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COMMONWEALTH OF PENNSYLVANIA

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**GOVERNOR RENDELL SAYS TOP DEFENSE COMPANY INVESTING \$40
MILLION TO EXPAND IN PA**

BAE SYSTEMS TO CREATE, RETAIN 2,267 JOBS WITH STATE'S \$4.3 MILLION SUPPORT

YORK – Governor Edward G. Rendell announced today that BAE Systems Inc. – one of the nation's largest defense companies – is expanding its York County manufacturing facility, creating at least 624 new high-paying jobs within three years. The \$40 million project will also retain more than 1,600 existing positions.

"Today's announcement represents a major victory for Pennsylvania, as several other states were competing for this project," Governor Rendell said. "Not only will the job creation and capital investment have a profound economic impact in the region, but the mine-protection vehicles BAE Systems is producing will help safeguard American soldiers and save lives."

BAE Systems, one of the largest employers in York County, is expanding its existing manufacturing facility to support production of military vehicles for the Department of Defense. The West Manchester Township project entails building renovations, leasehold improvements, and the acquisition of new machinery and equipment.

"This is a significant economic package that will benefit not only BAE Systems, but all Pennsylvanians," said Raj Rajagopal, president of Ground Systems for BAE Systems. "With this expansion, we can continue providing our men and women in the Armed Forces with the best possible equipment. We are committed to protecting those who protect us."

BAE Systems also has entered into an agreement with the Letterkenny Army Depot in Franklin County to support its MRAP production obligation to the Department of Defense and is leasing a private facility adjacent to Letterkenny in Greene Township. The agreement will also preserve 3,000 high-wage positions at the army depot.

The company's project was coordinated through the Governor's Action Team, economic development professionals who serve as a single point-of-contact for businesses that are considering locating or expanding in the state.

Pennsylvania offered BAE Systems a funding package totaling more than \$4.3 million that consists of a \$2.5 million opportunity grant and more than \$1.8 million in job creation tax credits.

The Governor's Action Team also worked with BAE Systems on two prior projects. In 2004, the state invested \$1 million to help BAE Systems' Electronics Division in Lansdale, Montgomery County, implement a company-wide training program, ensuring the retention of 389 existing full-time Pennsylvania employees. In 2006, the state invested \$1.3 million towards the expansion of BAE Systems' York facility and the addition of production space to its Fayette County facility, with the company pledging to create 270 new jobs within three years.

The addition of at least 624 new BAE jobs continues the upward trend since Governor Rendell took office in 2003. Between January 2003 and January 2008, York County's unemployment rate has dropped from 5.1 percent to 4.3 percent. During the same time period, seasonally adjusted employment rose in the county from 199,000 to 216,700 – a net change of more than 17,500 jobs.

For information on the Governor's Action Team and DCED programs, visit www.NewPA.com or call 1-866-466-3972.

More information on Governor Rendell's 2008-09 budget proposal and his Protecting Our Progress initiatives is available at www.pa.gov.