

## BAE Systems plc

Interim Management Statement for the period from 1 January 2008 to 6 May 2008

7 May 2008

BAE Systems plc today issues its first interim management statement in accordance with the requirements of the UK Listing Authority's Disclosure and Transparency Rules. The statement relates to the period from 1 January 2008 to 6 May 2008.

BAE Systems continued to progress well in the period, building on the strong performance of 2007 and with the Group's large order book providing excellent forward visibility. Trading for the period has been consistent with management expectations at the time of the preliminary results announcement on 21 February 2008. Additional order intake of approximately \$0.8bn (£0.4bn) received in the period for mine protected vehicles, has further enhanced the near term outlook for the Land & Armaments business. As announced on 3 April 2008, a reduction in the UK military aircraft workforce is to be undertaken to reflect anticipated changes in the nature of the workload in that sector; the resultant costs will not impact our outlook for the year.

For the Group as a whole, a further year of good growth is anticipated for 2008.

The sale of the Surveillance and Attack business for \$240m (£122m) was completed in the period, generating a profit on disposal of £61m.

In December 2007 and January 2008 the Group announced the proposed acquisitions of MTC Technologies Inc and Tenix Defence, respectively, for a combined consideration of £0.6bn. These acquisitions are progressing towards completion.

The Board's Nominations Committee is leading the search for suitable candidates to succeed Mike Turner as Chief Executive after he retires from the Company in August.

The independent committee (chaired by Lord Woolf) appointed by the Board to study and report on the status of ethical policies and processes in the Group reported at the end of the period. The committee's findings will now be evaluated and acted upon.

### **AGM**

The Company's Annual General Meeting will be held today at 11.00am at the Queen Elizabeth II Conference Centre, London. An announcement detailing the voting on the resolutions put to the meeting will be issued later today.

### **Forthcoming dates**

BAE Systems will announce the Group's results for the six months to 30 June 2008 on 1 August 2008.

## **Cautionary statement**

All statements other than statements of historical fact included in this Interim Management Statement, are forward-looking statements. Such forward-looking statements, which reflect management's assumptions made on the basis of information available to it at this time, involve known and unknown risks, uncertainties and other important factors which could cause the actual results, performance or achievements of BAE Systems or the market and economies in which BAE Systems operates to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Nothing in this Interim Management Statement shall be regarded as a profit forecast. BAE Systems plc and its directors accept no liability to third parties in respect of this Interim Management Statement, save as would arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A of the Financial Services and Markets Act 2000.

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