

Our business

Sales¹ by domain

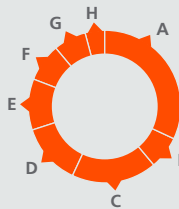
BAE Systems has strong, established positions in the air, maritime and land domains, as well as a growing position in cyber security.

 P04
Our key products and services

Air

54%

- Manufacture, development, upgrade and in-service support of Typhoon combat aircraft
- Workshare partner for the design and manufacture of major sub-assemblies and systems and provision of support for F-35 Lightning II combat aircraft
- Design, manufacture and support of avionics equipment for military aircraft
- In-service support of Tornado combat aircraft
- Design, manufacture and support of avionics equipment for commercial aircraft
- Design and manufacture of missiles and missile systems through a 37.5% interest in MBDA
- Manufacture, development, upgrade and in-service support of Hawk trainer aircraft
- Development of next-generation unmanned air systems and defence information systems

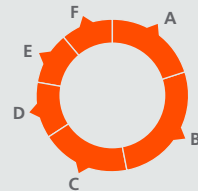


A	Typhoon	32%
B	F-35 Lightning II	7%
C	Defence avionics	18%
D	Tornado	13%
E	Commercial avionics	11%
F	Weapon systems	8%
G	Hawk	7%
H	Other	4%

Maritime

25%

- Design and manufacture of complex warships
- Design and manufacture of submarines
- Provision of ship repair and modernisation services in the US
- Provision of in-service support to surface ships and facilities management in the UK
- Design and manufacture of naval gun systems, torpedoes, radars, and naval command and combat systems



A	Complex warships	20%
B	Submarines	27%
C	US ship repair	19%
D	UK naval support	12%
E	Weapon systems	11%
F	Other	11%

Land

16%

- Design, manufacture, upgrade and support of tracked and amphibious combat vehicles
- Manufacture of ammunition and precision munitions for US, UK and other armed forces
- Design and manufacture of hybrid electric drive systems
- Design and manufacture of artillery systems and missile launchers for US, UK and other armed forces

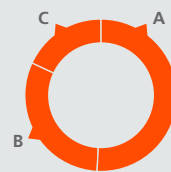
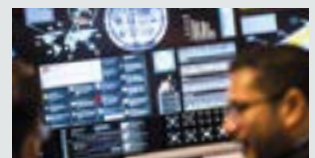


A	Combat vehicles	39%
B	Munitions	19%
C	Commercial	8%
D	Weapon systems/other	34%

Cyber

5%

- Supply of cyber, intelligence and security capabilities to US government agencies
- Supply of defence-grade cyber solutions for the commercial market
- Supply of cyber, intelligence and security capabilities to UK and other government agencies



A	US government	51%
B	Commercial	31%
C	UK and other governments	18%

2016 sales¹

£19,020m

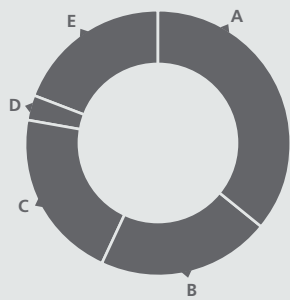
2016 revenue

£17,790m

+ P24
 Financial review

Sales¹ by destination

BAE Systems has leading positions in its principal markets in the US, UK, Saudi Arabia and Australia.



A US	36%
B UK	21%
C Saudi Arabia	21%
D Australia	3%
E Other international markets ²	19%

+ P17
 Our markets

Sales¹ by activity

BAE Systems has a diverse portfolio, broadly balanced between an enduring services and support business, long-term platform and product programmes, electronic systems, and activities in cyber and intelligence.



A Military and technical services and support	42%
B Platforms	36%
C Electronic systems	17%
D Cyber	5%

+ P32
 Segmental performance

Sales¹ by reporting segment

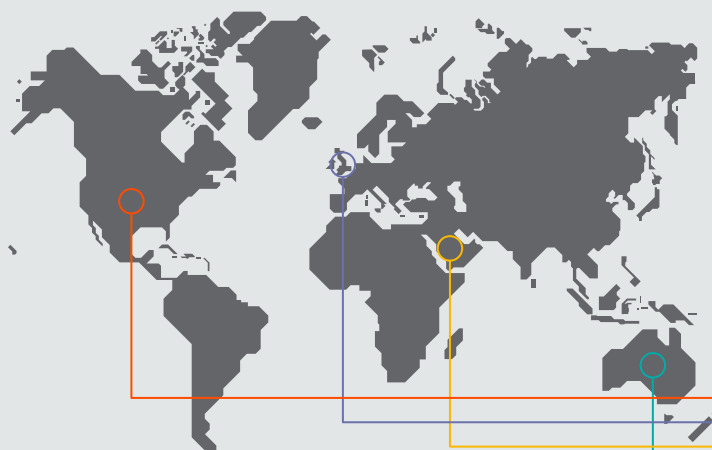
BAE Systems has five principal reporting segments which align with the strategic direction of the Group.



A Electronic Systems	17%
B Cyber & Intelligence	9%
C Platforms & Services (US)	15%
D Platforms & Services (UK)	39%
E Platforms & Services (International)	20%

+ P32
 Segmental performance

Employees by location



Employees³

83,100

+ P22
 Our people

US	29,500
UK	34,600
Saudi Arabia	6,200
Australia	3,100
Other	9,700

1. Revenue including the Group's share of revenue of equity accounted investments.
 2. Includes £1.0bn (5%) of sales generated under the Typhoon workshare agreement with Eurofighter Jagdflugzeug GmbH.
 3. Including share of equity accounted investments.