

London / Amsterdam, 31ST January 2003

EADS acquires BAE SYSTEMS 25 percent stake in Astrium and takes full control of Paradigm

- **EADS increases role as European space defence powerhouse**
- **Path cleared to full integration of EADS Space assets**
- **EADS confirms its strong commitment to the Skynet 5 programme**
- **For BAE SYSTEMS, the disposal of Astrium marks the exit from its non-core space sector**

London / Amsterdam, 31 January 2003 – *EADS* (stock exchange symbol: EAD), is acquiring *BAE SYSTEMS* (stock exchange symbol: BA.L) 25 percent interest (27.5 percent economic share) in Astrium, Europe's leading space company. The transaction, signed on 30 January 2003, will be implemented when all regulatory clearances have been obtained. Full control of Paradigm Secure Communications Ltd., formerly held by *BAE SYSTEMS* and *EADS*, has been transferred to *EADS*.

Prior to completion of the transaction, *EADS* and *BAE SYSTEMS* will each make a capital contribution into Astrium of € 84 million (total € 168 million). The cash contribution will facilitate the acceleration of *EADS*' strategy of increasing the overall industrial and financial efficiency of the company.

EADS, which already owns 75 percent of Astrium, will acquire *BAE SYSTEMS* Astrium shares for € 84 million at completion. Taking into account the cash contribution, *BAE SYSTEMS* interest will effectively be transferred to *EADS* for no net cash consideration. These terms reflect the current deterioration in the commercial space sector and also *EADS*' continued intent to position Astrium for a return to profitability in 2004 and leadership in any future consolidation of the space industry under unified management.

In July 2002, *EADS* and *BAE SYSTEMS* had announced their intention for *EADS* to acquire the interest of *BAE SYSTEMS* in Astrium and formed Paradigm Secure Communications to address service provision for the proposed Skynet 5 military communications satellite programme for the UK MoD. Under the original terms, completion of the sale of the Astrium interest was conditional on completion of contracts with the UK MoD for the Skynet 5 programme. In the event of *EADS* not achieving financial close of the Skynet 5 contract, *BAE SYSTEMS* will pay € 55 million to *EADS*.

EADS continues to view the Skynet 5 programme as being of strategic importance to both its UK and space initiatives and is fully committed to signing the Skynet 5 contract with the UK MoD as soon as possible. *BAE SYSTEMS* will continue to support *EADS* in securing the Skynet 5 contract.

For EADS, the acquisition is a key element in its effort to restructure and integrate all its Space interests in the UK, France, Germany and Spain. EADS will gain the strategic and restructuring flexibility required by the current space market conditions.

"The Space business is a key enabler of EADS' future growth in the provision of large systems, it is at the core of our offering," said Francois Auque, Member of the EADS Executive Committee and Head of the Space Division. "It provides synergies with our other core businesses and will generate new growth opportunities in defence, for example network centric warfare, secured telecom, and ballistic missile defence. The Space business can also provide for new growth opportunities in the commercial business, for example air traffic management and navigation. Consolidating our ownership of Astrium will allow EADS to strengthen its strategic positioning in a rapidly changing market place", Auque said. "Taking the full ownership of Paradigm will allow us to expand in military telecommunications satellites services, which we have identified as a major area of future growth", he added.

Jean-Louis Gergorin, Member of the EADS Executive Committee and Head of Strategic Coordination, commented, "EADS is very much at home in the UK. This simplification of Astrium's share ownership, and our pursuit of the Skynet 5 programme – which should be closed in early 2003 -, underscore our commitment to our already strong industrial presence, to our British Customer, the Ministry of Defence, and to our 12,000 strong, highly-skilled UK workforce."

Stephen Henwood, BAE SYSTEMS Group Managing Director International Programmes, said "The disposal of Astrium marks the exit of BAE SYSTEMS from the non-core space sector."

About BAE SYSTEMS

BAE SYSTEMS is a systems company, innovating for a safer world. BAE SYSTEMS employs nearly 100,000 people including Joint Ventures, and has annual sales of around £13 billion. The company offers a global capability in air, sea, land and space with a world-class prime contracting ability supported by a range of key skills. BAE SYSTEMS designs, manufactures and supports military aircraft, surface ships, submarines, space systems, radar, avionics, communications, electronics, guided weapon systems and a range of other defence products. BAE SYSTEMS is dedicated to making the intelligent connections needed to deliver innovative solutions.

About EADS:

EADS is a global aerospace and defence company, and is the world's second largest in terms of revenues, having achieved € 30.8 billion in 2001. EADS maintains a workforce of more than 100,000 and is a market leader in defence technologies, commercial aircraft, helicopters, space, military transport and combat aircraft, as well as related services. Its family of leading brands includes the commercial aircraft maker Airbus; Eurocopter, the world's largest helicopter manufacturer; Astrium, the space company and MBDA, the world's second largest missile company. EADS is also the biggest partner in the Eurofighter consortium and heads the A400M military transport aircraft programme. EADS has more than 70 facilities in France, Germany, Spain and the UK. It is active in markets around the world, including the U.S., Russia and Asia.

About Astrium:

Astrium focuses on its satellite business activities covering civil and military telecommunications and Earth observation, science and navigation programmes, avionics and equipment.

EADS Investor Relations contacts :

Pierre de BAUSSET	tel. + 49 89 607 34 113	pierre.debausset@eads.net
Gwénaélie de LA RAUDIERE	tel. + 33 1 42 24 21 04	gwénaélie.de-la-raudiere@eads.net
Michael PONTZEN	tel. + 49 89 607 34 114	michael.pontzen@eads.net
Christopher EMERSON	tel. + 49 89 607 34 119	christopher.emerson@eads.net