

Statement - Companies Act Section 430(2B)

The following statement is made pursuant to section 430(2B) of the Companies Act 2006:

Linda Hudson

As announced previously, Linda Hudson is retiring as President and Chief Executive Officer of BAE Systems, Inc. and as an executive director of BAE Systems plc with effect from 1 February 2014. The following arrangements will apply in respect of Ms Hudson's employment and remuneration arrangements:

1. For a period of 120 days from 1 February 2014, Linda Hudson shall be employed as Senior Vice President and Chief Executive Officer Emeritus for BAE Systems, Inc. on her existing terms, performing transition activities to the new Chief Executive Officer of Inc. and supporting handover with customers and external relationships. At the end of this 120-day period, 31 May 2014 (the "Termination Date"), Ms Hudson shall retire from BAE Systems, Inc. and cease to be employed by BAE Systems, Inc.
2. On ceasing to be employed by BAE Systems, Inc., in accordance with the terms of her agreement with the Company and as outlined previously in the Company's annual report, Ms Hudson will be entitled to receive:
 - (a) one year's base salary of \$1,045,350 to be paid six months after the Termination Date;
 - (b) her bonus payment for the 2013 performance year, due in March 2014 and to be determined by the Remuneration Committee in accordance with the policy stated in the Company's 2012 Annual Report. A bonus payment for 2014 of \$490,008, as calculated on a pro-rata basis to 31 May 2014, determined on an 'on-target' basis and to be paid within 30 days of the Termination Date; and
 - (c) a lump sum payment equivalent to 18 months' medical premiums, including gross up at a cost of \$17,741, to be paid six months after the Termination Date.
3. Outstanding awards made under the Company's long-term incentive plans (as disclosed previously by the Company) will vest on the normal vesting dates subject to meeting the requirements of any applicable performance conditions. Awards shall be time pro-rated as specified in the relevant plan rules.

Sir Richard Olver

As announced previously, with effect from 1 February 2014 Sir Roger Carr shall succeed Sir Richard Olver as Chairman of BAE Systems plc. To assist in completing handover activities and as agreed pursuant to the notice period under his letter of appointment (as disclosed in the Company's annual report), Sir Richard's services will be retained by the Company up to 16 May 2014. For these services he will continue to be paid his current fee.