

BAE SYSTEMS

EADS

FINMECCANICA

MBDA, A GLOBAL COMPANY FOR MISSILE & MISSILE SYSTEMS

London, Rome, Amsterdam, December 19, 2001: Eight months after the signature of the shareholders agreement for the incorporation of a single company re-grouping the missile and missile systems activities of BAE SYSTEMS, EADS and FINMECCANICA respective subsidiaries, the process of creating MBDA has been successfully completed.

With a total annual sales figure exceeding €2 billion and an impressive order book of around €13 billion, the new company is a market leader.

"Our joint venture benefits from the support of three major aerospace companies, BAE SYSTEMS, EADS and FINMECCANICA, and, in its own right, is a world player, giving good value for money for its customers and shareholders as well," said BAE SYSTEMS' CEO John Weston.

"Taking the best European skills in the field, and building upon the experience of the most exported programmes, MBDA possesses a powerful base in high technology and shall take the lead in developing New Generation weapon systems; we are proud of our new joint company," said Philippe Camus and Rainer Hertrich, CEOs of EADS.

Alberto Lina, Chairman and CEO, and Giuseppe Bono, Managing Director and COO of FINMECCANICA, said: *"the international situation proves every day the need for high performance of the defence industry. MBDA has the critical mass to offer armed forces the best global solutions for today's as well as tomorrow's requirements, as the strongest European answer to the global rationalisation needs".*

With the most salient programmes as the air to air future combat system Meteor, the antimissile missile Aster family and the cruise missile Storm Shadow/Scalp EG family, MBDA is already in a leading position and is best positioned to provide answers in the large debate over new threats, missile defence or power projection.

MBDA – the management of which is headed by Fabrice Brégier – will encompass the remaining missile activities of its shareholders and has a strategic alliance with the German missile industry (starting with LFK, an EADS and MBDA common company) as well as with the Spanish missile industry (with EADS-Casa, Indra and Izar).

"A winning team, MBDA will increase and strengthen co-operative programmes which represent the success of European technology in the field of Defence" agreed the CEOs jointly. On the Meteor programme, for instance, MBDA will from the very beginning fit all major European platforms, including Eurofighter Typhoon, Rafale and Gripen.

Note to the Editors:

MBDA has been created from the merger of Matra BAe Dynamics, Aerospatiale Matra Missiles and Alenia Marconi Systems (Missile Division). The company is jointly owned by BAE SYSTEMS (37.5%), EADS (37.5%) and FINMECCANICA (25%) with equal rights.

The agreement to form MBDA was signed on 20 October 1999 by the three shareholders, BAE SYSTEMS, EADS and FINMECCANICA.

Two holding companies (MBDAH/AMSH) have been created, which equally hold the shares in MBDA on behalf of the shareholders. The trading entity, MBDA SAS, is registered in France. The shareholders exercise their control through the MBDA management board.

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EUROPEAN MISSILE SYSTEM MERGER COMPLETED

MBDA is created today from the merger of Matra BAe Dynamics, Aerospatiale Matra Missiles and Alenia Marconi Systems (Missile Division). Fabrice Brégier, Chief Executive Officer, signed the documents formally establishing MBDA as a legal operating entity in Paris on 18 December 2001. The company is jointly owned by BAE SYSTEMS (37.5%), EADS (37.5%) and FINMECCANICA (25%), with equal rights.

"MBDA is the first fully integrated, pan-European defence company that has a single, unified management and operating structure", Brégier said. "This represents a major step forward in the integration of Europe's defence industry and our aim is for MBDA to become the organisational model the whole sector will want to emulate".

"MBDA exists as from today. Three national Operating Companies (OPCOs), for France, Italy and the UK, will start operating from 1st January 2002". Each of these is to be run by a Managing Director and all three entities are accountable for their performance to the Group Chief Operating Officer, Alan Garwood.

A unique structure will manage corporate functions of Sales & Marketing, Business Development, Human Resources & Quality, and Finance, for the whole group. Technical functions will also be centralised at a Corporate level under the authority of the second group Chief Operating Officer, Mario di Donato; four directorates will be created: Technical, Industrial, Procurement, Strategy & Planning.

The three "operating companies" (OPCO) will be operationally responsible for delivering and acquiring national programmes, for maintaining national customer interfaces, and for managing the national infrastructure in terms of facilities, people and capability. The French OPCO will be managed by Pierre Dubois, the UK OPCO by Guy Griffiths and the Italian OPCO by Sandro Pazzini.

Major multinational programmes will be managed by multinational teams under the authority of one of the OPCOs Managing Directors: Pierre Dubois for the Storm Shadow/Scalp EG cruise missile family, Guy Griffiths for the Meteor advanced generation beyond visual range air to air missile programme, and Sandro Pazzini for the Aster-PAAMS surface to air anti missile programme. "With such an original structure, the Aster-PAAMS and Meteor programmes will benefit from the same pan-national industrial approach which has made the Storm Shadow successful", stressed Brégier.

MBDA operates in all of the major world markets, and is the only company in its sector able to design and produce guided weapon systems for all land-based, naval and airborne requirements. The group offers customers high technology solutions, and has unrivalled capability in critical technologies such as ramjets and R.F. seekers.

MBDA will help to sustain high technology jobs and will offer its employees career opportunities in all of the countries in which it operates.

Fabrice Brégier: "The formation of MBDA is not just about the formation of a pan-European missile manufacturer. Far from it. It is the formation of a company that delivers missile system global solutions through innovation, effective use of high

technology and through strategic partnerships. MBDA has a wide product portfolio with a great number of new products in development or end of development, offering an extensive capability thus particularly attractive for our customers. The creation of MBDA is a success story that will benefit our customers, our employees and all three of our shareholders."

"With prime contractorship of some of the world's most advanced future missile systems and with a strong technology base, our objective is to take the market lead", Brégier said.

He concluded: "The creation of MBDA now positions us as an attractive partner for the American prime contractors. We already have some strategic programme partnerships with Boeing and Lockheed Martin, and our Washington office as well as our Westlake subsidiary in California provides us with what I am sure will be a very successful base in the USA".

Note to the Editors:

With a annual turnover of Euro 2 billion and a forward order book of Euro 13 billion, and 70 customers across the world, MBDA becomes the second largest missile system company in the world. The group employs 10,000 people across 12 main sites in Europe and the USA.

MBDA currently has 45 missile, missile system and countermeasures programmes in operational service and a further 30 in development. Apart from **Meteor**, **Storm Shadow/SCALP** and **Aster** (SAAM, SAMP/T, PAAMS) anti-missile system, key programmes include the **Brimstone** air-launched anti-armour weapon, **ASRAAM** and **MICA** air combat systems, the **Exocet** and **Teseo** anti-ship missile families, and a range of anti-armour (**Eryx**, **Milan**, **Hot**) and air defence systems including **Rapier FSC/Jernas**, **Mistral** and **Spada/Aspide 2000**.

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