

# News

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## **BAE SYSTEMS COMPLETES ACQUISITION OF UNITED DEFENSE INDUSTRIES; CREATES GLOBAL LAND SYSTEMS ENTERPRISE**

*Acquisition enhances company's position as the premier transatlantic aerospace and defense company*

LONDON and WASHINGTON -- BAE Systems, one of the world's leading aerospace and defense companies, today completed its acquisition of United Defense Industries Inc. (United Defense), after receiving all shareholder and regulatory approvals. The company announced it had entered into a definitive merger agreement to acquire United Defense on March 7, 2005 in a transaction valued at U.S. \$4.192 billion [£2.25 billion].

The acquisition of United Defense is a major development for BAE Systems in progressing its strategy as the premier transatlantic aerospace and defense company. United Defense had sales in 2004 of U.S. \$2.292 billion.

"BAE Systems is proud to welcome United Defense into the company," said Mike Turner, BAE Systems' chief executive. "United Defense is an excellent company, with a demonstrated record of performance, an outstanding reputation with its customers and a great heritage of innovation and technology. This acquisition creates one of the world's leading designers, manufacturers and support providers of land and armament systems."

To enable BAE Systems to better serve its customers, the company is merging its existing land systems activities in the U.K., Sweden and South Africa with United Defense, to form a new BAE Systems Land and Armaments operating group. The business, headquartered in the U.S., is being led by Tom Rabaut. The BAE Systems Land and Armaments business group will report to Mark Ronald, president and CEO, BAE Systems Inc.

BAE Systems' Land and Armaments will deliver customers a broader range of integrated battlefield systems, military vehicles, artillery, naval guns, missile launchers and precision munitions. The new business will further benefit its customers by delivering greater interoperability and compatibility of systems across these capabilities.

Mark Ronald said, "With a long track record of integrating new acquisitions, improving performance and achieving superior growth, BAE Systems is proud to be working with the United Defense management team to create a world-class transatlantic land and armaments business. We are now better positioned to meet the ever more demanding requirements of our military customers with innovative capabilities, products and through-life support and services."

As a result of the global war on terror and ongoing international peace-keeping operations, the U.S. Department of Defense has significantly realigned budget priorities with an increased emphasis on land systems, including the refurbishment and upgrade of existing vehicles and equipment. The new BAE Systems Land and Armaments business is well placed to meet these emerging customer requirements. The transaction also increases BAE Systems' through-life support and services capabilities by adding to its operations the U.S. Navy's largest non-nuclear ship repair and overhaul business.

BAE Systems Land and Armaments is headquartered in Arlington, Va., and employs some 11,000 people at locations in the U.S., U.K., Sweden and South Africa. The acquisition of United Defense further increases BAE Systems presence in the United States to nearly 35,000 employees.

#### **About BAE Systems:**

BAE Systems is an international company engaged in the development, delivery, and support of advanced defense and aerospace systems in the air, on land, at sea, and in space. The company designs, manufactures, and supports military aircraft, combat vehicles, surface ships, submarines, radar, avionics, communications, electronics, and guided weapon systems. It is a pioneer in technology with a heritage stretching back hundreds of years and is at the forefront of innovation, working to develop the next generation of intelligent defense systems. BAE Systems has major operations across five continents and customers in some 130 countries. The company employs nearly 100,000 people and generates annual sales of approximately \$25 billion through its wholly owned and joint-venture operations.

#### **For further information:**

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