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**BAE SYSTEMS plc COMPLETES PLACEMENT OF 13.2 MILLION SHARES
IN SAAB AB**

London, 25 February 2005

Further to its earlier announcement on 22 February 2005, BAE SYSTEMS plc (“**BAE Systems**”) announces the sale of 13.2 million series B shares (“**Shares**”) in the capital of Saab AB (“**Saab**”). The Shares have been placed at a price of SEK 113 per Share (the “**Placing**”) resulting in gross proceeds of SEK 1,491.6 million (£113.6 million). The Shares represent approximately 12% of the issued share capital by economic ownership of Saab.

ABN AMRO Rothschild was the sole bookrunner and global co-ordinator for the Placing. Hoare Govett Limited is a corporate broker to BAE Systems.

Settlement of the Placing will take place on 2 March 2005 (ie a T+3 basis).

BAE Systems has granted ABN AMRO Bank N.V. (London branch) (on behalf of ABN AMRO Rothschild) an option (the “**over-allotment option**”) over 1.975 million Shares, which is exercisable during the period from the date the Placing price is announced and ending 30 days after such announcement. Pursuant to the over-allotment option, ABN AMRO Bank N.V. (London branch) (on behalf of ABN AMRO Rothschild) may require BAE Systems to sell up to 1.975 million additional Shares at the Placing price.

With the sale of 13.2 million Shares (exclusive of the over-allotment option) BAE Systems’ economic ownership in Saab after completion of the Placing will fall to 22.1%. Simultaneously with the Placing, BAE Systems has initiated conversion of 1.2 million of its series A Saab shares into 1.2 million series B Saab shares in order to bring its voting rights and economic ownership in line, given that each series A Saab share has ten votes whilst each series B Saab share has one vote. Immediately following the Placing and the conversion, but prior to any exercise of the over-allotment option, BAE Systems’ share of the voting rights in Saab will be 21.5%, with economic ownership being 22.1%. In the event of full exercise of the over-allotment option, and following both the Placing and the conversion, BAE Systems’ economic ownership and voting rights in Saab will be 20.3% and 20.2% respectively.

BAE Systems currently intends to retain its holding in Saab, following completion of the Placing and any sale of shares pursuant to the over-allotment option, as a long-term investment. In addition BAE Systems has agreed to a lock-up period of 365 days after pricing of the Placing, subject to various exceptions, including the consent of ABN AMRO Rothschild (not to be unreasonably withheld).

Should you have any questions with respect to the Placing, please contact Andy Wrathall at BAE Systems (tel: +44 1252 383455) or Richard Heald / Pim van der Velden at ABN AMRO Rothschild (tel: +44 20 7678 8000).

MEMBERS OF THE GENERAL PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS ANNOUNCEMENT IS DIRECTED ONLY AT PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS WHO FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2001 (AS AMENDED) (THE "ORDER") OR ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC") OF THE ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THE INFORMATION REGARDING THE PLACING SET OUT IN THIS ANNOUNCEMENT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT ACTIVITY TO WHICH THIS ANNOUNCEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

ABN AMRO Rothschild (an unincorporated equity capital markets joint venture between ABN AMRO Bank N.V. and N M Rothschild & Sons Limited) and Hoare Govett Limited are acting for BAE Systems and no one else in connection with the Placing and will not be responsible to any person other than BAE Systems for providing the protections afforded to clients of ABN AMRO Rothschild and / or Hoare Govett Limited nor for providing advice in relation to the Placing.

This announcement has been issued by BAE Systems and is the sole responsibility of BAE Systems. This announcement is for information purposes only and does not constitute investment advice or an offer or invitation to acquire or dispose of any Shares of Saab in Sweden, the United Kingdom, the United States or any other jurisdiction. This announcement does not constitute an offer of securities for sale, exchange or transfer, and is not soliciting an offer to purchase, exchange or transfer any securities, in the United States or in any jurisdiction where the offer, sale, exchange or transfer is not permitted or to any person or entity to whom it is unlawful to make that offer, sale, exchange or transfer. The Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), and accordingly, may not be offered or sold in the United States absent registration or except pursuant to an exemption from, or in a transaction not subject to, registration under the Securities Act. No public offering of the Shares will be made in the United States or elsewhere.

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The distribution of this announcement and the offering or sale of the Shares in certain jurisdictions may be restricted by law. No action has been taken by BAE Systems or ABN AMRO Rothschild or Hoare Govett Limited, or any of their respective affiliates, that would permit an offer of the Shares or possession or distribution of this announcement or any other offering or publicity material relating to such Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes are required by BAE Systems, ABN AMRO Rothschild and Hoare Govett Limited to inform themselves about and to observe any such restrictions.

In accordance with an available exemption from the Swedish prospectus regime, the Placing has been made without a prospectus given that the minimum allocation, if any, to a Swedish investor has been at least SEK 300,000.

In connection with the Placing, ABN AMRO Bank N.V. (London branch) will act as stabilising manager and, as such, ABN AMRO Bank N.V. (London branch) or any person acting for ABN AMRO Bank N.V. (London branch) may, in connection with the Placing, over-allot or effect transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail for a limited period after the Placing. However, there is no assurance that ABN AMRO Bank N.V. (London branch) will undertake stabilisation action. Any stabilisation action may begin at the time of adequate public disclosure of the Placing price and, if commenced, may be discontinued at any time and must be brought to an end no later than 30 days after the date of such adequate public

disclosure. The stabilisation transactions, if any, will be executed on the Stockholm Stock Exchange through Alfred Berg Fondkommission AB, a wholly owned subsidiary of ABN AMRO Bank N.V..

Stabilisation / FSA.