

SERIOUS FRAUD OFFICE PRESS RELEASE

05 February 2010

BAE SYSTEMS PLC

The Serious Fraud Office ("SFO") and the US Department of Justice ("DoJ"), have both announced settlements with BAE Systems plc, in a ground breaking global agreement. The DoJ agreement involves BAE's business dealings in a number of countries, whilst the SFO agreement concentrates on the company's operations in Tanzania.

The SFO has today reached an agreement with BAE Systems that the company will plead guilty in the Crown Court to an offence under section 221 of the Companies Act 1985 of failing to keep reasonably accurate accounting records in relation to its activities in Tanzania. The company will pay £30 million comprising a financial order to be determined by a Crown Court judge with the balance paid as an ex gratia payment for the benefit of the people of Tanzania.

In conjunction with this agreement the SFO has taken account of the implementation by BAE Systems of substantial ethical and compliance reforms and the company's agreement with the DoJ announced today, and has determined that no further prosecutions will be brought against BAE Systems in relation to the matters that have been under investigation by the SFO.

SFO Director Richard Alderman said, "I am very pleased with the global outcome achieved collaboratively with the DoJ. This is a first and it brings a pragmatic end to a long-running and wide-ranging investigation. I would like to thank the Ministry of Defence Police for their support and contribution. Furthermore, I'd also like to acknowledge the efforts made by BAE to conclude this matter and I welcome its declared commitment to high ethical standards".

Notes for editors:

1. Please see link to Director's statement podcast - <http://www.sfo.gov.uk/press-room/media-room.aspx> Serious Fraud Office, Elm House, 10-16 Elm Street, London, WC1X 0BJ

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