

BAE Systems News Release

BAE SYSTEMS PLC ANNOUNCES GLOBAL SETTLEMENT WITH UNITED STATES DEPARTMENT OF JUSTICE AND UNITED KINGDOM SERIOUS FRAUD OFFICE

05 Feb 2010 / Ref. 014/2010

London, United Kingdom - The Company, the U.S. Department of Justice and the UK Serious Fraud Office have reached settlements in connection with the Justice Department investigation announced by the Company on 26th June 2007 and the Serious Fraud Office announced by the Company on 3rd November 2004.

Under the agreement with the Department of Justice, which requires court approval, the Company will plead guilty to one charge of conspiring to make false statements to the U.S. Government in connection with certain regulatory filings and undertakings. The Company will pay a fine of \$400 million and make additional commitments concerning its ongoing compliance.

Under the agreement with the Serious Fraud Office, the Company will plead guilty to one charge of breach of duty to keep accounting records in relation to payments made to a former marketing adviser in Tanzania. The Company will pay an agreed penalty of £30 million comprising a fine to be determined by the Court with the balance paid as a charitable payment for the benefit of Tanzania.

The Company issued the following statement from Chairman Dick Olver concerning the settlement: "In 2000, the Company gave a commitment to the U.S. Government that it would establish and comply with defined U.S. regulatory requirements within a certain period and it subsequently failed to honour this commitment or to disclose its shortcomings.

"In connection with the sale of a radar system by the Company to Tanzania in 1999, the Company made commission payments to a marketing adviser and failed to accurately record such payments in its accounting records. The Company failed to scrutinise these records adequately to ensure that they were reasonably accurate and permitted them to remain uncorrected.

"The Company very much regrets and accepts full responsibility for these past shortcomings.

"These settlements enable the Company to deal finally with significant legacy issues. In the years since the conduct referred to in these settlements occurred, the Company has systematically enhanced its compliance policies and processes with a view to ensuring that the Company is as widely recognised for responsible conduct as it is for high quality products and advanced technologies."

About BAE Systems

BAE Systems is the premier global defence, security and aerospace company delivering a full range of products and services for air, land and naval forces, as well as advanced electronics, security, information technology solutions and customer support services.

With approximately 105,000 employees worldwide, BAE Systems' sales exceeded £18.5 billion (US \$34.4 billion) in 2008.

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