

FOR IMMEDIATE RELEASE

BAE SYSTEMS CANADA ENTERS INTO MERGER AGREEMENT WITH ONCAP

(Montreal, February 2, 2001) BAE SYSTEMS CANADA INC. (TSE, AMEX: BAE) and ONCAP L.P. today announced the signing of an agreement under which ONCAP will acquire all of the outstanding shares of BAE SYSTEMS CANADA at a price of \$25.25 per share in cash for an aggregate purchase price of approximately \$594 million. BAE SYSTEMS p.l.c., the majority shareholder of BAE SYSTEMS CANADA with approximately 54% of the outstanding common shares, has agreed to irrevocably support the transaction. In addition, BAE SYSTEMS p.l.c. has agreed, if the transaction is not completed, to sell to ONCAP, at ONCAP's option, shares of BAE SYSTEMS CANADA representing approximately 49% of the outstanding shares for \$25.25.

Pierre Ducros, Chairman of the Board of BAE SYSTEMS CANADA, stated: "I am delighted for the BAE SYSTEMS CANADA shareholders that we have executed an agreement with ONCAP. RBC Dominion Securities has provided the independent committee of the BAE SYSTEMS CANADA board of directors with an opinion that the offer price is fair to BAE SYSTEMS CANADA shareholders from a financial point of view. The board of directors of BAE SYSTEMS CANADA, upon the recommendation of its independent committee, unanimously recommends that its shareholders approve this transaction." The independent committee of the board of directors of BAE SYSTEMS CANADA was mandated to review any offer proposed and to report on the fairness of any proposal to the minority shareholders of BAE SYSTEMS CANADA.

Jim Close, President and CEO, BAE SYSTEMS CANADA, stated: "We enjoy good relations with BAE SYSTEMS, but I believe that ONCAP is committed to the implementation of strategic growth initiatives for the Company and will give us the necessary support and focus to succeed."

The proposed transaction will be completed by way of statutory Plan of Arrangement, which requires the approval of 66 2/3% of shareholders of BAE SYSTEMS CANADA, and is subject to customary conditions contained in the Merger Agreement, including the receipt of all necessary consents and approvals, including the approval of the Ontario Superior Court of Justice. A proxy circular will be mailed to BAE SYSTEMS CANADA shareholders within 30 days in respect of a special shareholders' meeting anticipated to be held in April 2001. The transaction is expected to close shortly thereafter.

"We are enthusiastic about the opportunity to partner with management and the employees of BAE SYSTEMS CANADA, one of Canada's pioneering high-technology companies," said Michael Lay, Managing Director of ONCAP. "The Company has a demonstrated history of innovative product development and strong customer service, which has enabled it to become a leader in a number of growing markets and, we believe, an excellent platform to build a much larger aerospace and defence electronics company."

BAE SYSTEMS CANADA INC. is a leader in the design, manufacture, sales and support of high-technology electronic products, which include avionics, aircraft satellite communication antennas, specialized electronic components, military radios, space electronics, infrared cameras, medium- and high-end GPS and marine electronics. Formerly known as Canadian Marconi Company, BAE

SYSTEMS CANADA has been designing and building innovative communication and electronics systems since 1903. The Company, with approximately \$300 million in annual sales, is a supplier to aerospace and high-technology industries, airlines, communications enterprises, military agencies and government customers around the world.

ONCAP L.P. is a \$400 million investment partnership established in December 1999 by Onex Corporation and several of Canada's largest pension funds and financial institutions. ONCAP was established to invest in small- and mid-cap North American-based companies in partnership with their management teams.

Onex Corporation is a diversified company with annual consolidated revenues of \$20 billion, consolidated assets of \$19 billion and 83,000 employees. It operates through autonomous subsidiaries that are leaders in their industries. They include Sky Chefs, Celestica, Inc., ClientLogic Corporation, InsLogic Corporation, Lantic Sugar Limited, Dura Automotive Systems, Inc., J.L. French Automotive Castings, Inc., MAGNATRAX Corporation and Performance Logistics Group, Inc. Onex shares trade on the Toronto Stock Exchange under the stock symbol OCX.

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