Execution Version

FISCAL AND PAYING AGENCY AGREEMENT

between

BAE SYSTEMS PLC
as Issuer

And

CITIBANK, N.A., LONDON BRANCH
as Fiscal and Paying Agent

And

CITIGROUP GLOBAL MARKETS EUROPE AG
as Registrar

dated as of April 14, 2020

$1,300,000,000 3.400% Notes due 2030

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FISCAL AND PAYING AGENCY AGREEMENT, dated as of April 14, 2020 among BAE Systems plc, a public limited company registered in England and Wales (the "**Issuer**"), Citibank, N.A., London Branch, a national banking association, as fiscal and paying agent (the "**Fiscal and Paying Agent**"), and Citigroup Global Markets Europe AG, as registrar (the "**Registrar**").

ARTICLE 1
DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires (1) the terms defined in this Article have the meanings assigned to them in this Section and include the plural as well as the singular and (2) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision.

"**2030 Notes**" means the 3.400% Notes due 2030 issued by the Issuer, of which $1,300,000,000 principal amount is being issued on the Closing Date.

"**Agreement**" means this agreement as originally executed or as it may from time to time be supplemented or amended by one or more agreements supplemental hereto entered into pursuant to the applicable provisions hereof.

"**Applicable Law**" means any law or regulation that is applicable to the discharge of the obligations of the Fiscal and Paying Agent pursuant to this Agreement, including, but not limited to: (i) any such statute or regulation; (ii) any such rule or practice of any Authority by which any party is bound or with which it is accustomed to comply; (iii) any such agreement between any Authorities; and (iv) any such customary agreement between any Authority and any party.

"**Authority**" means any competent regulatory, prosecuting, tax or governmental authority in any jurisdiction.

"**Authorized Agent**" has the meaning specified in Article 11.

"**Bankruptcy Law**" means Title 11, United States Code, or any similar U.S. Federal or state law, any applicable English bankruptcy, insolvency, reorganization or other similar law of England, or any other similar foreign law for the relief of debtors.

"**Business Day**" means a day which is not, in London or New York City, a Saturday, Sunday, a legal holiday or a day on which banking institutions are authorized or obligated by law to close.

"**Certificated Securities**" has the meaning specified in Section 6.5(e)(i).

"**Clearstream**" means Clearstream Banking, S.A.

"**Closing Date**" means April 14, 2020, the date of initial issuance of the Securities, or such later date on which Securities may be initially delivered pursuant to the Purchase Agreement.

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended.

"**corporation**" includes corporations, incorporated associations, companies and business trusts.

"**Dollar**", "**U.S. Dollar**" or "**U.S. $**" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"**DTC**" means The Depository Trust Company.

"**DWAC**" means Deposit and Withdrawal at Custodian Service.

"**Euroclear**" means Euroclear Bank, S.A./N.V.

"**Event of Default**" has the meaning specified in Section 13 of the form of Securities set forth in Exhibit A.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, and any successor statute thereto.

"**FATCA Withholding**" means any withholding or deduction required pursuant to an agreement described in section 1471(b) of the Code, or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

"**Fiscal and Paying Agent**" means the Fiscal and Paying Agent or the Person appointed as the "Fiscal and Paying Agent" in Article 3 or Article 9 of this Agreement until a successor Fiscal and Paying Agent shall have become such pursuant to the applicable provisions of this Agreement, and thereafter "Fiscal and Paying Agent" shall mean such successor Fiscal and Paying Agent.

"**FCA**" means Financial Conduct Authority.

"**Further Securities**" shall have the meaning specified in Section 2.5.

"**Global Securities**" has the meaning specified in Section 2.1(b).

"**Holder**", when used with respect to any Security, means the Person in whose name the Security is registered in the Security Register.

"**Initial Purchasers**" means the initial purchasers named in Schedule I to the Purchase Agreement.

"**Interest Payment Date**" means April 15 and October 15 of each year, commencing on October 15, 2020 (or, if any such date is not a Business Day, on the next succeeding Business Day).

"**Issuer**" means BAE Systems plc.

"**Issuer Order**" or "**Issuer Request**" means a written request or order signed in the name of the Issuer by any authorized officer or authorized signatory of the Issuer and delivered to the Fiscal and Paying Agent.

"**Judgment Currency**" has the meaning specified in Article 13.

"**Legend**" has the meaning specified in Section 2.1(a).

"**Officer's Certificate**" means a certificate signed by an authorized officer or authorized signatory of the Issuer.

"**Opinion of Counsel**" means a written opinion of counsel, who may be counsel for the Issuer (and may include directors or employees of the Issuer) and which opinion is acceptable to the Fiscal and Paying Agent, which acceptance shall not be unreasonably withheld.

"**Outstanding**" when used with respect to the Securities has the meaning specified in Section 12.6.

"**Paying Agent**" has the meaning specified in Section 3.2.

"**Person**" means any individual, partnership, corporation, company, undertaking, joint venture, trust, unincorporated organization or other entity, and a government or agency or political subdivision thereof.

"**Pounds Sterling**" means the lawful currency of the United Kingdom of Great Britain and Northern Ireland.

"**Purchase Agreement**" means the Purchase Agreement, dated as of April 7, 2020, among the Issuer and the Representative.

"**Qualified Institutional Buyers**" has the meaning set forth in Rule 144A.

"**Record Date**" for interest payable means April 1 and October 1 of each year (whether or not a Business Day).

"**Registrar**" means Citigroup Global Markets Europe AG.

"**Regulation S**" means Regulation S under the Securities Act.

"**Regulation S Global Securities**" has the meaning specified in Section 2.1(b).

"**Representative**" means the Initial Purchaser that has signed the Purchase Agreement, as representative of the Initial Purchasers.

"**Restricted Certificated Securities**" has the meaning specified in Section 6.5(e)(i).

"**Restricted Global Securities**" has the meaning specified in Section 2.1(a).

"**Restricted Securities**" has the meaning specified in Section 2.3.

"**Restricted Period**" has the meaning specified in Section 2.1(b).

"**Rule 144**" means Rule 144 under the Securities Act and any successor rule thereto.

"**Rule 144A**" means Rule 144A under the Securities Act and any successor rule thereto.

"**Securities**" means the 2030 Notes.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended, and any successor statute.

"**Security Register**" has the meaning specified in Section 6.1.

"**Series**" means the series of debt securities issuable under this Agreement: the 2030 Notes.

"**Stated Maturity Date**" means April 15, 2030.

"**Termination Date**" has the meaning specified in Section 9.1.

"**transfer**" has the meaning specified in Section 6.7 for the purposes of Sections 6.1 through 6.6.

"**Tax Redemption Date**" has the meaning specified in Section 15.2.

"**United States**" has the meaning set forth in Regulation S.

"**U.S. person**" has the meaning set forth in Regulation S.

"**U.S. Treasury Regulations**" means the regulations promulgated under the Code.

ARTICLE 2
THE SECURITIES

2.1 **Generally.** The Issuer has agreed, pursuant to the Purchase Agreement with the Initial Purchasers, to issue the Securities and the Initial Purchasers have agreed, pursuant to the Purchase Agreement, to purchase the Securities, in each case on the Closing Date. The Securities shall be issuable only in fully registered form without interest coupons. All Securities of any one Series shall be substantially identical except as to denomination. The Restricted Global Securities

(as defined below), the Regulation S Global Securities (as defined below) and the Restricted Certificated Securities (as defined in Section 6.5(e)(i)) shall be in substantially the form set forth in Exhibit A hereto and, in the case of the Certificated Securities (as defined in Section 6.5(e)(i)), in substantially the form set forth in Exhibit A hereto (without the Legend (as defined below) set forth thereon). The Restricted Global Securities, Restricted Certificated Securities, Certificated Securities and Regulation S Global Securities may have such appropriate insertions, omissions, variations or substitutions as are required or permitted by, and not inconsistent with, this Agreement, and may also have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with any applicable law or with any applicable rules or regulations made pursuant thereto or with the rules or regulations of any securities exchange or governmental agency or as may, consistently herewith, be determined by the authorized signatory of the Issuer executing such Securities, as evidenced by such person's execution thereof. Each Series of Securities shall be substantially identical except as to denomination and as provided herein.

(a) *Restricted Global Securities*. Securities sold within the United States pursuant to Rule 144A to Qualified Institutional Buyers shall be issued in the form of beneficial interests in one or more restricted global Securities (the "**Restricted Global Securities**") in fully registered form without interest coupons, in substantially the form set forth in Exhibit A hereto, with the applicable legends substantially in the form indicated in Exhibit A hereto (the "**Legend**"), the legends substantially in the form set forth in Section 2.2 hereof and such other legends as may be applicable thereto, which Restricted Global Securities shall be deposited on behalf of the Holders of beneficial interests in the Securities represented thereby with Citibank, N.A. as custodian for DTC, and registered in the name of a nominee of DTC, duly executed by the Issuer and authenticated by the Fiscal and Paying Agent as provided herein. The aggregate principal amount of any Restricted Global Security may from time to time be increased or decreased by adjustments made on the records of the Fiscal and Paying Agent, as the custodian for DTC, or the records of DTC or its nominee, as the case may be, as hereinafter provided.

(b) *Regulation S Global Securities*. Securities sold outside the United States in reliance on Regulation S will be represented by one or more global Securities in fully registered form without interest coupons (each, a "**Regulation S Global Security**," and, together with the Restricted Global Securities, the "**Global Securities**"), in substantially the form set forth in Exhibit A hereto, with the Legend and the legends in substantially the form set forth in Exhibit A hereto and Section 2.2 hereof and such other legends as may be applicable thereto, which Regulation S Global Securities shall be deposited on behalf of the Holders of beneficial interests in the Securities represented thereby with Citibank, N.A., London Branch as custodian for DTC, and registered in the name of a nominee of DTC, duly executed by the Issuer and authenticated by the Fiscal and Paying Agent as provided herein, for credit to the accounts of the respective depositaries for Euroclear and Clearstream (or such other accounts as they may direct). Prior to or on the 40th day after the later of the

commencement of the offering of the Securities (or, in the case of Securities that are Further Securities, the commencement of the offering of such Further Securities) and the date of the initial issuance of the Securities (or, in the case of Securities that are Further Securities, the initial issuance of such Further Securities) (in each case, a "**Restricted Period**"), beneficial interests in the Regulation S Global Security may only be held by DTC through its member participants who are agent members of Euroclear and Clearstream, unless delivery is made through a Restricted Global Security in accordance with the certification requirements hereof. During the applicable Restricted Period, interests in a Regulation S Global Security may be exchanged for interests in a Restricted Global Security of the same Series only in accordance with the certification requirements described in Section 6.5(c) below. The aggregate principal amount of any Regulation S Global Security may from time to time be increased or decreased by adjustments made on the records of the Fiscal and Paying Agent, as the custodian for DTC, or the records of DTC or its nominee, as the case may be, as hereinafter provided.

(c) The Securities shall be issued only in fully registered form and in denominations of $200,000 and integral multiples of $1,000 in excess of such amounts. The Securities shall not be issuable in bearer form.

2.2 **Global Securities.** This Section 2.2 shall apply only to Global Securities deposited with DTC or its custodian.

(a) The Issuer shall execute and the Fiscal and Paying Agent shall, in accordance with this Article 2 and Article 4 hereof, authenticate and deliver initially one or more Global Securities that (i) shall be registered in the name of DTC or the nominee of DTC and (ii) shall bear legends substantially to the following effect:

"Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("**DTC**"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein."

"Transfers of this Global Security shall be limited to transfers in whole, but not in part, to nominees of DTC or to a successor thereof or such successor's nominee, and transfers of portions of this Global Security shall be limited to transfers made in accordance with the restrictions set forth in Article 6 of the Fiscal and Paying Agency Agreement referred to on the reverse hereof."

(b) The Fiscal and Paying Agent shall deal with DTC (and, in the case of DWAC transfers, its participants) as representative of the beneficial owners of Securities represented

by a Global Security for purposes of exercising the rights of the Holders hereunder, and the rights of the beneficial owners of Securities represented by a Global Security shall be limited to those established by law and agreement between such beneficial owners and DTC and its participants. Requests and directions from, and votes of, DTC (and, in the case of DWAC transfers, its participants) shall not be deemed to be inconsistent if they are made with respect to different beneficial owners.

(c) Except as set forth in Article 6, beneficial owners of Global Securities shall not be entitled to certificates for interests in the Global Securities of the same Series as to which they are the beneficial owners.

2.3 **Restricted Securities.** For so long as the relevant restrictions under Rule 144 shall apply thereto, subject to any extension of such period pursuant to Section 2.5(c) hereof, all Securities issued on the Closing Date to Qualified Institutional Buyers in reliance on Rule 144A in transactions exempt from the registration requirements of the Securities Act, as provided in the Purchase Agreement, and all Securities issued upon registration of transfer of, or in exchange for, such Securities, shall be "**Restricted Securities**" and shall be subject to the restrictions on transfer provided in the Legend; *provided*, *however*, that the term "Restricted Securities" shall not include (a) Securities which are issued upon transfer of, or in exchange for, Securities which are not Restricted Securities or (b) Securities as to which such restrictions on transfer have been terminated in accordance with Section 6.6 hereof. All Restricted Securities shall bear such a Legend; Securities which are not Restricted Securities shall not bear such Legend.

2.4 **Mutilated, Destroyed, Lost and Stolen Securities.**

(a) In the event that any Security shall at any time become mutilated, defaced, destroyed, lost or stolen, the Issuer shall execute, and, upon the Issuer's request, the Fiscal and Paying Agent shall authenticate and deliver, a replacement Security of the same Series of like tenor and equal principal amount, registered in the same manner, dated the date of its authentication and bearing interest from the date to which interest has been paid on such Security, in exchange and substitution for such Security (upon surrender and cancellation thereof) or in lieu of and substitution for such Security. In the event that such Security is destroyed, lost or stolen, the applicant for a replacement Security shall furnish to the Issuer and the Fiscal and Paying Agent such security or indemnity as may be required by them, in their sole discretion to hold each of them harmless, and, in every case of destruction, loss or theft of such Security, the applicant shall also furnish to the Issuer and the Fiscal and Paying Agent satisfactory evidence of, in their sole discretion, destruction, loss or theft of such Security and of the ownership thereof.

(b) In the event that the principal amount of any such mutilated, defaced, destroyed, stolen or lost Security shall have become, or will within the next succeeding 15

days become, due and payable in accordance with its terms, the Issuer may, at its discretion, direct the Fiscal and Paying Agent not to authenticate and deliver such a replacement Security.

(c) All expenses and reasonable charges associated with procuring any such indemnity and with the preparation, execution, authentication and delivery of any such replacement Security shall be borne by the Person requesting the delivery of such replacement Security.

(d) No service charge shall be made for any replacement of any Security under this Section 2.4, but the Issuer may require the payment of a sum sufficient to cover any stamp or other tax or governmental charge that may be imposed in connection therewith (or presentation of evidence that such tax or charge has been paid).

(e) The provisions of this Section 2.4 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, defaced, destroyed, lost or stolen Securities.

2.5 **Further Securities.**

(a) The Issuer may from time to time without the consent of the Holders create and issue further bonds or notes (such bonds or notes, the "**Further Securities**") having the same terms and conditions in all respects (save for the issue date, interest commencement date and issue price) as any Series of the Outstanding Securities and so that the same shall be consolidated and form a single series with the Outstanding Securities having the same terms as to interest, conversion, premium, redemption and otherwise; *provided* that, unless issued under a separate CUSIP number, such Further Securities will be fungible with the Outstanding Securities for U.S. Federal income tax purposes.

(b) Any Further Securities created and issued pursuant to the provisions of Section 2.5(a) and forming a single series with any Series of the Outstanding Securities may be issued pursuant to this Agreement and may be subject to the provisions hereof. In any such case, the Issuer shall prior to the issue of any Further Securities in such manner execute with and deliver to the Fiscal and Paying Agent an agreement supplemental to this Agreement and containing such other provisions as the Fiscal and Paying Agent may reasonably require and as shall be consistent with the conditions of such Further Securities.

(c) Further Securities may be issued to such persons and on such terms and conditions and at such time or times as the Issuer shall determine and the Fiscal and Paying Agent shall not be responsible for the receipt or application of the proceeds of issue thereof by the Issuer. The period of the resale restrictions applicable to any Restricted Securities of a Series shall automatically be extended to the last day of the period of any resale restrictions of any Further Securities issued in such Series.

ARTICLE 3

FISCAL AND PAYING AGENT

3.1 **Appointment.** The Issuer hereby appoints Citibank, N.A., London Branch as fiscal and paying agent of the Issuer in respect of the Securities upon the terms and subject to the conditions herein set forth, and Citibank, N.A., London Branch hereby accepts such appointment. Citibank, N.A., London Branch currently maintains its designated corporate trust office at Citigroup Centre, 25 Canada Square, Canary Wharf, London E14 5LB, United Kingdom and it and its successor or successors as such fiscal and paying agent qualified and appointed in accordance with Article 9 hereof are herein called the "Fiscal and Paying Agent". The Fiscal and Paying Agent shall have the powers and authority granted to and conferred upon it herein and in the Securities and such further powers and authority to act on behalf of the Issuer as the Issuer may hereafter grant to or confer upon it pursuant to written instructions. All of the terms and provisions with respect to such powers and authority contained in the Securities are subject to and governed by the terms and provisions hereof.

3.2 **Additional Paying Agents.** Subject to the provisions of the Securities and of Section 9.1 hereof, the Issuer reserves the right to appoint, at its discretion, an additional agent or agents for the payment of principal of and interest and other amounts on the Securities (each a "**Paying Agent**"). The Issuer shall notify the Fiscal and Paying Agent in accordance with Article 14 hereof of its appointment, or termination of appointment, of any such additional Paying Agent and of any change in any office through which any Paying Agent will act.

ARTICLE 4

EXECUTION, AUTHENTICATION, DELIVERY AND DATING.

4.1 **Execution.** The Securities shall be executed on behalf of the Issuer by a duly authorized officer or duly authorized signatory of the Issuer, whose signature may be manual or facsimile. Securities bearing the manual or facsimile signatures of Persons who were at any time the proper officers or signatories of the Issuer shall bind the Issuer, notwithstanding that any of such Persons has ceased to hold such office or authority prior to the authentication and delivery of such Securities or did not hold such office or authority at the date of such Securities.

4.2 **Authentication.** The Fiscal and Paying Agent shall, upon receipt of the Securities duly executed by the Issuer for the purpose of the original issuance of the Securities, authenticate the Securities and deliver the Securities to or upon the written order of the Issuer. Thereafter, the Issuer may from time to time deliver Securities executed on behalf of the Issuer to the Fiscal and Paying Agent for authentication and delivery, and the Fiscal and Paying Agent shall authenticate and deliver such Securities in accordance with the provisions therein or herein set forth.

4.3 **Dating.** Each Security shall be dated the date of its authentication by the Fiscal and Paying Agent.

ARTICLE 5

PAYMENT AND CANCELLATION

5.1 **Payment.** The Issuer shall, on or before 10:00 a.m. (New York City time) on each date on which the principal (and premium, if any) of or interest on the Securities is due and payable, pay to the Fiscal and Paying Agent a sum in Dollars sufficient to pay the aggregate amount of principal (and premium, if any) and interest so becoming due and payable, and the Issuer hereby authorizes and directs the Fiscal and Paying Agent, from the amounts so paid to it, to make or cause to be made payment of the principal (and premium, if any) of and interest on the Securities as set forth herein and in the Securities. The Fiscal and Paying Agent shall arrange for the payment from the amounts paid to the Fiscal and Paying Agent pursuant to this Section 5.1, of the principal (and premium, if any) of and interest on the Securities in the manner provided for in the Securities. Notwithstanding the foregoing, the Fiscal and Paying Agent will withhold taxes, if any, on principal (and premium, if any) of or interest on the Securities to the extent that the Fiscal and Paying Agent has been instructed by the Issuer that any taxes should be withheld or to the extent required by law including then existing United Kingdom law or U.S. Treasury Regulations.

5.2 **Amounts held by the Fiscal and Paying Agent.** Amounts held by the Fiscal and Paying Agent for payment of the principal (and premium, if any) of and interest on any Securities need not be segregated from other funds except as required by law, and shall be applied as set forth herein and in the Securities. Any amounts held by the Fiscal and Paying Agent for the payment of the principal (and premium, if any) of or interest on the Securities which remain unclaimed for two years after such principal (and premium, if any) or interest has become due and payable and paid to the Fiscal and Paying Agent shall be repaid to the Issuer upon its written request, and all liability of the Fiscal and Paying Agent with respect to such amounts shall cease. Any funds held by the Fiscal and Paying Agent will be held by it as a banker and not subject to the UK FCA Client Money Rules.

5.3 **Cancellation.** All Securities surrendered to the Fiscal and Paying Agent for payment, redemption or registration of transfer or exchange shall be cancelled promptly by the Fiscal and Paying Agent and the Fiscal and Paying Agent shall dispose of the Securities in accordance with its customary practices and shall, upon request, furnish to the Issuer a certificate of destruction with respect to each cancelled Security so destroyed.

5.4 **Payments of Principal (and Premium, if any) and Interest.** Whenever in this Agreement or in the Securities there is mentioned, in any context, the payment of amounts based upon the principal amount of the Securities or of principal, interest or premium (if any) payable under, or with respect to, any of the Securities, such mention shall be deemed to include mention of the payment of Additional Amounts (as defined in Section 15.1) to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof hereunder or under the Securities.

ARTICLE 6

SECURITY REGISTER; REGISTRATION OF TRANSFER AND EXCHANGE; RESTRICTIONS ON TRANSFER

6.1 **Security Register.** The Registrar, as agent of the Issuer for this purpose, shall maintain at its designated corporate trust office in Frankfurt, Germany, a register providing for the registration of Securities and any exchange or transfer thereof (the "**Security Register**"). The Fiscal and Paying Agent shall, so long as any of the Securities remain outstanding: (i) record on the Security Register the principal amounts, stated interest and the serial numbers of the Securities and the date of issue and all subsequent transfers and changes of ownership thereof and the names and addresses of the Holders of such Securities; (ii) maintain proper records of all documents received by it relating to or affecting the title of any of the Securities including all forms of transfer, probates, letters of administration and powers of attorney; (iii) prepare all such lists of Holders of the Securities as may be reasonably required by the Issuer or any Person needing such information and so authorized by the Issuer, and (iv) at all reasonable times make the Security Register available to the Issuer or any Person needing such information and so authorized by the Issuer for inspection and for the taking of copies thereof or extracts therefrom. The issuance of Securities in lieu of, in exchange for, or upon registration of transfer of, the whole or any part of any of the Securities shall be made in accordance with Section 3 of the Securities and shall be subject to such other reasonable regulations as may be prescribed from time to time by the Issuer or the Fiscal and Paying Agent.

6.2 **New Securities.** Upon surrender for registration of transfer or exchange of any Security at the designated corporate trust office of the Fiscal and Paying Agent, accompanied by any required written instrument of transfer or exchange in the appropriate form attached hereto as Exhibit B and Exhibit C, the Issuer shall execute, and the Fiscal and Paying Agent shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same Series of any authorized denominations and of a like aggregate principal amount and bearing such restrictive legends as may be required by this Agreement (including pursuant to Section 2.2 and Section 2.3). Transfers and exchanges of partial interests in Global Securities shall be effected as set forth in Section 6.5 hereof.

6.3 **Valid Obligations.** All Securities issued upon any registration of transfer or exchange of Securities shall be valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Agreement, as the Securities surrendered upon such registration of transfer or exchange.

6.4 **Endorsement.** Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Issuer or the Fiscal and Paying Agent) be duly endorsed by, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Fiscal and Paying Agent duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing.

6.5 **Transfers.** Notwithstanding any provision to the contrary herein, so long as a Global Security remains Outstanding and is held by or on behalf of DTC, transfers of a Global Security, in whole or in part, and transfers of beneficial interests therein, shall be made only in accordance with this Section 6.5.

(a) *General*. Subject to clauses (b) through (g) of this Section 6.5, transfers of a Global Security shall be limited to transfers of such Global Security in whole, but not in part, to nominees of DTC or to a successor of DTC or such successor's nominee.

(b) *Restricted Global Security to Regulation S Global Security*. If a Holder of a beneficial interest in a Restricted Global Security deposited with DTC wishes at any time to exchange its interest in such Restricted Global Security for an interest in a Regulation S Global Security of the same Series, or to transfer its interest in such Restricted Global Security to a Person who wishes to take delivery thereof in the form of an interest in a Regulation S Global Security of the same Series, such Holder may, subject to the rules and procedures of DTC and to the requirements set forth in the following sentence, exchange or cause the exchange or transfer or cause the transfer of such interest for an equivalent beneficial interest in such Regulation S Global Security. Upon receipt by the Fiscal and Paying Agent at its office in London, United Kingdom of (1) instructions given in accordance with DTC's procedures from or on behalf of a Holder of a beneficial interest in the Restricted Global Security, directing the Fiscal and Paying Agent (via DWAC or other then-applicable procedures) to credit or cause to be credited a beneficial interest in the Regulation S Global Security of the same Series in an amount equal to the beneficial interest in the Restricted Global Security to be exchanged or transferred, (2) a written order given in accordance with DTC's procedures containing information regarding the Euroclear or Clearstream account to be credited with such increase and the name of such account, and (3) unless the legend has been removed from such Restricted Global Security pursuant to Section 6.6 or the transfer is to the Issuer or any of its subsidiaries, a certificate in the form of Exhibit B given by the Holder of such beneficial interest stating that the exchange or transfer of such interest has been made pursuant to and in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144 under the Securities Act and that, if such transfer is made prior to the expiration of the applicable Restricted Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream, the Fiscal and Paying Agent shall promptly deliver appropriate instructions to DTC (via DWAC or other then-applicable procedures), its nominee, or the custodian for DTC, as the case may be, to reduce or reflect on its records a reduction of the Restricted Global Security by the aggregate principal amount of the beneficial interest in such Restricted Global Security to be so exchanged or transferred from the relevant participant, and the Fiscal and Paying Agent shall promptly deliver appropriate instructions to DTC (via DWAC or other then-applicable procedures), its nominee, or the custodian for DTC, as the case may be, concurrently with such reduction, to increase or reflect on its records an increase of the principal amount of such Regulation S Global Security by the aggregate principal amount of the beneficial interest in such Restricted Global Security to be so

exchanged or transferred, and to credit or cause to be credited to the account of the Person specified in such instructions (who during the applicable Restricted Period shall be the agent member of Euroclear or Clearstream, or both, as the case may be) a beneficial interest in such Regulation S Global Security of the same Series equal to the reduction in the principal amount of such Restricted Global Security.

(c) *Regulation S Global Security to Restricted Global Security*. If a Holder of a beneficial interest in a Regulation S Global Security wishes at any time to exchange its interest in such Regulation S Global Security for an interest in a Restricted Global Security of the same Series, or to transfer its interest in such Regulation S Global Security to a person who wishes to take delivery thereof in the form of an interest in a Restricted Global Security of the same Series, such Holder may, subject to the rules and procedures of Euroclear or Clearstream and DTC, as the case may be, and to the requirements set forth in the following sentence, exchange or cause the exchange or transfer or cause the transfer of such interest for an equivalent beneficial interest in such Restricted Global Security of the same Series. Upon receipt by the Fiscal and Paying Agent at its office in London, United Kingdom of (1) instructions given in accordance with the procedures of Euroclear or Clearstream and DTC, as the case may be, from or on behalf of a beneficial owner of an interest in the Regulation S Global Security directing the Fiscal and Paying Agent to credit or cause to be credited a beneficial interest in the Restricted Global Security of the same Series, in an amount equal to the beneficial interest in the Regulation S Global Security to be exchanged or transferred, (2) a written order given in accordance with the procedures of Euroclear or Clearstream and DTC, as the case may be, containing information regarding the account with DTC to be credited with such increase and the name of such account, and (3) prior to the expiration of the applicable Restricted Period, a certificate in the form of Exhibit C given by the Holder of such beneficial interest and stating that the Person transferring such interest in such Regulation S Global Security reasonably believes that the person acquiring such interest in such Restricted Global Security is a Qualified Institutional Buyer (as defined in Rule 144A) and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of any state of the United States or any other jurisdiction, the Fiscal and Paying Agent shall promptly deliver appropriate instructions to DTC (via DWAC or other then-applicable procedures), its nominee, or the custodian for DTC, as the case may be, to reduce or reflect on its records a reduction of the Regulation S Global Security by the aggregate principal amount of the beneficial interest in such Regulation S Global Security to be exchanged or transferred, and the Fiscal and Paying Agent shall promptly deliver appropriate instructions to DTC (via DWAC or other then-applicable procedures), its nominee, or the custodian for DTC, as the case may be, concurrently with such reduction, to increase or reflect on its records an increase of the principal amount of such Restricted Global Security by the aggregate principal amount of the beneficial interest in such Regulation S Global Security to be so exchanged or transferred, and to credit or cause to be credited to the account of the person specified in such instructions a beneficial interest in such Restricted Global Security equal to the reduction in the principal amount of such Regulation

S Global Security. After the expiration of the applicable Restricted Period, the certification requirement set forth in clause (3) of the second sentence of this Section 6.5(c) will no longer apply to such transfers.

(d) *Effect of Global Security Interest; Transfer*. Any beneficial interest in one of the Global Securities that is transferred to a person who takes delivery in the form of an interest in the other Global Security of the same Series will, upon transfer, cease to be an interest in such Global Security and become an interest in the other Global Security of the same Series and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Security for as long as it remains such an interest.

(e) *Other Exchanges*. Except as set forth expressly herein, Global Securities will not be exchangeable for Securities in certificated form.

(i) If (A) DTC notifies the Issuer that it is unwilling or unable to continue as a depositary for the Global Securities, and a successor depositary for the Global Securities, which shall be a clearing agency registered under the Exchange Act, is not appointed by the Issuer within 90 days after DTC has provided written notice of its unwillingness or inability, or (B) there shall have occurred and be continuing an Event of Default with respect to the Securities, the Issuer will issue certificates for the Securities in certificated form ("**Certificated Securities**") in fully registered form without interest coupons, in substantially the form set forth in Exhibit A hereto, with the Legend and such other legends as may be applicable thereto (the "**Restricted Certificated Securities**") in exchange for the Regulation S Global Securities and Restricted Global Securities, as the case may be, as set forth in Section 6.5(f) below, subject to the rules and procedures of DTC, and shall notify the Fiscal and Paying Agent of the same in writing.

(ii) Unless determined otherwise by the Issuer in accordance with applicable law, only Restricted Certificated Securities shall be issued upon the transfer or exchange of beneficial interests in a Restricted Global Security. Unless determined otherwise by the Issuer in accordance with applicable law, Certificated Securities issued upon transfer or exchange of beneficial interests in a Regulation S Global Security shall not bear the Legend. Upon the transfer, exchange or replacement of Securities bearing the Legend, or upon specific request for removal of the Legend on a Security, the Fiscal and Paying Agent shall deliver only Securities that bear such Legend, or shall refuse to remove such Legend, as the case may be, unless there is delivered to the Issuer and the Fiscal and Paying Agent such satisfactory evidence, which may include an Opinion of Counsel, as may reasonably be required to ensure compliance with the provisions of the Securities Act.

(iii) In the event that a Global Security is exchanged or transferred for Certificated Securities of the same Series, pursuant to this Section 6.5(e), such Securities may be exchanged or transferred for one another only in accordance with such procedures as are substantially consistent with the provisions of clauses (b), (c) and (d) above (including the certification requirements intended to ensure that such exchanges or transfers comply with Rule 144, Rule 144A or Regulation S, as the case may be) and as may be from time to time adopted by the Issuer and the Fiscal and Paying Agent.

(f) *Transfers of Certificated Securities to Beneficial Owners of Global Securities*. If interests in any Global Security are to be transferred to the beneficial owners thereof in the form of Certificated Securities of the same Series pursuant to Section 6.5(e), the Issuer shall execute and the Fiscal and Paying Agent shall authenticate and deliver, without charge to such beneficial owners:

(i) to each Person specified by DTC a Certificated Security or Certificated Securities of the same Series of any authorized denomination as requested by such Person in aggregate principal amount equal to and in exchange for such Person's beneficial interest in the Restricted Global Security or the Regulation S Global Security, as the case may be; and

(ii) to DTC a new Restricted Global Security of the same Series or Regulation S Global Security of the same Series, as the case may be, in a denomination equal to the difference, if any, between the principal amount of the surrendered Restricted Global Security or Regulation S Global Security, as the case may be, and the aggregate principal amount of Certificated Securities delivered to the Holders thereof.

Upon the surrender and exchange of a Global Security in whole for Certificated Securities of the same Series, such Global Security shall be cancelled by the Fiscal and Paying Agent. Certificated Securities issued in exchange for a Global Security of the same Series pursuant to this Section shall, subject to the other provisions of this Article 6, be registered in such names and in such authorized denominations as DTC, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Fiscal and Paying Agent. The Fiscal and Paying Agent shall deliver such Certificated Securities to the persons in whose names such Certificated Securities are so registered. Any Restricted Certificated Securities issued in respect of an interest in a Restricted Global Security shall bear the Legend.

Certificated Securities issued in accordance with Section 6.5(e) shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officer or authorized signatory of the Issuer executing such Securities, as evidenced by such person's execution thereof. At its option, the Issuer may

execute, and upon the written order of the Issuer, the Fiscal and Paying Agent shall authenticate and deliver, in accordance with the provisions of Article 4 of this Agreement (in lieu of Certificated Securities), temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, substantially of the tenor referred to above. Such temporary Securities shall be subject to the same limitations and conditions and entitled to the same rights and benefits under this Agreement as Certificated Securities, except as provided herein or therein. If temporary Securities are issued, the Issuer shall cause Certificated Securities to be prepared. Temporary Securities shall be exchangeable at the designated corporate trust office of the Fiscal and Paying Agent in London, United Kingdom (or at such other office in London, United Kingdom as shall be specified in the text of such Securities) for Certificated Securities of the same Series when the latter shall be ready for delivery; and upon the surrender for exchange at said office of such temporary Securities, the Issuer, at its own expense, shall execute, and the Fiscal and Paying Agent shall authenticate and deliver, in accordance with Section 3 of the Securities, in exchange for such temporary Securities a like aggregate principal amount of Certificated Securities of the same Series of the appropriate form and denomination, with the appropriate legends (upon surrender thereof). Temporary Securities shall be appropriately legended.

(g) *Provision of Certificated Securities*. The Issuer shall upon request make available to the Fiscal and Paying Agent a reasonable supply of Certificated Securities. Notwithstanding the foregoing, a properly completed certificate shall not be required in connection with any transfer of any Global Security through the facilities of DTC or any other United States securities clearance and settlement organization; *provided* that such transfer does not require a change in the name (other than to another nominee of DTC or such other securities clearance and settlement organization) in which such Global Security is then registered.

6.6 **Termination of Restrictions.** The restrictions imposed by this Article 6 and Section 2.3 upon the transferability of any particular Restricted Security shall cease and terminate when (i) such Restricted Security has been sold pursuant to an effective registration statement under the Securities Act or (ii) such Restricted Security is transferred pursuant to Rule 144 under the Securities Act (or any successor provision thereto); *provided* that no such transfer shall occur prior to the date that is one year after the later of the date of the initial issuance of the Restricted Security, the date of the initial issuance of any Further Securities that are Restricted Securities, and the last date on which the issuer or any affiliate of the Issuer was the owner of such Restricted Security (or any predecessor of such Restricted Security), unless the Holder thereof is an affiliate of the Issuer within the meaning of Rule 144 (or such successor provision). Any Restricted Security as to which such restrictions on transfer shall have expired in accordance with their terms or shall have terminated may, upon surrender of such Restricted Security for exchange to the Fiscal and Paying Agent in accordance with the provisions of this Article 6 (accompanied, in the event that such restrictions on transfer have terminated by reason of a transfer pursuant to Rule 144 or any successor provision, by an Opinion of Counsel having substantial experience in practice under the Securities

Act and otherwise reasonably acceptable to the Issuer, addressed to the Issuer and the Fiscal and Paying Agent and in form acceptable to the Issuer, to the effect that the transfer of such Restricted Security has been made in compliance with Rule 144 or such successor provision), be exchanged for a new Security of the same Series, of like tenor and aggregate principal amount, which shall not bear the Legend as required by Section 2.3 and Exhibit A. The Fiscal and Paying Agent shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the aforementioned Opinion of Counsel or registration statement.

6.7 **Definition of Transfer.** As used in Sections 6.1 through 6.6, the term "**transfer**" encompasses any sale, transfer or other disposition of any Securities referred to herein.

6.8 **No Charge.** No service charge shall be made to any Holder for any registration of transfer or exchange of Securities, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities.

6.9 **Registration of Transfer.** The Fiscal and Paying Agent shall not be required to register the transfer of or exchange Securities for a period from the Record Date to the Interest Payment Date on the Securities or to register the transfer of or exchange Securities for a period of 15 days immediately preceding the date notice is given identifying the serial numbers of Securities called for redemption through the date of redemption or for a period of 15 days immediately preceding the Stated Maturity Date.

ARTICLE 7
NOTICES TO HOLDERS OF SECURITIES; WAIVER

7.1 **Method.** Except as otherwise expressly provided herein, where this Agreement provides for notice to Holders of Securities of any event, such notice shall be sufficiently given to Holders of Securities if:

(a) in the case of notice to Holders of an interest in a Global Security, delivered to DTC and

(b) in the case of Holders of Certificated Securities, given in writing and mailed, first-class postage prepaid, at the address of such Holder as it appears in the Security Register,

not earlier than the earliest date and not later than the latest date prescribed for the giving of such notice.

7.2 **Defective Notice.** In any case where notice to Holders of Certificated Securities is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder of a Certificated Security shall affect the sufficiency of such notice with respect to other Holders. In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification to Holders

of Certificated Securities as shall be made with the approval of the Fiscal and Paying Agent shall constitute a sufficient notification to such Holders for every purpose hereunder. Such notices shall be deemed to have been given on the date of such mailing.

7.3 **Waiver of Requirements.** Where this Agreement provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Fiscal and Paying Agent, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

ARTICLE 8
CONDITIONS OF THE FISCAL AND PAYING AGENT'S OBLIGATIONS

The Fiscal and Paying Agent accepts its obligations herein set forth, upon the terms and conditions hereof, including the following, to all of which the Issuer agrees and to all of which the rights hereunder of the Holder from time to time of the Securities shall be subject:

8.1 **Compensation and Indemnification.** The Issuer shall pay to the Fiscal and Paying Agent, from time to time as agreed in writing by the Issuer and the Fiscal and Paying Agent, such reasonable compensation as the Issuer and the Fiscal and Paying Agent shall agree upon for the services rendered by the Fiscal and Paying Agent hereunder and, upon presentation of itemized statements, reimburse the Fiscal and Paying Agent for reasonable out-of-pocket expenses (including reasonable counsel fees incurred in connection with the initial review of this Agreement and related legal documents) incurred by the Fiscal and Paying Agent in connection with the rendering of such services. The Issuer shall indemnify the Fiscal and Paying Agent or the Registrar and its directors, officers and employees for, and hold each of them harmless against, any loss, liability or expense, including taxes (other than taxes measured by or determined by the income of the Fiscal and Paying Agent or the Registrar) incurred without negligence or bad faith on the part of the Fiscal and Paying Agent or the Registrar or such Persons and arising out of or in connection with the performance of the Fiscal and Paying Agent's or the Registrar's duties hereunder, as well as the reasonable out-of-pocket expenses of any claim (whether asserted by the Issuer, by any Holder or by any other person) or liability in the premises. The obligations of the Issuer under this Section 8.1 and Article 13 shall survive the payment of the Securities, the satisfaction and discharge of this Agreement and the resignation or removal of the Fiscal and Paying Agent.

8.2 **Agent of the Issuer.** In acting under this Agreement and with respect to the Securities, each of the Fiscal and Paying Agent and the Registrar is acting solely as the agent of the Issuer and does not assume any obligation or relationship of agency or trust for or with any of the Holders or beneficial owners of the Securities.

8.3 **Counsel.** The Fiscal and Paying Agent may consult with counsel satisfactory to it, who may be counsel to the Issuer, and the opinion of such counsel shall be full and complete

authorization in respect of any action taken or omitted to be taken or suffered by the Fiscal and Paying Agent hereunder in good faith and in accordance with the opinion of such counsel.

8.4 **Documents.** The Fiscal and Paying Agent shall be protected and shall incur no liability for or in respect of any action taken or thing suffered by it in reliance upon any Security, notice, direction, instruction, consent, certificate, affidavit, statement or other paper or document reasonably believed by it to be genuine and to have been signed by the proper parties whether such document is presented as an original or by facsimile. The Fiscal and Paying Agent may refrain, without liability, from acting pursuant to any instruction if it deems such instruction unclear, equivocal or conflicting; *provided* that the Fiscal and Paying Agent shall have used commercially reasonable efforts to cause any instruction that it deems unclear, equivocal or conflicting to be cured of any such defect.

8.5 **Certain Transactions.** The Fiscal and Paying Agent may, in its individual or other capacity, become the owner of, or acquire any interest in, any Securities, with the same rights that it would have if it were not the Fiscal and Paying Agent, and engage or be interested in any financial or other transaction with the Issuer and act on, or as depositary, trustee or agent for, any committee or body of Holders of Securities or other obligations of the Issuer as if it were not the Fiscal and Paying Agent. The foregoing provisions of this paragraph shall also apply to any officer, director or employee of the Fiscal and Paying Agent as if such Person were not an officer, director or employee of the Fiscal and Paying Agent.

8.6 **No Liability for Interest.** The Fiscal and Paying Agent shall have no liability for interest on any funds at any time received or held by it pursuant to any of the provisions of this Agreement or of the Securities unless otherwise agreed by the Fiscal and Paying Agent and the Issuer.

8.7 **No Liability for Invalidity.** The Fiscal and Paying Agent makes no representations as to the due issuance, validity or sufficiency of any of the Securities; *provided* that the Fiscal and Paying Agent shall not be relieved of its duty to authenticate Securities as authorized herein.

8.8 **No Responsibility for Representations.** The Fiscal and Paying Agent and the Registrar shall not be responsible for any of the recitals or representations herein or in any of the Securities (except for the Fiscal and Paying Agent's authentication thereon), all of which are made solely by the Issuer.

8.9 **No Implied Obligations.** The Fiscal and Paying Agent and the Registrar shall be obligated to perform such duties and only such duties as are herein and in the Securities specifically set forth, and no implied duties or obligations shall be read into this Agreement or any of the Securities against the Fiscal and Paying Agent or the Registrar. The Fiscal and Paying Agent and the Registrar shall have no obligation to take any action hereunder that it reasonably believes may require it to incur any expense or liability, unless it receives reasonable assurance that it will be reimbursed or indemnified therefor. No provision of this Agreement shall be interpreted as

requiring the Fiscal and Paying Agent or the Registrar to extend its own funds for the payment of interest or principal or for the cost of extraordinary items in the performance of its obligations hereunder. The Fiscal and Paying Agent and the Registrar shall not be accountable or under any duty or responsibility for the use by the Issuer of any of the Securities authenticated by the Fiscal and Paying Agent and delivered by it to the Issuer pursuant to this Agreement or for the application by the Issuer of the proceeds of any offering of the Securities. The Fiscal and Paying Agent and the Registrar shall have no duty or responsibility in the case of any default by the Issuer in the performance of its covenants or agreements contained in the Securities or in the case of the receipt of any written demand from a Holder of a Security with respect to such default, including, without limiting the generality of the foregoing, any duty or responsibility to initiate or attempt to initiate any proceedings at law or otherwise or to make any demand for the payment thereof upon the Issuer.

8.10 **Forwarding of Notices.** The Fiscal and Paying Agent shall promptly forward to the Issuer any notice or demand received by the Fiscal and Paying Agent from the Holder or beneficial owner of a Security and delivered pursuant to the provisions of such Security or this Agreement.

8.11 **Evidence of Requests.** Any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by an Issuer Request or Issuer Order and any resolution of the board of directors may be sufficiently evidenced by a board resolution.

8.12 **Officer's Certificates.** Whenever in the administration of this Agreement the Fiscal and Paying Agent shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Fiscal and Paying Agent (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon an Officer's Certificate.

8.13 **Performance by the Fiscal and Paying Agent.** The Fiscal and Paying Agent and the Registrar may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Fiscal and Paying Agent or the Registrar shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder. The Fiscal and Paying Agent and the Registrar shall perform their duties hereunder without negligence, willful misconduct or bad faith.

The Fiscal and Paying Agent or the Registrar shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement; *provided* that the foregoing shall not apply to any action taken, suffered or omitted to be taken as a result of gross negligence or wilful misconduct on the part of the Fiscal and Paying Agent or the Registrar.

The Fiscal and Paying Agent shall not be deemed to have notice of any Default (as defined below) or Event of Default unless an officer of the Fiscal and Paying Agent who has responsibility for the administration of the Securities has actual knowledge of such a default or unless written notice of any event which is in fact such a default is received by the Fiscal and Paying Agent at the

corporate trust office of the Fiscal and Paying Agent, and such notice references the Securities and this Agreement.

8.14 **No Liability for Consequential Loss.** The Fiscal and Paying Agent and the Registrar shall not be liable for any consequential loss (including, without limitation, loss of business, goodwill, opportunity or profit).

ARTICLE 9

RESIGNATION OR TERMINATION AND APPOINTMENT OF SUCCESSOR

9.1 **Maintenance of Fiscal and Paying Agent.** The Issuer agrees, for the benefit of the Holders from time to time of the Securities, that there shall at all times be a Fiscal and Paying Agent hereunder which shall be a bank or trust company, organized or licensed and doing business under the laws of the United States or the State of New York, is in good standing and has an established place of business in London, United Kingdom, and is authorized under such laws to act as Fiscal and Paying Agent hereunder, and that such Fiscal and Paying Agent shall perform its obligations as such and at such a place of business, until the first date on which all of the Securities authenticated and delivered hereunder (1) shall have been surrendered or delivered to the Fiscal and Paying Agent for cancellation or destruction or (2) shall have become due and payable and a sum sufficient to pay the principal (and premium, if any) of and interest on all of the Securities shall have been made available for payment and either paid or returned to the Issuer as provided herein and in such Securities (such date being herein referred to as the "**Termination Date**").

The Issuer may at any time and from time to time vary or terminate the appointment of any Paying Agent appointed in accordance with Section 3.2 hereof.

9.2 **Resignation and Removal.** Subject to the provisions of this Section 9.2, (i) the Fiscal and Paying Agent may at any time resign as such agent by giving written notice to the Issuer of such intention on its part, specifying the date on which its desired resignation shall become effective; *provided* that such date shall not be less than 30 days after the date on which such notice is given unless the Issuer agrees to accept shorter notice; and (ii) the Fiscal and Paying Agent may be removed at any time by the filing with it of an instrument in writing signed by the Issuer and specifying such removal and the date when it shall become effective; *provided* that such written instrument is filed with the Fiscal and Paying Agent 30 days prior to the date of removal. Any resignation or removal of the Fiscal and Paying Agent shall take effect upon the appointment by the Issuer, as hereinafter provided, of a successor Fiscal and Paying Agent and the acceptance of such appointment by such successor. Upon its resignation or removal, the Fiscal and Paying Agent shall be entitled to the payment by the Issuer of the compensation agreed to under Section 8.1 hereof for, and to the reimbursement of all reasonable out-of-pocket expenses incurred in connection with, the services rendered hereunder by the Fiscal and Paying Agent to the date of such resignation or removal. If by the 20th day falling before the expiry of such notice the Issuer has not appointed a replacement Fiscal and Paying Agent, then the relevant Fiscal and Paying Agent may, in its

discretion, either appoint a successor Fiscal and Paying Agent acceptable to the Issuer (such acceptance not to be unreasonably withheld) or petition any court of competent jurisdiction at the expense of the Issuer for the appointment of a successor Fiscal and Paying Agent.

9.3 **Appointment of Successor.** In case at any time the Fiscal and Paying Agent shall resign, or shall be removed, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or shall file a voluntary petition in bankruptcy or make an assignment for the benefit of its creditors or consent to the appointment of a receiver or conservator of all or any substantial part of its property, or shall generally not be paying its debts as they become due, or if an order of any court shall be entered approving any petition filed by or against it under the provisions of any bankruptcy or insolvency or other similar law, or if a receiver or custodian of it or of all or any substantial part of its property shall be appointed, or if any public officer shall have taken charge or control of the Fiscal and Paying Agent or of its property or affairs, for the purpose of rehabilitation, conservation or liquidation, a successor Fiscal and Paying Agent, qualified as aforesaid, shall be appointed by the Issuer by an instrument in writing filed with the successor Fiscal and Paying Agent. Upon the appointment as aforesaid of a successor Fiscal and Paying Agent and acceptance by the latter of such appointment or such undertaking by the Issuer, the Fiscal and Paying Agent so superseded shall cease to be such Fiscal and Paying Agent.

9.4 **Assumption of Obligations.** Any successor Fiscal and Paying Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Issuer an instrument accepting such appointment hereunder, and thereupon such successor Fiscal and Paying Agent, without any further act, deed or conveyance, shall become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of such predecessor, with like effect as if originally named as Fiscal and Paying Agent hereunder, and such predecessor, upon payment of its charges and disbursements then unpaid, shall thereupon forthwith become obligated to transfer, deliver and pay over, and such successor Fiscal and Paying Agent shall be entitled to receive, all funds, securities and other property on deposit with or held by such predecessor as Fiscal and Paying Agent hereunder. The Issuer shall, or shall cause such successor Fiscal and Paying Agent to, give notice to the Holders of the Securities of the appointment of such successor Fiscal and Paying Agent. All Securities validly authenticated and delivered pursuant to this Agreement by the Fiscal and Paying Agent then in office shall be valid obligations notwithstanding the resignation or removal of such Fiscal and Paying Agent.

9.5 **Successor.** Any corporation or bank into which the Fiscal and Paying Agent may be merged or converted, or any corporation or bank with which the Fiscal and Paying Agent may be consolidated, or any corporation or bank resulting from any merger, conversion or consolidation to which the Fiscal and Paying Agent shall be a party, or any corporation or bank to which the Fiscal and Paying Agent shall sell or otherwise transfer all or substantially all of the assets and business of the Fiscal and Paying Agent; *provided* that it shall be qualified as aforesaid, shall be the successor Fiscal and Paying Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto in connection with this Agreement. In the event

that any Securities shall have been authenticated, but not delivered, by the Fiscal and Paying Agent then in office, any successor by merger, conversion or consolidation may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor had itself authenticated such Securities.

ARTICLE 10
PAYMENT OF STAMP TAXES AND OTHER DUTIES

10.1 **Payment.**

The Issuer will pay all stamp taxes and other duties, if any, to which, under applicable laws, this Agreement or the original issuance of any Securities may be subject.

10.2 **Notice of Possible Withholding under FATCA.**

The Issuer shall notify the Fiscal and Paying Agent in the event that it determines that any payment to be made by an agent under the Securities is a payment which could be subject to FATCA Withholding if such payment were made to a recipient that is generally unable to receive payments free from FATCA Withholding, and the extent to which the relevant payment is so treated; *provided*, *however*, that the Issuer's obligation under this Clause 10.2 shall apply only to the extent that such payments are so treated by virtue of characteristics of the Issuer, the Securities, or both.

10.3 **Fiscal and Paying Agent Right to Withhold.**

Notwithstanding any other provision of this Agreement, each Fiscal and Paying Agent shall be entitled to make a deduction or withholding from any payment which it makes under the Securities for or on account of any Tax, if and only to the extent so required by Applicable Law, in which event the Fiscal and Paying Agent shall make such payment after such deduction or withholding has been made and shall account to the relevant Authority within the time allowed for the amount so deducted or withheld.

10.4 **Issuer Right to Redirect.**

In the event that the Issuer determines in its sole discretion that withholding for or on account of any Tax will be required by Applicable Law in connection with any payment due to the Fiscal and Paying Agent on any Securities, then the Issuer will be entitled to redirect or reorganize any such payment in any way that it sees fit in order that the payment may be made without such deductions or withholding; *provided* that any such redirected or reorganized payment is made through a recognized institution of international standing and otherwise made in accordance with this Agreement. The Issuer will promptly notify the Fiscal and Paying Agent of any such redirection or reorganization.

ARTICLE 11

JURISDICTION AND SERVICE OF PROCESS

The Issuer has appointed BAE Systems Holdings Inc., 1101 Wilson Boulevard, Suite 2000, Arlington, Virginia, 22209, United States of America, as its authorized agent (the "**Authorized Agent**") upon whom process may be served in any action, suit or proceeding arising out of or based on this Agreement or the Securities which may be instituted in the courts of the State of New York in the City of New York or the courts of the United States for the Southern District of New York, in either case in the Borough of Manhattan, The City of New York, by the Holder of any Security, and the Issuer hereby waives any objection which it may now or hereafter have to the laying of venue of any such proceeding, and expressly and irrevocably accepts and submits, for the benefit of the Holders from time to time of the Securities, to the nonexclusive jurisdiction of any such court in respect of any such action, suit or proceeding, for themselves and with respect to its properties, revenues and assets. Such appointment shall be irrevocable until the Termination Date unless and until the appointment of a successor authorized agent for such purpose, and such successor's acceptance of such appointment, shall have occurred. The Issuer will take any and all actions, including the filing of any and all documents and instruments, that may be necessary to continue such appointment or appointments in full force and effect as aforesaid. Service of process upon the Authorized Agent with respect to any such action shall be deemed, in every respect, effective service of process upon the Issuer .

ARTICLE 12

AMENDMENTS; WAIVERS

12.1 **Meeting of Holders.** A meeting of Holders of Securities may be called at any time and from time to time to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Agreement or the Securities to be made, given or taken by Holders of the Securities or to modify, amend or supplement the terms of the Securities or this Agreement as hereinafter provided. The Fiscal and Paying Agent may at any time, and shall upon the written request of the Issuer, call a meeting of Holders of the Securities of the Issuer for any such purpose to be held at such time and at such place in London, United Kingdom, as the Fiscal and Paying Agent shall determine. Notice of every meeting of Holders of the Securities, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given, unless otherwise specified in the Securities, in writing, first class postage pre-paid, not less than 30 nor more than 60 days prior to the date fixed for the meeting. In case at any time the Holders of at least 50% in aggregate principal amount of the Outstanding Securities of the Issuer shall have requested the Fiscal and Paying Agent to call a meeting of the Holders of the Securities for any such purpose, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, the Fiscal and Paying Agent shall call such meeting for such purposes by giving notice thereof.

12.2 **Entitlement to Vote.** To be entitled to vote at any meeting of Holders of Securities of the Issuer, a Person shall be a Holder of Outstanding Securities or a Person duly appointed by an

instrument in writing as proxy for such Holder. The Issuer may make such reasonable and customary regulations as it shall deem advisable for any meeting of Holders of Securities with respect to the proof of the holding of the Securities, the adjournment and chairmanship of such meeting, the appointment and duties of inspectors of votes, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate.

12.3 **Amendments.** The Holders of the Securities of any Series may, with the written consent of the Issuer and, solely to the extent that the proposed amendments affect the Fiscal and Paying Agent or the performance of its duties under this Agreement, the Fiscal and Paying Agent (such consent from the Fiscal and Paying Agent not to be unreasonably withheld or delayed), modify, amend or supplement the terms of such Securities or this Agreement, in any way, and may make, take or give any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Agreement or such Securities to be made, given or taken by Holders of such Securities either (a) at any meeting of Holders of the Securities duly called and held, by the affirmative vote, in person or by proxy or (b) with the written consent, in each case in (a) and (b) above, of the Holders of a majority in aggregate principal amount of the Outstanding Securities voting together as a single class; *provided, however*, that no such action, modification, amendment, or supplement may, without the written consent of the Holders of the Securities affected thereby, (i) change the due date for the payment of the principal (and premium, if any) of or any installment of interest on the Securities, (ii) reduce the principal amounts of the Securities or the interest rate thereon or the premium payable upon redemption thereof, (iii) change the currency in which or change the required place at which payment with respect to principal (and premium, if any) or interest, if any, in respect of the Securities is payable to a place outside the United States, (iv) amend the procedures provided for or the circumstances under which the Securities may be redeemed or (v) reduce the proportion of the principal amount of the Securities the consent of the Holders of which is necessary to modify or amend this Agreement or the terms and conditions of the Securities or to make, take or give consent, waiver or other action provided hereby or thereby to be made, taken or given.

12.4 **Amendments without Holders' Consent.** The Issuer and the Fiscal and Paying Agent may, without the vote or consent of any Holder of Securities, amend this Agreement or the Securities for the purpose of:

(a) adding to the covenants of, or the restrictions, conditions or provisions applicable to, the Issuer or any guarantor, as the case may be, for the benefit of the Holders of Securities or providing any additional rights or benefits to the Holders of the Securities;

(b) surrendering any right or power conferred upon the Issuer or any guarantor;

(c) securing the Securities pursuant to the requirements thereof or otherwise;

(d) evidencing the addition of any guarantor of the Securities, or the release of any guarantor from its obligations with respect to the Securities;

(e) evidencing the succession of another corporation or other Person to the Issuer or any guarantor, as the case may be, or successive successions, and the assumption by such successor(s) of the covenants, agreements and obligations of the Issuer or guarantor, as the case may be, herein and in the Securities as permitted by this Agreement and the Securities;

(f) modifying the restrictions on and procedures for resale and other transfers of the Securities to reflect any change in applicable law or regulation (or the interpretation thereof) or in practices relating to the resale or transfer of restricted securities generally;

(g) accommodating the issuance, if any, of Securities in book-entry form and matters related thereto;

(h) curing any ambiguity or correcting or supplementing any provision contained in this Agreement or the Securities which may be defective or inconsistent with any other provision contained in this Agreement or the Securities or making such other provision in regard to matters or questions arising thereunder as the Issuer, any guarantor or the Fiscal and Paying Agent may deem necessary or desirable and which does not, as determined by the Issuer, adversely affect the interest of a Holder of the Securities in any material respect;

(i) effecting any other amendment which the Issuer, any guarantor and the Fiscal and Paying Agent may determine and which, as determined solely by the Issuer, shall not adversely affect the interest of any Holder of the Securities in any material respect; or

(j) making any modification which is of a minor or technical nature or correcting a manifest error;

provided that in respect of any action taken or omitted to be taken or suffered by the Fiscal and Paying Agent pursuant to clauses **Error! Reference source not found.** through **Error! Reference source not found.**, the Fiscal and Paying Agent shall be deemed to have requested and to require an opinion from counsel satisfactory to it, which opinion shall be full and complete authorization and protection in respect of any such action taken or omitted to be taken or suffered by it.

12.5 **Approval of Substance of Amendments.** It shall not be necessary for the vote or consent of the Holders of the Securities to approve the particular form of any proposed modification, amendment, supplement, request, demand, authorization, direction notice, consent, waiver or other action, but it shall be sufficient if such vote or consent shall approve the substance thereof. Any instrument given by or on behalf of any Holder of a Security in connection with any consent to or vote for any such modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action will be irrevocable once given and will be conclusive and binding on all subsequent Holders of the Securities or any Securities issued directly or indirectly in exchange or substitution therefor or in lieu thereof. Any such modification, amendment,

supplement, request, demand, authorization, direction, notice, consent, waiver or other action will be conclusive and binding on all Holders of the Securities entitled to vote at the meeting at which the vote is made, whether or not they have given such consent or cast such vote, and whether or not notation of such modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action is made upon the Securities. Notice of any modification or amendment of, supplement to, or request, demand, authorization, direction, notice, consent, waiver or other action with respect to the Securities or this Agreement (other than for purposes of curing any ambiguity or of curing, correcting or supplementing any defective provision hereof of thereof or of a minor or technical nature) shall be given, in all cases, as provided in the Securities. Securities authenticated and delivered after the effectiveness of any such modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action may bear a notation in the form approved by the Issuer as to any matter provided for in such modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action. New Securities modified to conform, in the opinion of the Issuer, to any such modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action may be prepared by the Issuer, authenticated by the Fiscal and Paying Agent and delivered in exchange for such Outstanding Securities.

12.6 **Outstanding.** For purposes of the provisions of this Agreement and the Securities, any Security authenticated and delivered pursuant to this Agreement shall, as of any date of determination, be deemed to be "**Outstanding**", except:

(a) Securities theretofore cancelled by the Fiscal and Paying Agent or accepted by the Fiscal and Paying Agent for cancellation;

(b) Securities which have been called for redemption in accordance with their terms or which have become due and payable at Maturity or otherwise and with respect to which monies sufficient to pay the principal of (including premium, if any) and interest, if any, thereon shall have been made available to the Fiscal and Paying Agent; or

(c) Securities in lieu of or in substitution for which other Securities shall have been authenticated and delivered pursuant to this Agreement;

provided, *however*, that in determining whether the Holders of the requisite principal amount of Outstanding Securities have consented to or voted in favor of any request, demand, authorization, direction, notice, consent, waiver, amendment, modification or supplement hereunder, Securities owned directly or indirectly by the Issuer or any affiliate shall be disregarded and deemed not to be Outstanding, except that in determining whether the Fiscal and Paying Agent shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver, amendment, modification or supplement, only Securities which the Fiscal and Paying Agent actually knows to be so owned shall be so disregarded.

12.7 **Acceleration.** In each and every such case of an Event of Default (as defined in Section 13 of the Securities) (other than an Event of Default specified in clauses (i) or (ii) of Section 13 of the Securities or an Event of Default in respect of the Issuer specified in clauses (iv) or (v) of Section 13 of the Securities), the Fiscal and Paying Agent may (but is not required to), or at the direction or request of the Holders of not less than a majority percent in aggregate principal amount of the Outstanding Securities shall, by notice in writing to the Issuer, declare the principal amount (and premium, if any) of and all accrued interest on all the Securities to be due and payable immediately. Upon any such declaration the same shall become and shall be immediately due and payable upon the date that such written notice is received by the Issuer, unless prior to such date all Events of Default in respect of all the Securities shall have been cured; *provided*, that if, at any time after the principal of such Securities shall have been so declared due and payable, and before any sale of property under any judgment or decree for the payment of the monies due shall have been obtained or entered as hereinafter provided, the Issuer shall pay or shall deposit with the Fiscal and Paying Agent a sum sufficient to pay all matured installments of interest and principal upon all the Securities which shall have become due otherwise than solely by acceleration (with interest on overdue installments of interest, to the extent permitted by law, and on such principal of each Security at the rate of interest specified therein, to the date of such payment or deposit) and such amount as shall be sufficient to cover reasonable compensation to the Fiscal and Paying Agent and each predecessor, their respective agents, attorneys and counsel, and all other documented expenses and liabilities reasonably incurred, and all advances made for documented expenses and legal fees reasonably incurred by the Fiscal and Paying Agent and each predecessor Fiscal and Paying Agent, and if any and all Events of Default, other than the nonpayment of the principal of the Outstanding Securities, which shall have become due solely by acceleration, shall have been cured, waived or otherwise remedied as provided in such Securities and this Agreement, then and in every such case, the Holders of two-thirds in aggregate principal amount of the Outstanding Securities by written notice to the Issuer and to the Fiscal and Paying Agent may, on behalf of all of the Holders of the Securities, waive all defaults and rescind and annul such declaration and its consequences but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default, or shall impair any right consequent thereon. Actions by Holders of the Securities pursuant to this provision need not be taken at a meeting pursuant to the provisions regarding meetings of Holders of the Securities. If an Event of Default in respect of the Issuer specified in clauses (i) or (ii) of Section 13 of the Securities occurs, each Holder may, by written notice to the Issuer and the Fiscal and Paying Agent, declare the principal (and premium, if any) of and all accrued interest on the Securities of such Holder to be due and payable upon the date that written notice is received by or on behalf of the Issuer and the Fiscal and Paying Agent unless prior to such date all Events of Default in respect of such Holder's Securities shall have been cured. If an Event of Default specified in clauses (iv) or (v) of Section 13 of the Securities occurs, the principal (and premium, if any) of and accrued interest on the Securities will be immediately due and payable without any declaration or other act on the part of any Holder of Securities or other person.

ARTICLE 13

JUDGMENT CURRENCY

The Issuer agrees to indemnify and hold harmless the Fiscal and Paying Agent against any loss incurred by it as a result of any judgment or order being given or made and expressed and paid in a currency (the "**Judgment Currency**") other than United States dollars and as a result of any variation as between (i) the rate of exchange at which the United States dollar amount is converted into the Judgment Currency for the purpose of such judgment or order and (ii) the spot rate of exchange in The City of New York at which the Fiscal and Paying Agent at 10:00 a.m. (New York City time) on the date of payment of such judgment or order is able to purchase United States dollars with the amount of the Judgment Currency actually received by the Fiscal and Paying Agent. The foregoing indemnity shall constitute a separate and independent obligation of the Issuer and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "**spot rate of exchange**" shall include any premiums and costs of exchange payable in connection with the purchase of, or conversion into, United States dollars.

ARTICLE 14

NOTICES TO THE ISSUER AND THE FISCAL AND PAYING AGENT AND THE REGISTRAR

Any notices pursuant to, or communications with respect to, this Agreement or the Securities shall be deemed to have been given when delivered in person, or five days after being deposited in the mail as registered or certified mail (airmail if sent outside the United States), postage prepaid, or one day after transmission by authenticated telex or by telecopy with confirmed receipt, or when communicated by telephone (subject, in the case of communication by telephone, to confirmation dispatched within 24 hours by authenticated telex or by telecopy with confirmed receipt), in the case of the Issuer, to 6 Carlton Gardens, London SW1Y 5AD, United Kingdom, Attention: Company Secretary (Fax: +44 (0)12 5238 3991); in the case of the Fiscal and Paying Agent, Citibank, N.A., London Branch – Agency and Trust, Citigroup Centre, 25 Canada Square, Canary Wharf, London E14 5LB, Telecopy No. (+44) 203 060 4796, Attention: Citibank Trust Agency and Trust; and in the case of the Registrar, to Citigroup Global Markets Europe AG, Reuterweg 16, 60323 Frankfurt, Germany, Telecopy No. +49 69 2222 9586, Attention: Citi Agency & Trust – Registrar Team; or such other address as shall be specified in writing by the party in question to the other party hereto.

ARTICLE 15

ADDITIONAL AMOUNTS; REDEMPTION

15.1 **Additional Amounts.** All payments of principal and interest (and premium, if any) by the Issuer in respect of the Securities shall be made without withholding or deduction for or on account of any present or future taxes, duties, assessments, or other governmental charges of whatsoever nature imposed or levied ("**Taxes**") by or on behalf of the United Kingdom or any political subdivision or taxing authority thereof or therein having power to tax, any jurisdiction in which the Issuer is organized, the jurisdiction of residence of the Issuer for tax purposes or any

jurisdiction from or through which any amount is paid by the Issuer (or any political subdivision or taxing authority of or in any such jurisdiction) (a "**Taxing Jurisdiction**"), unless such withholding or deduction is required by law.

If the Issuer is compelled by the law of a Taxing Jurisdiction to deduct or withhold such Taxes in respect of any amount to be paid by the Issuer on the Securities, then the Issuer shall pay such additional amounts ("**Additional Amounts**") as may be necessary to ensure that the net amounts received by each Holder of a Security after such withholding or deduction (including any withholding or deduction with respect to such Additional Amounts) shall equal the amount of principal (and premium, if any) and interest which such Holder would have received in respect of each Security in the absence of such withholding or deduction; *provided, however*, that the Issuer shall not be required to make any payment of Additional Amounts to a Holder for or on account of:

(a) any Tax which would not have been imposed but for:

(i) the existence of any present or former connection between such Holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such Holder, if such Holder is an estate, trust, partnership, corporation or other Person) and the Taxing Jurisdiction including, without limitation, such Holder (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) being or having been a domiciliary, national or resident thereof or being or having been present or engaged in trade or business therein or having or having had a permanent establishment therein or otherwise having or having had some connection with the Taxing Jurisdiction other than the holding or ownership of a Security or the collection of principal (and premium, if any) of and interest, if any, on, or the enforcement of, a Security; or

(ii) the presentation of a Security for payment (x) on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later, except to the extent that the Holder would have been entitled to such Additional Amounts if it had presented such Security for payment on the last day of such period of 30 days, or (y) by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting for payment to another fiscal or paying agent in a member state of the European Union;

(b) any estate, inheritance, gift, sale, transfer, personal property or similar Tax;

(c) any Tax which is payable otherwise than by deduction or withholding from payments of (or in respect of) principal (and premium, if any) of, or any interest on the Securities;

(d) any Tax that is imposed or withheld by reason of the failure to comply by the Holder or, if different, the beneficial owner of the Security or the payment in question with a request of the Issuer addressed to the Holder:

(i) to provide information concerning the nationality, residence, identity or place of incorporation or organization of the Holder or such beneficial owner; or

(ii) to make any declaration or other similar claim to satisfy any information or reporting requirement,

which, in the case of (i) or (ii), is required or imposed by a statute, treaty, regulation or administrative practice of the Taxing Jurisdiction as a precondition to exemption from all or part of such Tax; *provided* that the Issuer has given the Holder or the beneficial owner at least 30 days' notice that the Holder or beneficial owner will be required to provide such information, declaration or other reporting requirement;

(e) any Tax imposed, deducted or withheld pursuant to section 1471(b) of the Code or otherwise imposed pursuant to sections 1471 through 1474 of the Code, in each case, as of the issue date (and any amended or successor version that is substantively comparable), any current or future regulations or agreements thereunder, official interpretations thereof or similar law or regulation implementing an intergovernmental agreement relating thereto; or

(f) any combination of clauses (a) through (e) above;

nor shall Additional Amounts be paid with respect to any payment of the principal (and premium, if any) of or any interest on, any Security to any Holder of a Security who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the United Kingdom (or any political subdivision or taxing authority thereof or therein) to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had it been the Holder of such Security.

The Issuer will make all withholdings and deductions as required by law and will timely remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law.

Within 60 days after the date of any payment of any Tax in respect of any payment under any Security pursuant to the provisions set forth in this Section 15.1, the Issuer shall furnish to each Holder of a Security the original tax receipt for the payment of such Tax (or, if such original tax receipt is not available, a duly certified copy of any original tax receipt) together with such other documentary evidence with respect to such payments as may be reasonably requested from time to time by any Holder or beneficial owner of a Security.

The obligations of the Issuer set forth in this Section 15.1 shall survive the transfer or payment of a Security. The Issuer will pay any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies which arise in any jurisdiction from the execution, delivery or registration of the Securities or any other document or instrument referred to therein, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside of the United Kingdom except those resulting from, or required to be paid in connection with, the enforcement of the Securities or any other such document or instrument following the occurrence of any Event of Default.

15.2 **Redemption for Taxation Reasons.** The Securities may be redeemed, at the option of the Issuer, in whole but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the Holders, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest to the date fixed by the Issuer for redemption (a "**Tax Redemption Date**") and all Additional Amounts, if any, then due and which will become due on the Tax Redemption Date, as a result of the redemption or otherwise, if the Issuer determines that, as a result of (i) any change in, or amendment to, the laws or treaties (or any regulation or rulings promulgated thereunder) of any Taxing Jurisdiction affecting taxation or (ii) any change in position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction), which change, amendment, application or interpretation becomes effective on or after April 7, 2020, the Issuer is, or on the next Interest Payment Date would be, required to pay Additional Amounts with respect to the Securities of such Series, and the Issuer determines that such payment obligation cannot be avoided by the Issuer taking reasonable measures available to it. Notwithstanding the foregoing, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obligated to make such payment or withholding if a payment in respect of the Securities were then due. Prior to the mailing of any notice of redemption of the Securities pursuant to the foregoing, the Issuer will deliver to the Fiscal and Paying Agent an opinion of a tax counsel of recognized standing to the effect that the circumstances referred to in (i) or (ii) above exist along with a certificate signed by a duly authorized representative stating that the Issuer is entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to the right to redeem have occurred. The Fiscal and Paying Agent shall take receipt of such opinion of a tax counsel and certificate signed by a duly authorized representative solely for the purposes of making the same available for inspection by Holders of the Securities, which receipt shall constitute sufficient evidence of the satisfaction of the conditions precedent described above, in which event they shall be conclusive and binding on the Holders of Securities.

15.3 **Optional Redemption.**

(a) The Securities will be redeemable at the option of the Issuer, in whole or in part, at any time in accordance with paragraph (b) below, at a redemption price equal to the greater of (i) 100% of the outstanding principal amount of the Securities to be redeemed plus accrued but unpaid interest, if any, to the date fixed by the Issuer for redemption and all Additional Amounts, if any, then due and (ii) the sum of the present values of the Remaining Scheduled Payments (as hereinafter

defined) thereon discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate *plus* 45 basis points; *provided* that if any Securities are redeemed on or after the Par Call Date, the redemption price for such Securities will equal 100% of the aggregate principal amount of such Securities redeemed, plus accrued but unpaid interest, if any, to, but not including, the date fixed by the Issuer for redemption. The Issuer shall determine the redemption price of the Securities and shall promptly notify the Fiscal and Paying Agent of the redemption price so determined.

"**Comparable Treasury Issue**" means the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to the remaining term of the Securities to be redeemed (assuming the Securities mature on the Par Call Date) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Securities (assuming the Securities mature on the Par Call Date).

"**Comparable Treasury Price**" means, with respect to any redemption date prior to the Par Call Date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations or, if only one such quotation is obtained, such quotation.

"**Independent Investment Banker**" means the Reference Treasury Dealer appointed by the Issuer.

"**Par Call Date**" means January 15, 2030 (the date that is three months prior to the maturity of the 2030 Notes).

"**Reference Treasury Dealer**" means each of Deutsche Bank Securities Inc., Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC and NatWest Markets Securities Inc. and their respective successors and two other nationally recognized investment banking firms that are Primary Treasury Dealers (as defined below) specified from time to time by the Issuer; *provided, however*, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "*Primary Treasury Dealer*"), the Issuer shall substitute therefor another nationally recognized investment banking firm that is a Primary Treasury Dealer.

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m. United States Eastern Time on the third Business Day preceding such redemption date.

"**Remaining Scheduled Payments**" means, with respect to the Securities to be redeemed, the remaining scheduled payments of the principal thereof to be redeemed and interest thereon to the Par Call Date that would be due after the related redemption date but for such redemption; *provided,*

however, that, if such redemption date is not an Interest Payment Date with respect to such Securities, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to such redemption date.

"**Treasury Rate**" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

(b) Notice of any redemption under this Section 15.3 will be given by the Issuer by first-class mail at least 10 days but no more than 60 days before the redemption date to the Holders of the Securities to be redeemed and to the Fiscal and Paying Agent. Any redemption and notice may, in the Issuer's discretion, be subject to one or more conditions precedent and, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions precedent included in the Issuer's discretion shall be satisfied (or waived by the Issuer) or the redemption date may not occur and such notice may be rescinded if all such conditions precedent included in the Issuer's discretion shall not have been satisfied (or waived by the Issuer). Unless the Issuer defaults in payment of the redemption price, on and after the redemption date interest will cease to accrue on the Securities or portions thereof called for redemption. All Securities surrendered for payment or exchange shall be delivered to the Fiscal and Paying Agent. The Fiscal and Paying Agent shall cancel and may destroy all such Securities surrendered for payment or exchange, in accordance with its note destruction policy, and if Securities are destroyed, the Fiscal and Paying Agent shall deliver a certificate of destruction to the Issuer.

15.4 **Partial Redemption.** Whenever less than all the Outstanding Securities of a particular Series are to be redeemed, the Issuer shall notify the Fiscal and Paying Agent at least 15 days prior to the mailing of the notice of redemption to the Holders, and the particular Securities to be redeemed shall be selected by the Fiscal and Paying Agent from the Outstanding Securities not previously called for redemption by lot. If applicable, the Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws or regulations in connection with any such repayment.

15.5 **Surrender of Security.** Any Security which is to be redeemed or repurchased only in part shall be surrendered to the Fiscal and Paying Agent and the Issuer shall execute, and the Fiscal and Paying Agent shall authenticate and deliver to the Holder of such Security, without service charge, a new Security or Securities, of like tenor, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

ARTICLE 16

COVENANTS OF THE ISSUER

The covenants of the Issuer set forth in this Article 16 shall be applicable to the Securities:

16.1 **Definitions.** The terms hereinafter set forth when used in connection with Section 16.2 and the Events of Default shall have the following meanings:

"**BAE Systems Group**" means the Issuer and its consolidated Subsidiaries.

"**BAE Systems Group Total Assets**" means, at any time, the aggregate book value of the current and non-current assets and investments of the BAE Systems Group as determined by reference to the Latest Consolidated Balance Sheet.

"**Latest Consolidated Balance Sheet**" means the latest published annual consolidated balance sheet of the Issuer which has been audited and reported on by the Issuer's independent auditors (the "*Auditors*") in the full financial statements of the BAE Systems Group.

"**Lien**" means any lien, mortgage, charge, encumbrance or other security interest; *provided* that Liens shall not include: (i) in the case of a Subsidiary, any liens, mortgages, charges, encumbrances or other security interests in existence at the date it became a Subsidiary and which was not created in anticipation of such acquisition and (ii) any security interests not falling within (i) above securing an amount in the aggregate not exceeding 3.5% of the BAE Systems Group Total Assets.

"**Person**" means an individual, partnership, corporation, company, undertaking, joint venture, trust, unincorporated organization or other entity, and a government or agency or political subdivision thereof.

"**Relevant Borrowings**" means any indebtedness for borrowed money of any member of the BAE Systems Group in the form of, or represented by, bonds, notes, debentures or other securities which are or are to be quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market (whether or not initially distributed by way of private placement), but excluding any such indebtedness which upon the issuance thereof had a stated maturity not exceeding one year.

"**Subsidiary**" means a subsidiary corporation or other Person which is required to be fully consolidated in the consolidated financial statements of the Issuer in accordance with the accounting principles under which the Issuer is required to produce its financial statements from time to time.

For purposes of the foregoing definitions, borrowings of any member of the BAE Systems Group expressed in or calculated by reference to a currency other than Pounds Sterling or a combination of currencies including a currency or currencies other than Pounds Sterling shall (as regards the currency or currencies other than Pounds Sterling) be converted into Pounds Sterling by reference to the rates of exchange used for the conversion of such currencies in the Latest Consolidated Balance Sheet or, if no such conversion was so required for any relevant currency, by reference to the rate of exchange or approximate rate of exchange in effect on the date of the Latest Consolidated Balance Sheet.

16.2 **Covenants.** So long as any amount remains unpaid on the Securities, the Issuer will comply with the terms of the covenants set forth herein:

(a) *Payment of Principal and Interest*. The Issuer will duly and punctually pay the principal of (and premium, if any) and interest on the Securities in accordance with their terms.

(b) *Existence*. Except as provided in clause (c) below, the Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

(c) *Merger, Consolidation, Sale or Lease*. The Issuer will not, directly or indirectly, consolidate or merge with, or sell, lease or otherwise dispose of substantially all of its assets to, any other Person unless (i) the Issuer is the survivor in such transaction or the Issuer procures that the survivor is a corporation or other Person organized under the laws of England and Wales, the United States or a state thereof or the District of Columbia which expressly assumes in writing the Issuer's obligations under the Securities and (ii) immediately after giving effect to the transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing.

(d) *Limitation on Liens*. The Issuer will not, and will not permit any member of the BAE Systems Group to, create or permit to exist any Lien upon any of its or their present or future assets or revenues to secure any of its present or future Relevant Borrowings without making effective provision whereby all of the Securities shall be directly secured equally and ratably with such Relevant Borrowings.

(e) *Information*. So long as any Securities are outstanding, and except at such time as the Issuer is a reporting company under Section 13 or 15(d) of the Exchange Act or is exempt from registration under the Exchange Act by virtue of the exemption from registration set forth in Rule 12g3-2(b) under the Exchange Act, the Issuer shall provide the information required pursuant to Rule 144A(d)(4) under the Securities Act upon request of the Holders of the Securities, a prospective purchaser of the Securities designated by such Holder, a beneficial owner of such a Global Security or a prospective purchaser designated by such beneficial owner.

ARTICLE 17
AGREEMENT OF THE ISSUER

The Issuer agrees to furnish, or make available through its corporate website, to the Holders of the Securities as soon as practicable after the end of each fiscal year, the annual report and accounts (including the consolidated financial statements of the Issuer and its consolidated subsidiaries which have been audited and reported on by the Auditors) and, as soon as practicable after the end of the first half of each fiscal year (beginning with the fiscal half ending June 30, 2020), consolidated summary financial information of the Issuer and its consolidated subsidiaries of such half in the form distributed to its shareholders.

ARTICLE 18

RESALE OF CERTAIN SECURITIES

If the Issuer or any of its "affiliates" (as defined under Rule 144 under the Securities Act) which are under their control reacquire any of the Securities, the Issuer shall not, and shall not permit any of its "affiliates" to, resell such reacquired Securities except to the extent and in the manner permitted by Rule 144, other than pursuant to Regulation S. The Fiscal and Paying Agent shall have no responsibility or liability in respect of the Issuer's performance of its agreement in the preceding sentence.

ARTICLE 19

[Reserved].

ARTICLE 20

MISCELLANEOUS

20.1 **Successors and Assigns Benefit of Agreement.** All covenants and agreements of the parties hereto under this Agreement shall bind their respective successors and assigns, whether or not so expressed herein. Nothing contained in this Agreement or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors and assigns and the Holders from time to time of the Securities, any benefits or any legal or equitable right, remedy or claim under this Agreement.

20.2 **Satisfaction and Discharge of Agreement.** This Agreement shall cease to be of further effect with respect to any Securities, and, upon request by the Issuer, the Fiscal and Paying Agent shall execute proper instruments prepared by the Issuer and acceptable to the Fiscal and Paying Agent acknowledging satisfaction and discharge of this Agreement with respect to such Securities, on the Termination Date. Notwithstanding the foregoing, the obligations of the Issuer to the Fiscal and Paying Agent under Article 8, Article 9, Article 11, and Article 13 hereof, and the obligations of the Fiscal and Paying Agent to the Issuer under Section 5.2 hereof, shall survive the satisfaction and discharge of this Agreement.

20.3 **Severability.** In the event that any provision of this Agreement or of the Securities shall be determined to be invalid, illegal or unenforceable, such determination shall not in any way affect or impair the validity, legality or enforceability of the remaining provisions hereof or thereof.

20.4 **Counterparts.** This Agreement may be executed in separate counterparts, and by each party separately on a separate counterpart, and each such counterpart, when so executed and delivered, shall be deemed to be an original. Such counterparts shall together constitute but one and the same instrument.

20.5 **Governing Law.** THIS AGREEMENT AND THE SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE

LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CHOICE OF LAW OR CONFLICTS OF LAW PRINCIPLES THEREOF.

20.6 **Waiver of Jury Trial.** EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

20.7 **Miscellaneous.**

Notwithstanding anything else herein contained, each of the Fiscal and Paying Agent and the Registrar may refrain without liability from doing anything that would be contrary to any law of any state or jurisdiction (including but not limited to the United States of America, the European Union or, in each case, any jurisdiction forming a part of it and England and Wales) or any directive or regulation of any agency of any such state or jurisdiction and may without liability do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers or authorized signatories as of the date first above written.

BAE Systems plc,
as Issuer

By: _____

Name: DAVID PARKES

Title: COMPANY SECRETARY

[Signature Page to Fiscal and Paying Agency Agreement]

Citibank, N.A., London Branch,
as Fiscal and Paying Agent

By:_____

Name: Justin Ng

Title: Director

[Signature Page to Fiscal and Paying Agency Agreement]

Citigroup Global Markets Europe AG,
as Registrar

By: Gabriele Fisch

Name: Delegated Signatory

Title:

Lothar Schäfer

Delegated Signatory

[Signature Page to Fiscal and Paying Agency Agreement]

Exhibit A

TO FISCAL AND PAYING AGENCY AGREEMENT

[Form of Security]

[FORM OF FACE]

BAE Systems plc

3.400% Note due 2030

If the Security is required to bear the Legend as required by Section 2.3 of the Fiscal and Paying Agency Agreement, insert the following legends as applicable:

If a Restricted Global Security, insert the following legend – THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")); (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES THAT IT WILL NOT OFFER, SELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A)(I) TO THE ISSUER OR ANY OF ITS SUBSIDIARIES, (II) FOR SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S AND, IN THE CASE OF TRANSFERS ON OR PRIOR TO THE 40TH DAY AFTER THE LATER OF THE COMMENCMENT OF THE OFFERING OF THE SECURITIES AND THE DATE OF THE INITIAL ISSUANCE OF THIS SECURITY, WHICH IS TO A NON-U.S. PERSON, (IV)

PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (V) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, OR (VI) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND (B) IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION; AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM IT TRANSFERS SECURITIES A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THE FISCAL AND PAYING AGENCY AGREEMENT CONTAINS A PROVISION REQUIRING THE FISCAL AND PAYING AGENT TO REFUSE TO REGISTER ANY TRANSFER OF THIS SECURITY IN VIOLATION OF THE FOREGOING RESTRICTIONS. EACH HOLDER OF THIS SECURITY, OR OF ANY INTEREST THEREIN, WILL BE DEEMED TO ACKNOWLEDGE, REPRESENT, WARRANT AND AGREE THAT, AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD OF ITS HOLDING AND DISPOSITION OF SUCH SECURITY OR INTEREST THEREIN, EITHER (A) IT IS NOT, AND IT WILL NOT BECOME, AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) THAT IS SUBJECT TO ERISA, A "PLAN" SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY OR OTHERWISE, OR A GOVERNMENTAL PLAN, CHURCH PLAN, NON-U.S. PLAN OR OTHER PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR (B) ITS PURCHASE, HOLDING AND DISPOSITION OF SUCH SECURITY OR INTEREST THEREIN WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL PLAN, CHURCH PLAN, NON-U.S. PLAN OR OTHER PLAN, A VIOLATION OF ANY SUBSTANTIALLY SIMILAR FEDERAL, STATE, LOCAL OR NON-U.S. LAW) BY REASON OF AN APPLICABLE STATUTORY OR ADMINISTRATIVE EXEMPTION. THE FISCAL AND PAYING AGENCY AGREEMENT CONTAINS A PROVISION REQUIRING THE FISCAL AND PAYING AGENT TO REFUSE TO REGISTER ANY TRANSFER OF ANY SECURITY IN VIOLATION OF THE FOREGOING RESTRICTIONS.]

[If a Regulation S Global Security, insert the following legend – THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT IS ACQUIRING THIS SECURITY IN AN "OFFSHORE TRANSACTION" (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S AND, IF THE SECURITY HAS BEEN ACQUIRED ON OR PRIOR TO THE 40TH DAY AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE SECURITIES AND THE DATE OF THE INITIAL ISSUANCE OF THIS SECURITY (THE "RESTRICTED PERIOD"), IT IS NOT A U.S. PERSON (AS DEFINED IN REGULATION S) AND IT HAS NOT ACQUIRED THE SECURITY FOR THE ACCOUNT OR BENEFIT OF ANY U.S. PERSON; (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES THAT IT WILL NOT, ON OR PRIOR TO THE END OF THE RESTRICTED PERIOD, OFFER, SELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) (I) TO THE ISSUER OR ANY OF ITS SUBSIDIARIES, (II) FOR SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), (III) TO A NON-U.S. PERSON OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION (AS DEFINED IN REGULATION S) IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S, (IV) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (V) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, OR (VI) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND (B) IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION; AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM IT TRANSFERS SECURITIES A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THE FISCAL AND PAYING AGENCY AGREEMENT CONTAINS A PROVISION REQUIRING THE FISCAL AND PAYING AGENT TO REFUSE TO REGISTER ANY TRANSFER OF THIS SECURITY IN VIOLATION OF THE FOREGOING RESTRICTIONS. AFTER THE END OF THE RESTRICTED PERIOD, THIS SECURITY AND ANY INTEREST HEREIN MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE SECURITIES ACT AND ALL APPLICABLE LAWS OF ANY OTHER JURISDICTION. EACH HOLDER OF THIS SECURITY, OR OF ANY INTEREST THEREIN, WILL BE DEEMED TO ACKNOWLEDGE, REPRESENT, WARRANT AND AGREE THAT, AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD OF ITS HOLDING AND DISPOSITION OF SUCH SECURITY OR INTEREST THEREIN, EITHER (A) IT IS NOT, AND IT WILL NOT BECOME, AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) THAT IS SUBJECT TO ERISA, A "PLAN" SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S

INVESTMENT IN THE ENTITY OR OTHERWISE, OR A GOVERNMENTAL PLAN, CHURCH PLAN, NON-U.S. PLAN OR OTHER PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR (B) ITS PURCHASE, HOLDING AND DISPOSITION OF SUCH SECURITY OR INTEREST THEREIN WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL PLAN, CHURCH PLAN, NON-U.S. PLAN OR OTHER PLAN, A VIOLATION OF ANY SUBSTANTIALLY SIMILAR FEDERAL, STATE, LOCAL OR NON-U.S. LAW) BY REASON OF AN APPLICABLE STATUTORY OR ADMINISTRATIVE EXEMPTION. THE FISCAL AND PAYING AGENCY AGREEMENT CONTAINS A PROVISION REQUIRING THE FISCAL AND PAYING AGENT TO REFUSE TO REGISTER ANY TRANSFER OF ANY SECURITY IN VIOLATION OF THE FOREGOING RESTRICTIONS.]

[If the Security is a Global Security, insert the following legend – UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("*DTC*"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN. TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE, AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ARTICLE 6 OF THE FISCAL AND PAYING AGENCY AGREEMENT REFERRED TO ON THE REVERSE HEREOF.]

[If the Security is a Certificated Security, insert the following legend – IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE FISCAL AND PAYING AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH FISCAL AND PAYING AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.]

BAE Systems plc

3.400% Note due 2030

CUSIP:_____

Registered No._____

ISIN:_____

Principal Amount: $_____

BAE Systems plc (the "**Issuer**"), for value received, hereby promises to pay to _____, or registered assigns, $ _____ (or such outstanding principal amount which is reflected in the attached Schedule of Exchanges and the records of the Fiscal and Paying Agent) on April 15, 2030 (the "**Stated Maturity Date**").

The Issuer hereby promises to pay interest, at the Rate of Interest per annum set forth above (computed on the basis of a 360-day year of twelve 30-day months), on the unpaid principal amount hereof until said principal amount has been paid in full or duly made available for payment, semi-annually in arrears on April 15 and October 15 of each year, commencing on October 15, 2020. Interest on this Security will be paid from April 14, 2020 (the "**Original Issue Date**") or from the most recent Interest Payment Date (as hereinafter defined) to which such interest has been paid.

Any payment of principal of or interest on this Security that would otherwise become due and payable on a day which is not a Business Day (whether on an Interest Payment Date, at the Stated Maturity Date or on a Redemption Date) shall become due and payable on the next succeeding Business Day with the same force and effect as if made on the date for payment of such principal or interest, and no interest shall accrue in respect of such payment for the period after such day.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, and such provisions shall for all purposes have the same effect as though fully set forth in this place. Unless otherwise defined herein, all terms used in this Security which are defined in the Fiscal and Paying Agency Agreement shall have the meanings assigned to them in the Fiscal and Paying Agency Agreement.

This Security shall not be entitled to any benefit under the Fiscal and Paying Agency Agreement or be valid or obligatory for any purpose until it shall have been authenticated by the manual signature of a duly authorized officer of the Fiscal and Paying Agent, such signature being conclusive evidence of the due authentication and delivery of this Security.

IN WITNESS WHEREOF, BAE Systems plc has caused this instrument to be executed by its duly authorized officers.

Dated:

BAE Systems plc

By: _____
Authorized Representative

This is one of the Securities referred to
in the within-mentioned Fiscal and
Paying Agency Agreement:

Citibank, N.A., London Branch, as Fiscal and Paying Agent without recourse, warranty or liability

By: _____
Authorized Signatory

[REVERSE OF SECURITY]

1. This Security is one of a duly authorized issue of 3.400% Notes due 2030 of the Issuer (each a "**Security**", and collectively, the "**Securities**" or the "**2030 Notes**") issued by the Issuer under the Fiscal and Paying Agency Agreement (as the same may be amended, supplemented or otherwise modified from time to time, the "**Fiscal and Paying Agency Agreement**"), dated as of April 14, 2020, among the Issuer, Citibank, N.A., London Branch (Citibank, N.A., London Branch or any duly appointed successor fiscal and paying agent acting in such capacity being referred to herein as the "**Fiscal and Paying Agent**") and Citigroup Global Markets Europe AG, as Registrar. Copies of the Fiscal and Paying Agency Agreement are on file and available for inspection at the designated corporate trust office of the Fiscal and Paying Agent in London, United Kingdom, currently located at Citigroup Centre, 25 Canada Square, Canary Wharf, London E14 5LB, or at such other place or places in London, United Kingdom as the Fiscal and Paying Agent or the Issuer shall designate by notice to the Holder (as defined in Section 3 of this Security) given in accordance with Article 7 of the Fiscal and Paying Agency Agreement.

The principal amount of this Security shall be paid on the Stated Maturity Date by check, drawn on a bank in The City of New York. Such payment shall be made on the Stated Maturity Date upon surrender of this Security at the aforementioned office of the Fiscal and Paying Agent in London or at such other place or places as the Fiscal and Paying Agent or the Issuer shall designate by notice to the Holder. Payments of interest shall be made by check, drawn on a bank located in The City of New York, mailed from the aforementioned office of the Fiscal and Paying Agent in London or any such other designated place or places to the Holder at the address of the Holder specified in the Security Register.

Notwithstanding the foregoing, the Holder may elect to receive payments of principal or interest by wire transfer in immediately available funds to a bank account in The City of New York designated by the Holder in a written notice received by the Fiscal and Paying Agent (i) in the case of a payment of interest, prior to the Record Date (as hereinafter defined) immediately preceding the Interest Payment Date on which such payment is due and (ii) in the case of a payment of principal, prior to the Record Date immediately preceding the Stated Maturity Date; *provided* that the Holder shall have surrendered this Security to the Fiscal and Paying Agent for payment together with such notice. Interest payable on any Interest Payment Date shall be payable to the person in whose name this Security is registered at the close of business on April 1 or October 1, as the case may be (whether or not a Business Day), next preceding such Interest Payment Date (such date, the "**Record Date**" for such Interest Payment Date). To the extent permitted by applicable law, interest shall accrue, at the rate at which interest accrues on the principal of this Security, on any amount of principal of or interest on this Security not paid when due.

The Issuer shall not be entitled to exercise any right of set-off or counterclaim against moneys due and payable by the Issuer to the Holder of this Security in respect of this Security in the event that the Holder is indebted or under liability to the Issuer .

2. Payments of principal (and premium, if any) of and interest (and any Additional Amounts, if any) on this Security shall be made in United States Dollars or in such other coin or currency of the United

States of America as at the time of payment is legal tender for the payment of public and private debts. Until the date on which all of the Securities shall have been surrendered or delivered to the Fiscal and Paying Agent for cancellation or destruction, or become due and payable and a sum sufficient to pay the principal of and interest on all of the Securities shall have been made available for payment and either paid or returned to the Issuer as provided herein and in the Fiscal and Paying Agency Agreement (such date being herein referred to as the "**Termination Date**"), the Issuer shall at all times maintain an office or agency in the Borough of Manhattan, The City of New York, where Restricted Certificated Securities, Restricted Global Securities or Regulation S Global Securities may be presented or surrendered for payment.

3. Subject to any transfer restrictions set forth on the face of this Security, the Fiscal and Paying Agency Agreement and applicable law, this Security or an interest herein is transferable in whole or in part and may be exchanged as provided in the Fiscal and Paying Agency Agreement, with the applicable legends marked thereon, in an authorized denomination. Any Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Fiscal and Paying Agent) be duly endorsed, or accompanied by a written instrument of transfer with such evidence of due authorization and guarantee of signature as may reasonably be required by the Fiscal and Paying Agent in form satisfactory to the Fiscal and Paying Agent, duly executed by the Holder or his attorney duly authorized in writing, and with such tax identification number or other information for each person in whose name a Security is to be issued as the Fiscal and Paying Agent may reasonably request to comply with applicable law. No registration or transfer of or exchange of Securities shall be made for a period from the Record Date to the due date for any payment of interest on the Securities or for a period of 15 days immediately preceding the date notice is given identifying the serial numbers of Securities called for redemption through the date of redemption or for a period of 15 days immediately preceding the Stated Maturity Date.

In the event that this Security shall at any time become mutilated, defaced, destroyed, lost or stolen, the Issuer shall execute, and, upon the request of the Issuer, the Fiscal and Paying Agent shall authenticate and deliver, a replacement Security of like tenor and equal principal amount, registered in the same manner, dated the date of its authentication and bearing interest from the date to which interest has been paid on this Security, in exchange and substitution for this Security (upon surrender and cancellation hereof) or in lieu of and substitution for this Security. In the event that this Security is destroyed, lost or stolen, the applicant for a replacement Security shall furnish to the Issuer and the Fiscal and Paying Agent such security or indemnity as may be required by them to hold each of them, in their sole discretion, harmless, and, in every case of destruction, loss or theft of this Security, the applicant shall also furnish to the Issuer and the Fiscal and Paying Agent satisfactory evidence of destruction, loss or theft of this Security and of the ownership hereof. In the event that the principal amount of any such mutilated, defaced, destroyed, stolen or lost Security shall have become, or will within the next succeeding 15 days become, due and payable in accordance with its terms, the Issuer may, at its discretion, direct the Fiscal and Paying Agent not to authenticate and deliver such a replacement Security. All expenses and reasonable charges associated with procuring any such indemnity and with the preparation, execution, authentication and delivery of any such replacement Security shall be borne by the person requesting the delivery of such replacement Security. The provisions of this paragraph

are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, defaced, destroyed, lost or stolen Securities.

Each Security executed, authenticated and delivered in lieu of, in exchange for or upon registration of transfer of the whole or any part of this Security shall constitute a valid obligation of the Issuer, evidencing the same debt, entitled to the same benefits under the Fiscal and Paying Agency Agreement and carrying all the rights to interest accrued and unpaid and to accrue that were carried by the whole or such part of this Security.

No service charge shall be made for any replacement, exchange or registration of transfer of this Security, but the Issuer may require prior to execution and delivery of such Security the payment of a sum sufficient to cover any stamp or other tax or governmental charge that may be imposed in connection therewith (or presentation of evidence that such tax or charge has been paid).

Prior to the presentation of this Security for registration or transfer, the Issuer and the Fiscal and Paying Agent and any agent of the Issuer or the Fiscal and Paying Agent may treat the person in whose name this Security is registered in the Security Register (the "**Holder**") as the absolute owner of this Security for the purpose of receiving payments of principal of and interest on this Security and for all other purposes whatsoever, and none of the Issuer, the Fiscal and Paying Agent or any agent of the Issuer or the Fiscal and Paying Agent shall be affected by any notice to the contrary.

4. Except as provided in Sections 6, 7 and 14 of this Security or as otherwise provided by applicable law, the Holder is not entitled to payment of principal of this Security prior to the Stated Maturity Date.

5. All payments of principal and interest (and premium, if any) by the Issuer in respect of the Securities shall be made without withholding or deduction for or on account of any present or future taxes, duties, assessments, or other governmental charges of whatsoever nature imposed or levied ("**Taxes**") by or on behalf of the United Kingdom or any political subdivision or taxing authority thereof or therein having power to tax, any jurisdiction in which the Issuer is organized, the jurisdiction of residence of the Issuer for tax purposes or any jurisdiction from or through which any amount is paid by the Issuer (or any political subdivision or taxing authority of or in any such jurisdiction) (a "**Taxing Jurisdiction**"), unless such withholding or deduction is required by law. If the Issuer is compelled by the law of a Taxing Jurisdiction to deduct or withhold such Taxes in respect of any amount to be paid by the Issuer on the Securities, then the Issuer shall pay such additional amounts ("**Additional Amounts**") as may be necessary to ensure that the net amounts received by each Holder of a Security after such withholding or deduction (including any withholding or deduction with respect to such Additional Amounts) shall equal the amount of principal (and premium, if any) and interest which such Holder would have received in respect of each Security in the absence of such withholding or deduction; *provided, however*, that the Issuer shall not be required to make any payment of Additional Amounts to a Holder for or on account of:

(a) any Tax which would not have been imposed but for:

(i) the existence of any present or former connection between such Holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such Holder, if such Holder is an estate, trust, partnership, corporation or other Person) and the Taxing Jurisdiction including, without limitation, such Holder (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) being or having been a domiciliary, national or resident thereof or being or having been present or engaged in trade or business therein or having or having had a permanent establishment therein or otherwise having or having had some connection with the Taxing Jurisdiction other than the holding or ownership of a Security or the collection of principal (and premium, if any) of and interest, if any, on, or the enforcement of, a Security; or

(ii) the presentation of a Security for payment (x) on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later, except to the extent that the Holder would have been entitled to such Additional Amounts if it had presented such Security for payment on the last day of such period of 30 days, or (y) by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting for payment to another fiscal or paying agent in a member state of the European Union;

(b) any estate, inheritance, gift, sale, transfer, personal property or similar Tax;

(c) any Tax which is payable otherwise than by deduction or withholding from payments of (or in respect of) principal (and premium, if any) of, or any interest on the Securities;

(d) any Tax that is imposed or withheld by reason of the failure to comply by the Holder or, if different, the beneficial owner of the Security or the payment in question with a request of the Issuer addressed to the Holder:

(i) to provide information concerning the nationality, residence, identity or place of incorporation or organization of the Holder or such beneficial owner; or

(ii) to make any declaration or other similar claim to satisfy any information or reporting requirement,

which, in the case of (i) or (ii), is required or imposed by a statute, treaty, regulation or administrative practice of the Taxing Jurisdiction as a precondition to exemption from all or part of such Tax; *provided* that the Issuer has given the Holder or the beneficial owner at least 30 days' notice that the Holder or beneficial owner will be required to provide such information, declaration or other reporting requirement;

(e) any Tax imposed, deducted or withheld pursuant to section 1471(b) of the Code or otherwise imposed pursuant to sections 1471 through 1474 of the Code, in each case, as of the issue date (and any amended or successor version that is substantively comparable), any current or

future regulations or agreements thereunder, official interpretations thereof or similar law or regulation implementing an intergovernmental agreement relating thereto; or

(f) any combination of clauses (a) through (e) above;

nor shall Additional Amounts be paid with respect to any payment of the principal (and premium, if any) of or any interest on, any Security to any Holder of a Security who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the United Kingdom (or any political subdivision or taxing authority thereof or therein) to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had it been the Holder of such Security.

The Issuer will make all withholdings and deductions as required by law and will timely remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law.

Within 60 days after the date of any payment of any Tax in respect of any payment under any Security pursuant to the provisions set forth in this Section 5, the Issuer shall furnish to each Holder of a Security the original tax receipt for the payment of such Tax (or, if such original tax receipt is not available, a duly certified copy of any original tax receipt) together with such other documentary evidence with respect to such payments as may be reasonably requested from time to time by any Holder or beneficial owner of a Security.

The obligations of the Issuer set forth in this Section 5 shall survive the transfer or payment of a Security. The Issuer will pay any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies which arise in any jurisdiction from the execution, delivery or registration of the Securities or any other document or instrument referred to therein, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside of the United Kingdom except those resulting from, or required to be paid in connection with, the enforcement of the Securities or any other such document or instrument following the occurrence of any Event of Default.

6. The Securities may be redeemed, at the option of the Issuer, in whole but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the Holders, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest to the date fixed by the Issuer for redemption (a "**Tax Redemption Date**") and all Additional Amounts, if any, then due and which will become due on the Tax Redemption Date, as a result of the redemption or otherwise, if the Issuer determines that, as a result of (i) any change in, or amendment to, the laws or treaties (or any regulation or rulings promulgated thereunder) of any Taxing Jurisdiction affecting taxation or (ii) any change in position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction), which change, amendment, application or interpretation becomes effective on or after April 7, 2020, the Issuer is, or on the next Interest Payment Date would be, required to pay Additional Amounts with respect to the Securities of such Series, and the Issuer determines that such payment obligation cannot be avoided by the Issuer taking reasonable measures available to it. Notwithstanding the foregoing, no

such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obligated to make such payment or withholding if a payment in respect of the Securities were then due. Prior to the mailing of any notice of redemption of the Securities pursuant to the foregoing, the Issuer will deliver to the Fiscal and Paying Agent an opinion of a tax counsel of recognized standing to the effect that the circumstances referred to in (i) or (ii) above exist along with a certificate signed by a duly authorized representative stating that the Issuer is entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to the right to redeem have occurred. The Fiscal and Paying Agent shall take receipt of such opinion of a tax counsel and certificate signed by a duly authorized representative solely for the purposes of making the same available for inspection by Holders of the Securities, which receipt shall constitute sufficient evidence of the satisfaction of the conditions precedent described above, in which event they shall be conclusive and binding on the Holders of Securities.

7. The Securities will be redeemable at the option of the Issuer, in whole or in part, at any time, at a redemption price equal to the greater of (i) 100% of the outstanding principal amount of the Securities to be redeemed plus accrued but unpaid interest, if any, to the date fixed by the Issuer for redemption and all Additional Amounts, if any, then due and (ii) the sum of the present values of the Remaining Scheduled Payments (as hereinafter defined) thereon discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate *plus* 45 basis points; *provided* that if any Securities are redeemed on or after the Par Call Date, the redemption price for such Securities will equal 100% of the aggregate principal amount of such Securities redeemed, plus accrued but unpaid interest, if any, to, but not including, the date fixed by the Issuer for redemption.

"**Comparable Treasury Issue**" means the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to the remaining term of the Securities to be redeemed (assuming the Securities mature on the Par Call Date) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Securities (assuming the Securities mature on the Par Call Date).

"**Comparable Treasury Price**" means, with respect to any redemption date prior to the Par Call Date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations or, if only one such quotation is obtained, such quotation.

"**Independent Investment Banker**" means the Reference Treasury Dealer appointed by the Issuer.

"**Par Call Date**" means January 15, 2030 (the date that is three months prior to the maturity of the 2030 Notes).

"**Reference Treasury Dealer**" means each of Deutsche Bank Securities Inc., Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC and NatWest Markets Securities Inc. and their respective successors and two other nationally recognized investment banking firms that are Primary Treasury Dealers (as defined below) specified from time to time by the Issuer; *provided, however*, that if any of

the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "*Primary Treasury Dealer*"), the Issuer shall substitute therefor another nationally recognized investment banking firm that is a Primary Treasury Dealer.

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m. United States Eastern Time on the third Business Day preceding such redemption date.

"**Remaining Scheduled Payments**" means, with respect to the Securities to be redeemed, the remaining scheduled payments of the principal thereof to be redeemed and interest thereon to the Par Call Date that would be due after the related redemption date but for such redemption; *provided, however*, that, if such redemption date is not an Interest Payment Date with respect to such Securities, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to such redemption date.

"**Treasury Rate**" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

8. Notice of any redemption will be given by the Issuer by first-class mail at least 10 days but no more than 60 days before the redemption date to the Holders of the Securities to be redeemed and to the Fiscal and Paying Agent. Any redemption and notice may, in the Issuer's discretion, be subject to one or more conditions precedent and, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions precedent included in the Issuer's discretion shall be satisfied (or waived by the Issuer) or the redemption date may not occur and such notice may be rescinded if all such conditions precedent included in the Issuer's discretion shall not have been satisfied (or waived by the Issuer). Unless the Issuer defaults in payment of the redemption price, on and after the redemption date interest will cease to accrue on the Securities or portions thereof called for redemption. All Securities surrendered for payment or exchange shall be delivered to the Fiscal and Paying Agent. The Fiscal and Paying Agent shall cancel and may destroy all such Securities surrendered for payment or exchange, in accordance with its note destruction policy, and if Securities are destroyed, the Fiscal and Paying Agent shall deliver a certificate of destruction to the Issuer.

Whenever less than all the Outstanding Securities of a particular Series are to be redeemed, the Issuer shall notify the Fiscal and Paying Agent at least 15 days prior to the mailing of the notice of redemption to the Holders, and the particular Securities to be redeemed shall be selected by the Fiscal and Paying Agent from the Outstanding Securities not previously called for redemption by lot. If applicable, the Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws or regulations in connection with any such repayment.

Any Security which is to be redeemed or repurchased only in part shall be surrendered to the Fiscal and Paying Agent and the Issuer shall execute, and the Fiscal and Paying Agent shall authenticate and

deliver to the Holder of such Security, without service charge, a new Security or Securities, of like tenor, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

9. The Securities will bear interest from April 14, 2020. Interest on the Securities will be payable semi-annually in arrears on April 15 and October 15 of each year, commencing on October 15, 2020 (or, if any such date is not a Business Day, on the next succeeding Business Day) (each, an "**Interest Payment Date**").

10. All notices to the Issuer under this Security shall be in writing and addressed to the Issuer at 6 Carlton Gardens, London SW1Y 5AD, United Kingdom, Attention: Company Secretary (Fax: +44 (0)12 5238 3991), or to such other address as the Issuer may notify to the Holder. All notices to the Holder shall be in writing and sent by mail to the Holder at his or its address as set forth in the Security Register and in accordance with Article 7 of the Fiscal and Paying Agency Agreement.

11. In acting under the Fiscal and Paying Agency Agreement, the Fiscal and Paying Agent is acting solely as the agent of the Issuer and does not assume any obligation or relationship of agency or trust for or with the Holder except as specifically described herein or therein. Under the terms of the Fiscal and Paying Agency Agreement, the Issuer may remove any Fiscal and Paying Agent and appoint a new Fiscal and Paying Agent in respect of the Securities, *provided* that until the Securities have been delivered to the Fiscal and Paying Agent for cancellation, or moneys sufficient to pay the principal of and interest and any additional amounts on the Securities have been made available for payment and either paid or refunded to the Issuer as provided in the Fiscal and Paying Agency Agreement, it will maintain a Fiscal and Paying Agent in New York City with respect to Global Securities and Restricted Certificated Securities. The Issuer shall notify, or cause the Fiscal and Paying Agent to notify, the Holders of the Securities of the appointment of any Fiscal and Paying Agent in accordance with Article 7 of the Fiscal and Paying Agency Agreement.

12. The Securities evidenced hereby are issuable only in fully registered form without interest coupons in denominations of $200,000 and integral multiples of $1,000 in excess thereof.

13. The term "**Event of Default**", as used in this Security, means any of the following events: (i) the Issuer shall fail to pay when due the principal of the Securities within five Business Days following the date such payment is due; (ii) the Issuer shall fail to pay an installment of interest on the Securities within 30 days following the date such payment is due; (iii) the Issuer shall fail to perform or observe any other term, covenant or agreement contained in the Securities of any Series for a period of 90 days after written notice thereof shall have been given to the Issuer by the Holders of not less than 25% in aggregate principal amount of the Securities; (iv) a decree or order by a court having jurisdiction shall have been entered adjudging the Issuer bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of the Issuer under any Bankruptcy Law or any other similar applicable Federal, state or foreign law, and such decree or order shall have continued undischarged and unstayed for a period of 60 days; or a decree or order of a court having jurisdiction for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer or of the property of the Issuer or for the winding up or liquidation of the affairs of the Issuer shall have been entered and such

decree or order shall have continued undischarged and unstayed for a period of 60 days; or (v) the Issuer shall institute proceedings to be adjudicated voluntarily bankrupt or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization under any Bankruptcy Law or any other similar applicable Federal, state or foreign law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or its property, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due.

14. In each and every such case of an Event of Default (other than an Event of Default specified in clause (i) or (ii) of Section 13 of this Security or an Event of Default in respect of the Issuer specified in clauses (iv) and (v) of Section 13 of this Security), the Holders of not less than a majority percent in aggregate principal amount of the Securities then outstanding may, by notice in writing to the Issuer, declare the principal amount (and premium, if any) of and all accrued interest on all the Securities to be due and payable immediately. Upon any such declaration the same shall become and shall be immediately due and payable upon the date that such written notice is received by the Issuer, unless prior to such date all Events of Default in respect of all the Securities shall have been cured; *provided* that, if at any time after the principal of such Securities shall have been so declared due and payable, and before any sale of property under any judgment or decree for the payment of the monies due shall have been obtained or entered as hereinafter provided, the Issuer shall pay or shall deposit with the Fiscal and Paying Agent a sum sufficient to pay all matured installments of interest and principal upon all the Securities which shall have become due otherwise than solely by acceleration (with interest on overdue installments of interest, to the extent permitted by law, and on such principal of each Security at the rate of interest specified therein, to the date of such payment or deposit) and such amount as shall be sufficient to cover reasonable compensation to the Fiscal and Paying Agent and each predecessor, their respective agents, attorneys and counsel, and all other documented expenses and liabilities reasonably incurred, and all advances made for documented expenses and legal fees reasonably incurred by the Fiscal and Paying Agent and each predecessor Fiscal and Paying Agent, and if any and all Events of Default, other than the non-payment of the principal of the Securities then outstanding, which shall have become due solely by acceleration, shall have been cured, waived or otherwise remedied as provided in such Securities and the Fiscal and Paying Agency Agreement, then and in every such case, the Holders of two-thirds in aggregate principal amount of such Securities then outstanding by written notice to the Issuer and to the Fiscal and Paying Agent may, on behalf of all of the Holders of the Securities, waive all defaults and rescind and annul such declaration and its consequences but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default, or shall impair any right consequent thereon. Actions by Holders of Securities pursuant to this provision need not be taken at a meeting pursuant to the provisions regarding meetings of Holders of the Securities. If an Event of Default specified in clause (i) or (ii) of Section 13 of this Security occurs, each Holder may, by written notice to the Issuer and the Fiscal and Paying Agent, declare the principal (and premium, if any) of and all accrued interest on the Securities of such Holder to be due and payable upon the date that written notice is received by or on behalf of the Issuer and the Fiscal and Paying Agent unless prior to such date all Events of Default in respect of such Holder's Securities shall have been cured. If an Event of Default specified in clause (iv) or (v) of Section 13 of this Security occurs, the principal (and

premium, if any) of and accrued interest on the Securities will be immediately due and payable without any declaration or other act on the part of any Holder of Securities or other person.

15. The Fiscal and Paying Agency Agreement permits, in the limited circumstances and subject to the conditions set forth therein, the assumption of the Issuer's obligations as the primary obligor with respect to the Securities.

16. No reference herein to the Fiscal and Paying Agency Agreement and no provision of this Security shall alter or impair the obligation of the Issuer which is absolute and unconditional, to pay the principal of and interest on this Security at the times and rate, and in the coin or currency, herein prescribed. No failure or delay on the part Holder in exercising any right under this Security shall operate as a waiver of, or impair, any right. No waiver of any such right shall be effective unless given in writing.

17. Subject to the authentication of this Security by the Fiscal and Paying Agent, the Issuer hereby certifies and declares that all acts, conditions and things required to be done and performed and to have happened precedent to the creation and issuance of this Security, and to constitute the same a legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms, have been done and performed and have happened in due and strict compliance with all applicable law.

18. The Fiscal and Paying Agency Agreement and the terms of the Securities may be modified or amended by the Issuer and the Fiscal and Paying Agent, without the consent of any Holders of Securities, for the purpose of (i) adding to the covenants of, or the restrictions, conditions or provisions applicable to, the Issuer or any guarantor, as the case may be, for the benefit of the Holders of Securities or providing any additional rights or benefits to the Holders of the Securities; (ii) surrendering any right or power conferred upon the Issuer or any guarantor; (iii) securing the Securities pursuant to the requirements thereof or otherwise; (iv) evidencing the addition of any guarantor of the Securities, or the release of any guarantor from its obligations with respect to the Securities; (v) evidencing the succession of another corporation or other Person to the Issuer or any guarantor, as the case may be, or successive successions, and the assumption by such successor(s) of the covenants, agreements and obligations of the Issuer or guarantor, as the case may be, therein and in the Securities as permitted by the Fiscal and Paying Agency Agreement and the Securities; (vi) modifying the restrictions on and procedures for resale and other transfers of the Securities to reflect any change in applicable law or regulation (or the interpretation thereof) or in practices relating to the resale or transfer of restricted securities generally; (vii) accommodating the issuance, if any, of Securities in book-entry form and matters related thereto; (viii) curing any ambiguity or correcting or supplementing any provision contained in the Fiscal and Paying Agency Agreement or the Securities which may be defective or inconsistent with any other provision contained therein or making such other provision in regard to matters or questions arising thereunder as the Issuer, any guarantor or the Fiscal and Paying Agent may deem necessary or desirable and which does not, as determined by the Issuer, adversely affect the interest of a Holder of the Securities in any material respect; (ix) effecting any other amendment which the Issuer, any guarantor and the Fiscal and Paying Agent may determine and which, as determined solely by the Issuer, shall not adversely affect the interest of any Holder of the Securities in any material

respect; or (x) making any modification which is of a minor or technical nature or correcting a manifest error.

19. Article 16 of the Fiscal and Paying Agency Agreement, which is hereby incorporated by reference *mutatis mutandis* herein, sets forth covenants of the Issuer applicable to the Securities.

20. THIS SECURITY AND THE FISCAL AND PAYING AGENCY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CHOICE OF LAW OR CONFLICTS OF LAW PRINCIPLES THEREOF.

FOR VALUE RECEIVED, the undersigned hereby sell(s), _____ assigns(s) and transfer(s) unto _____ the within Security and all rights thereunder, hereby irrevocably constituting and appointing _____ to transfer said Security on the books of the Issuer, with full power of substitution in the premises.

Dated:

SCHEDULE OF EXCHANGES [1]

The following exchanges of a part of this Global Security for an interest in another Global Security of this Series or for a Certificated Security of this Series, or exchanges of a part of another Global Security or Certificated Security of this Series for an interest in this Global Security, have been made:

Date of Entry	Principal amount of decrease in principal amount of this Global Security	Principal amount of increase in principal amount of this Global Security	Principal amount of this Global Security following such decrease (or increase)	Notation made by or on behalf of the Fiscal and Paying Agent

[1] This schedule should be included only if the Security is issued in global form

Exhibit B

TO FISCAL AND PAYING AGENCY AGREEMENT

FORM OF CERTIFICATE
FOR TRANSFERS OR EXCHANGES FROM RESTRICTED GLOBAL SECURITY
TO REGULATION S GLOBAL SECURITY

(Certain transfers or exchanges pursuant to Section 6.5(b)
of the Fiscal and Paying Agency Agreement)

Citibank, N.A., London Branch,
as Fiscal and Paying Agent
Agency and Trust
Citigroup Centre
25 Canada Square, Canary Wharf
London E14 5LB

Re: BAE Systems plc

3.400% Notes due 2030 (the "Securities")

Reference is hereby made to the Fiscal and Paying Agency Agreement dated as of April 14, 2020 (the "**Fiscal and Paying Agency Agreement**") among BAE Systems plc, Citibank, N.A., London Branch, as Fiscal and Paying Agent and Citibank, N.A., London Branch, and Citigroup Global Markets Europe AG, as Registrar. Capitalized terms used but not defined herein shall have the meanings given them in the Fiscal and Paying Agency Agreement. This certificate relates to U.S.$_____(being at least U.S.$200,000 and integral multiples of $1,000 in excess thereof) principal amount of Securities beneficially held through an interest in the Restricted Global Security (CUSIP No. _____) with The Depository Trust Corporation ("**DTC**") in the name of _____ (the "**Transferor**") (Account No. _____). The Transferor hereby requests that on [INSERT DATE] such beneficial interest in the Restricted Global Security be transferred or exchanged for an interest in the Regulation S Global Security (CUSIP (CINS) No. _____) in the same Series and principal denomination and transferred to _____ (Account No._____). If this is a partial transfer, a minimum amount of U.S.$200,000 and any integral multiple of U.S.$1,000 in excess thereof of the Restricted Global Security will remain outstanding.

In connection with such request and in respect of such Securities, the Transferor does hereby certify that such transfer has been effected in accordance with the transfer restrictions set forth in the Fiscal and Paying Agency Agreement and the Securities and that: if such transfer is made prior to the expiration of the Restricted Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream,

AND

(A) the transfer has been effected pursuant to and in accordance with Rule 903 or 904 of Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**") and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction, and accordingly:

(1) the offer and sale of the Securities was not made to a person in the United States;

(2) either (a) at the time the buy order was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States, or (b) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the Transferor nor any person acting on our behalf knows that the transaction was prearranged with a buyer in the United States,

(3) no directed selling efforts have been made in contravention of the requirements of Rule 903 or 904 of Regulation S, as applicable; and

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act;

OR

(B) such transfer is being made in accordance with Rule 144 under the Securities Act and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer. Terms used in this certificate and not otherwise defined in the Fiscal and Paying Agency Agreement have the meanings set forth in Regulation S under the Securities Act.

Dated: _____, _____

[Name of Transferor]

By: _____

Name:

Title:

Telephone No.:

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Fiscal and Paying Agent, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Fiscal and Paying Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

_____

Signature Guarantee

Please print name and address (including zip code number)

cc: BAE Systems plc

* If this transfer is being made during the Restricted Period the transferee account specified must be an agent member of Euroclear or Clearstream.

Exhibit C

TO FISCAL AND PAYING AGENCY AGREEMENT

FORM OF CERTIFICATE
FOR TRANSFERS OR EXCHANGES FROM REGULATION S GLOBAL SECURITY TO RESTRICTED GLOBAL SECURITY PRIOR TO EXPIRATION OF RESTRICTED PERIOD

(Transfers or exchanges pursuant to Section 6.5(c) of the Fiscal and Paying Agency Agreement)

Citibank, N.A., London Branch,
as Fiscal and Paying Agent
Agency and Trust
Citigroup Centre
25 Canada Square, Canary Wharf
London E14 5LB

Re: BAE Systems plc

3.400% Notes due 2030 (the "Securities")

Reference is hereby made to the Fiscal and Paying Agency Agreement dated as of April 14, 2020 (the "**Fiscal and Paying Agency Agreement**") among BAE Systems plc, Citibank, N.A., London Branch, as Fiscal and Paying Agent and Citigroup Global Markets Europe, AG, as Registrar. Capitalized terms used but not defined herein shall have the meanings given them in the Fiscal and Paying Agency Agreement. This certificate relates to U.S.$_____(at least U.S.$200,000 and any integral multiple of U.S.$1,000 in excess thereof) principal amount of Securities beneficially held through an interest in the Regulation S Global Security (CUSIP (CINS) No. _____) with [Euroclear] [Clearstream] (Common Code No. _____through The Depository Trust Corporation ("**DTC**") in the name of _____(the "**Transferor**") ([Euroclear] [Clearstream] Account No. _____). The Transferor hereby requests that on [INSERT DATE] such beneficial interest in the Regulation S Global Security be transferred or exchanged for an interest in the Restricted Global Security (CUSIP No. _____) in the same Series and principal denomination and transferred to _____ (DTC Account No. _____). If this is a partial transfer, a minimum of U.S.$200,000 and any integral multiple of U.S.$1,000 in excess thereof of the Regulation S Global Security will remain outstanding. In connection with such request, and in respect of such Securities, the Transferor

does hereby certify that such Securities are being transferred in accordance with Rule 144A under the United States Securities Act of 1933, as amended, to a transferee that the Transferor reasonably believes is purchasing the Securities for its own account or an account with respect to which the transferee exercises sole investment discretion and the transferee and any such account is a "qualified institutional buyer" within the meaning of Rule 144A, in each case in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer .

Dated: _____, _____

[Name of Transferor]

By: _____

Name:

Title:

Telephone No.:

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Fiscal and Paying Agent, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Fiscal and Paying Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

_____

Signature Guarantee

Please print name and address (including zip code number)

cc: BAE Systems plc