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Contact Gerry Giudici, AxleTech (248) 637-3071 office

AxleTech International and BAE Systems Enter Long Term Supply Agreement for High Speed Planetary Axles

TROY, Mich. ...AxleTech International, a specialist in high-speed planetary axles for the defense, off-highway, and specialty truck markets, has entered into a long term supply agreement (LTSA) to furnish 5000 Series 5G™ axles to BAE Systems for its RG33 4x4 and 6x6 vehicles. The RG33 has secured awards for over 2,200 Mine Resistant Ambush Protected (MRAP) Vehicles in both Category 1 and Category II. The RG33 has also been awarded the Army's Medium Mine Protected Vehicle (MMPV) program, which forecasts approximately 1,800 vehicles over eight years.

The agreement, including option years, extends through 2012 and covers both original equipment and spare axle requirements. The LTSA is expected to generate over \$160 Million in AxleTech revenue based on projected volume.

The exclusive LTSA guarantees the supply of axles for BAE's survivability-enhanced RG33 vehicles. These vehicles use AxleTech's new, upgraded 5000 Series 5G™ high-speed planetary axles which have been designed and constructed with enhanced impact resistant and energy absorbing materials. The design offers increased payload capacity for heavier, up-armored requirements and is capable of withstanding the high dynamic shock loads increasingly required in theater. These 5G™ axles maintain all of the other benefits of the 5000 Series™ high-speed planetary axle family, including mobility, automotive performance, and superior ground clearance.

"We are pleased to partner with BAE Systems to supply an axle system with upgraded mobility and significantly increased payload capacity for the popular RG33 vehicles" said Mary Petrovich, AxleTech's Chief Executive Officer. "We are especially proud of the trust and

confidence BAE Systems has placed in AxleTech to meet its long term acquisition objectives and fielding rates.”

“The LTSA provides a platform to meet vehicle sustainment requirements and long-term life cycle planning for the RG33,” said Gerry Giudici, AxleTech’s Vice President for Business Development. “Regarding the industrial base, the underpinning volume requirements also permit sustained supply chain capability and operational capacity readiness.”

Production for the 5000 Series 5G™ will be at the AxleTech facility in Oshkosh, Wisconsin. The plant capacity for high-speed planetary axles has been newly expanded to supply both 4000 Series™ and 5000 Series™ axles. In addition to U.S. assembly, AxleTech has developed U.S. suppliers to offer further domestic content. AxleTech’s Oshkosh plant employs 275.

About AxleTech International

AxleTech International is a global manufacturer and supplier of axles, axle components, planetary axles, independent suspensions, brakes and aftermarket parts for commercial specialty trucks, military vehicles and off-highway machines used in the construction, material handling, forestry, mining and agricultural markets. The company was created to enable a singular focus on the needs of off-highway, military and specialty vehicle customers by providing high quality products and unparalleled customer service. A Carlyle Group- owned company, AxleTech has its origins as the off-highway division of former Rockwell International. Visit www.axletech.com for additional information.

About BAE Systems

BAE Systems is the premier global defense and aerospace company delivering a full range of products and services for air, land, and naval forces, as well as advanced electronics, information technology solutions and customer support services. With 96,000 employees worldwide, BAE Systems’ sales exceed \$27 billion in 2006 on a pro forma basis, assuming it had owned Armor Holdings Inc for the whole of 2006.