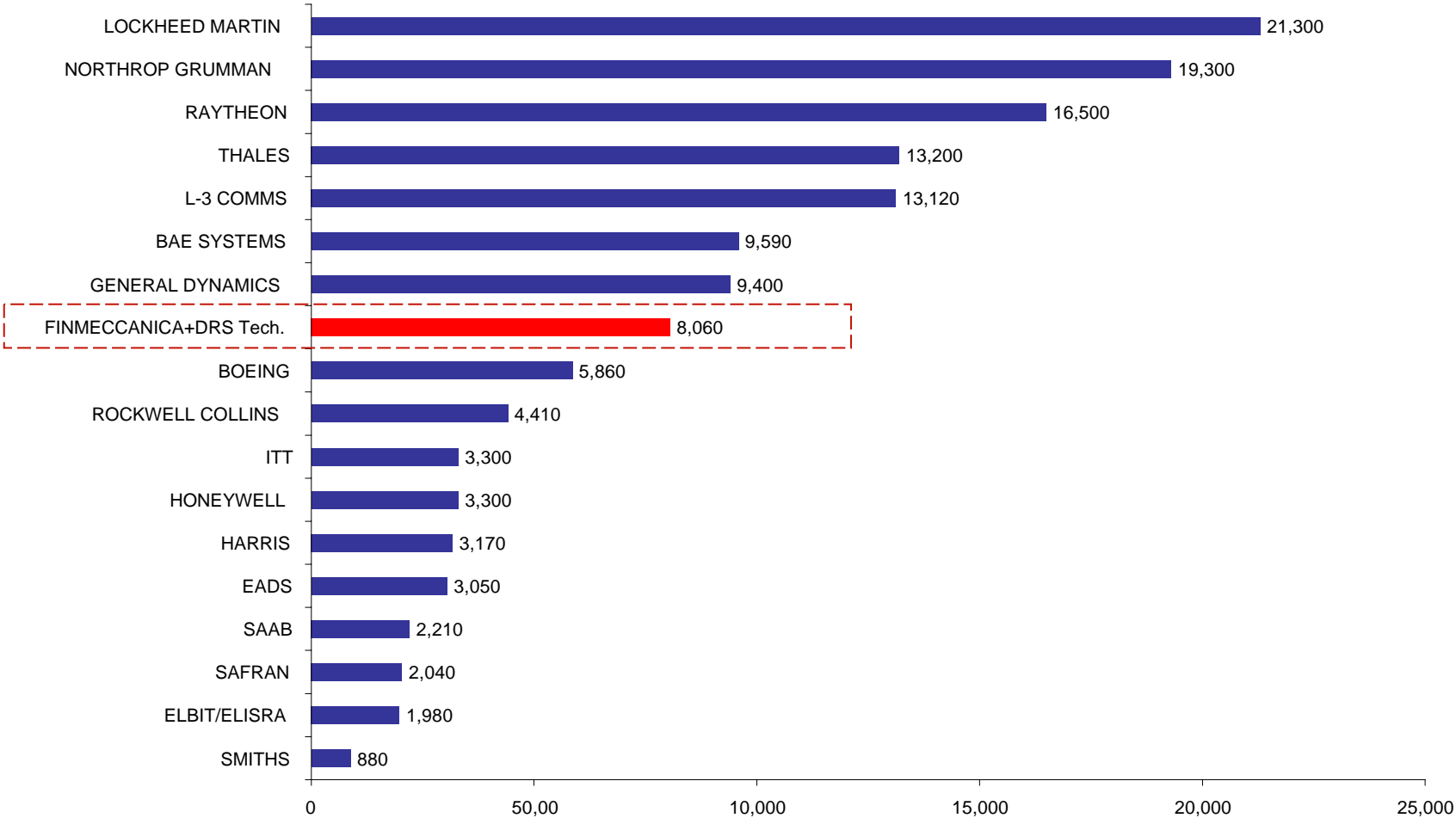
Date	Acquisition	Transaction Value
2006	✓ Engineered Support Systems, Inc.	\$1,930mIn
2003-2005	<ul style="list-style-type: none"> ✓ Walkabout Computers ✓ Codem Systems, Inc. ✓ Night Vision Equipment Company (NVEC) ✓ Integrated Defense Technologies (IDT) ✓ Power Technology Incorporated (PTI) ✓ Kaman's Electromagnetic Development Center 	\$698mIn
2000-2002	<ul style="list-style-type: none"> ✓ Paravant Inc. ✓ Nytech Integrated Infrared Systems ✓ Eaton's Navy Control Division ✓ U.S.- based Unmanned Aerial Vehicle business of Meggitt – Texas ✓ Boeing's Sensors and Electronic Systems Business ✓ Lockheed Martin Corporation's Electro Mechanical Systems ✓ General Atronics Corporation 	\$297mIn

Since 2000, 14 transactions valued at ca. \$3bn

Finmeccanica & DRS Technologies Together: Worldwide Competitive Positioning in Defence Electronics



2007 Revenues (\$mIn)*



*Finmeccanica estimates

Main Areas of Synergies



Finmeccanica & DRS expect the transaction to generate, in the short / medium term, significant synergies in the Defence Electronics & Security both in terms of revenue and cost savings.

- The **revenue synergies** are expected from the following business areas:
 - C4I
 - Homeland Security & Maritime Domain Awareness
 - Naval and Underwater Systems
 - RSTA – Electro-optics
 - Other
 - Airborne Platform Maintenance & Overhaul
 - Networking & Connectivity with Value Added Services through Satcom
 - Simulation, Training and other Sustainment Services
 - Tactical UAV
 - Avionics and Airborne Sensors
 - Progressive introduction of Finmeccanica “off-the-shelf” products & solutions via DRS to US and FMS customers
- The main areas for **cost savings** are the following:
 - procurement and manufacturing in US
 - the increasing installed base of products sold in US can be progressively maintained and supported on site
 - rationalization of activities in R&D

Further opportunities are expected from **DRS’ access to FNM owned platforms:**

- in the medium term, for system integration
- in the long term, DRS could become one of the main contractors of FNM platforms in the US market

The combination of FNM and DRS skills, competences, technology, product capabilities and market access will offer the opportunity to become a strong player in land border, maritime surveillance and critical infrastructure protection solutions

Homeland Security and Maritime Domain Awareness

- C2, SW, EO/IR and radar technologies are complementary, enabling commercial synergies across different markets worldwide, e.g. in the areas of Middle East and Persian Gulf
- Application in the maritime traffic tracking across the globe via Satcom with the VTMS performance already proven in a very challenging and dense traffic area such as the Mediterranean Sea
- Maintenance and upgrading of the existing installed base and product portfolio of coastal radars whose demand is rising in US, Europe and worldwide, as part of complex Coastal Networks
- New business opportunities in US maritime border security contracts, port security worldwide, land and border control particularly in the Middle East and Persian Gulf and critical infrastructure protection programs both in US and internationally

Naval and Underwater Systems

- Availability of further technologies and components at affordable costs from DRS will allow increased competitiveness, namely as far as R&D is concerned
- DRS is developing low cost C-band naval radars that will complement FNM product portfolio and allow a more modular offer without additional R&D efforts and a more effective time to market
- Existing FNM radars will benefit from procurement and manufacturing of major parts in the US
- FNM brings significant capabilities in the field of underwater systems such as torpedoes and countermeasures. Over the long term DRS, leveraging its position as preferred supplier to the US Navy and into the Naval FMS programs, will be positioned well to capture these additional opportunities

Historically DRS has been ground focused whereas FNM has been airborne system focused. The complementary products, market access and the ability to exploit leading edge technology from each side represent a unique opportunity to optimize efforts and capture new programs across the customer spectrum

Electro-Optics

- Rationalization of R&D investment and combination of leading technologies (e.g. 2 colour technology) offered by FNM and DRS will enable market share increase in ground and airborne EO
- Strong opportunity for R2 (Return and Reset) projects
- New markets for advanced IRCM solutions for the rotary and fixed wing fleets of the US Army
- Increased scope and expected capture rate of important, imminent and large land programs both in the US, such as FCS, and outside US, such as FRES in UK, with large production volumes involved, and several capability insertion / upgrade on existing land vehicles around the world

Revenue Synergies Further opportunities



Airborne Platform Maintenance & Overhaul

Both companies are active in maintenance and overhaul of the airborne systems of US C-130 Coast Guard

- Starting from this base, there is the potential to grow as a centre of excellence for sustainment, maintenance & overhaul of airborne platforms, both rotary and fixed wings, offering such services to other US Coast Guard platforms and potentially from other DHS and DoD departments
- This business can further increase to perform support services for the owned FNM platform sold in US (both military and commercial, e.g. US-101, C-27JCA, AW-139)

Satcom Networking & Connectivity and Value Added Services

- DRS is today heavily engaged with the US Forces and Governmental Agencies in providing Satcom services
- This positioning may be easily enhanced and extended by complementing such services with the service and capabilities developed and available from FNM (Telespazio) for Satcom networking, connectivity, broadcasting and VAS

Other Areas

- Further upside has been identified in activities which includes simulation, advanced training, sustainment services, tactical UAV and sales of FNM “off-the-shelf” products through DRS either in US or worldwide, under FMS contracts
- Significant potential in the large defence systems such as NEC projects, whereby DRS has a primary role in US for FCS as Tier 2 and FNM leads as system integrator the national program Forza NEC. Here the major synergies are related to SW/C2 development, sensors (radars of different applications), Comms and above all System and network Integration, exploiting the experiences already mentioned in Homeland Security and other past programmes both in the US and in Italy (C3 for Italian Army, Air Force and General Staff)