

## NOTICE OF FUNDAMENTAL CHANGE

### To the Holders of All Outstanding

**BAE SYSTEMS AH INC.**

**(f/k/a Armor Holdings, Inc.)**

**2.00% Senior Subordinated Convertible Notes due November 1, 2024**

**(CUSIP No. 042260AC3)**

August 30, 2007

NOTICE IS HEREBY GIVEN of the occurrence of a Fundamental Change pursuant to clause (c) of the definition of Fundamental Change set forth in the Indenture, dated as of October 29, 2004, by and between BAE Systems AH Inc. (f/k/a Armor Holdings, Inc.) (the "Company"), as issuer, and U.S. Bank National Association (as successor to Wachovia Bank, National Association), as trustee (the "Trustee"), as supplemented by the First Supplemental Indenture, dated as of October 29, 2004, the Second Supplemental Indenture, dated as of December 29, 2004, the Third Supplemental Indenture, dated as of May 25, 2005, the Fourth Supplemental Indenture, dated as of August 25, 2005, the Fifth Supplemental Indenture, dated as of December 9, 2005, the Sixth Supplemental Indenture, dated as of June 30, 2006, the Seventh Supplemental Indenture, dated as of March 30, 2007, and the Eighth Supplemental Indenture, dated as of August 3, 2007, in each case among the Company, the subsidiary guarantors parties thereto and the Trustee (all such supplemental indentures and the indenture collectively referred to herein as the "Indenture"), relating to the Company's 2.00% Senior Subordinated Convertible Notes due November 1, 2024 (the "Notes"). Capitalized terms used but not defined herein shall have the meanings assigned thereto in the Indenture.

The Fundamental Change resulted from the merger of Jaguar Acquisition Sub Inc., a wholly owned subsidiary of BAE Systems, Inc., with and into the Company (the "Merger"). The Fundamental Change is effective as of July 31, 2007 (the "Fundamental Change Effective Date").

Pursuant to the Indenture, Holders who validly surrender their Notes for conversion on or subsequent to the Fundamental Change Effective Date but before the close of business on September 17, 2007 (the "Fundamental Change Outside Conversion Date") will receive, in respect of each \$1,000 principal amount of Notes, cash in an amount equal to the sum of (i) the product of \$88.00 (the price per share of Common Stock paid by BAE Systems, Inc. in the Merger) and 18.5151 shares of Common Stock (the "Conversion Consideration") and (ii) the product of \$88.00 and 2.3886 shares of Common Stock (the "Additional Consideration"). Holders who validly surrender their Notes for conversion after the Fundamental Change Outside Conversion Date will receive only the Conversion Consideration and not the Additional Consideration.

Payment for all Notes validly surrendered for conversion on or subsequent to the Fundamental Change Effective Date and prior to the date hereof will be made on the date hereof. Payment for all Notes validly surrendered for conversion on or subsequent to the date hereof will be made pursuant to the provisions of the Indenture.

The Conversion Agent and Paying Agent for the Notes is:

U.S. Bank National Association  
Corporate Trust Services  
Attn: Specialized Finance  
60 Livingston Avenue  
St. Paul, MN 55107

The method chosen for the delivery of the Notes is at the option and risk of the Holder. If delivery is by mail, use of registered or certified mail, properly insured is suggested.

The Company and the Conversion Agent shall be entitled to deduct and withhold from the Conversion Consideration and the Additional Consideration otherwise payable to any Holder such amounts as the Company or the Conversion Agent is required to deduct and withhold with respect to the making of such payment under the

Internal Revenue Code of 1986, as amended, or any provision of state, local or foreign tax law. To the extent that amounts are so withheld and paid over to the appropriate Taxing Authority by the Company or the Conversion Agent, such withheld amounts shall be treated for all purposes as having been paid to the Holder in respect of which such deduction and withholding was made by the Company or the Conversion Agent.

The CUSIP number has been assigned to the Notes by an organization not affiliated with the Company or the Trustee and is included solely for the convenience of the Holders. Neither the Company nor the Trustee shall be responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness on the Notes or as indicated in this notice of fundamental change.

**BAE SYSTEMS AH INC.**