

30 August, 2007

## **BAE SYSTEMS AH INC. ISSUES NOTICE OF FUNDAMENTAL CHANGE FOR ITS CONVERTIBLE NOTES**

WASHINGTON – BAE Systems AH Inc. (formerly Armor Holdings, Inc.) (the “Company”), a wholly owned subsidiary of BAE Systems, Inc., today issued a notice of fundamental change pursuant to the indenture under which its 2.00% Senior Subordinated Convertible Notes due November 1, 2024 (the “Convertible Notes”) were issued.

The fundamental change resulted from BAE Systems, Inc.’s acquisition of the Company pursuant to the merger of Jaguar Acquisition Sub Inc., a wholly owned subsidiary of BAE Systems, Inc., with and into the Company on July 31, 2007.

As a result of the fundamental change, holders who validly surrender their Convertible Notes for conversion on or subsequent to July 31, 2007 but before the close of business on September 17, 2007 will receive, in respect of each \$1,000 principal amount of Convertible Notes, cash in an amount equal to the sum of (i) the product of \$88.00 and 18.5151 shares of common stock of the Company (the “Conversion Consideration”) and (ii) the product of \$88.00 and 2.3886 shares of common stock of the Company (the “Additional Consideration”).

Holders who validly surrender their Convertible Notes for conversion after the close of business on September 17, 2007 will receive only the Conversion Consideration and not the Additional Consideration.

The Company will pay for all Convertible Notes validly surrendered for conversion on or subsequent to July 31, 2007 and prior to the date hereof on the date hereof. Payment for all Convertible Notes validly surrendered for conversion on or subsequent to the date hereof will be made pursuant to the provisions of the Convertible Notes indenture.

This announcement does not constitute a notice of fundamental change under the Convertible Notes indenture and is qualified in its entirety by reference to the notice of fundamental change issued by the Company and the Convertible Notes indenture. Holders of Convertible Notes should read the notice of fundamental change and the Convertible Notes indenture for additional information.

### **About BAE Systems**

BAE Systems is the premier global defense and aerospace company delivering a full range of products and services for air, land and naval forces, as well as advanced electronics, information technology solutions and customer support services. BAE Systems, with 96,000 employees worldwide, had 2006 sales that exceeded \$27 billion on a pro forma basis, assuming BAE Systems had owned Armor Holdings, Inc. for the whole of 2006.