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Your Ref: RS/CAAT(6)

Our Ref: RA

Date: 19 January 2011

Dear Sirs

BAE Systems plc – pre-action letter

Thank you for your letter of 7 January 2011. We have noted its contents.

We are grateful to you for the detail set out in your letter but disagree with its observations on paragraph 8 of the settlement agreement of February 2010.

The paragraph was not intended by the parties to give BAE blanket immunity, but only immunity in relation to matters which were under investigation at the time of the agreement. Our press release (<http://www.sfo.gov.uk/press-room/latest-press-releases/press-releases-2010/bae-systems-plc.aspx>) issued after the agreement was reached accurately sets out this position.

We do accept that paragraph 8 was not well drafted and the Judge commented upon those matters, but construing it in the context of the agreement as a whole, and the clearly stated intentions of the parties, it does not have the effect of giving a blanket immunity.

Yours faithfully

Signed in the absence of
RICHARD ALDERMAN
Director