

Notice of meeting

BAE Systems plc

Annual General Meeting 2005

The Queen Elizabeth II Conference Centre

London SW1P 3EE

4 May 2005 at 11.00 am

This document is important and requires your immediate attention.

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Chairman's letter

Dear Shareholder

Annual General Meeting — 4 May 2005

It gives me great pleasure to invite you to attend BAE Systems' Annual General Meeting on 4 May 2005 at The Queen Elizabeth II Conference Centre, London. This will be my first such meeting since succeeding Sir Richard Evans as Chairman of the Company.

This booklet includes the formal Notice of Meeting in which we have set out the resolutions that shareholders are being asked to consider and vote on. These resolutions are a very important part of the governance of the Company and I urge all shareholders, whether they are able to attend the meeting or not, to vote.

The Board supports all of the resolutions to be put to the AGM. Resolutions 4 to 6 concern the re-election of certain Directors and I confirm that the individuals seeking re-election continue to be effective members of the Board and demonstrate commitment to their responsibilities. This is supported by the performance evaluation that the Board undertook recently.

It is good practice for companies to take a poll on all resolutions put to shareholders. This allows all shareholders to have their votes recognised whether or not they are able to attend the meeting. We have used such polls for a number of years and have enclosed a Proxy/Poll Card for you. How you use this depends on whether you are attending the meeting or not:

If you will be attending the AGM — bring the card with you and at the end of the meeting use it as a poll card to vote on the resolutions.

If you are unable to attend the meeting — you can cast your votes by proxy by completing and posting the card. As an alternative, you can vote electronically by logging on to www.sharevote.co.uk and using the Reference Number, Card ID and Account Number given on your Proxy/Poll Card. Full details on how to vote can be found on the card.

The results of the voting on the resolutions will be posted on the Company's website after the meeting.

You will also find enclosed a copy of the Annual Report or a summarised version of this, the Annual Review. Both of these documents can be found on our website, www.baesystems.com, where you can also find out more information on the Company including our Corporate Responsibility Report.

I look forward to seeing as many of you as possible at the meeting in May.

Yours sincerely



Dick Olver
Chairman
29 March 2005

Notice of Annual General Meeting

To BAE Systems plc Ordinary Shareholders and
for information only to holders of Convertible Preference Shares.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of BAE Systems plc will be held at the Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE on Wednesday 4 May 2005 at 11.00 am for the purpose of transacting the following business:

To consider, and if thought fit, to pass the following Resolutions which will be proposed as ORDINARY RESOLUTIONS:

RESOLUTION 1 – Receipt of the report and accounts

THAT the audited accounts of the Company for the year ended 31 December 2004 and the Directors' Reports and Auditors' Report thereon now laid before this meeting be and they are hereby received.

RESOLUTION 2 – Approval of the directors' remuneration report

THAT the Directors' Remuneration Report for the year ended 31 December 2004 be and is hereby approved.

RESOLUTION 3 – Authorisation of the payment of the final dividend

THAT the final dividend for the year ended 31 December 2004 of 5.8 pence per ordinary share be and it is hereby declared payable on 1 June 2005 to Ordinary Shareholders whose names appeared on the Register of Members at the close of business on 22 April 2005.

RESOLUTION 4 – Re-election of director

THAT Sir Peter Mason retiring pursuant to Article 85 be and he is hereby re-elected a Director of the Company.

RESOLUTION 5 – Re-election of director

THAT Mark Ronald retiring pursuant to Article 85 be and he is hereby re-elected a Director of the Company.

RESOLUTION 6 – Re-election of director

THAT Michael Turner retiring pursuant to Article 85 be and he is hereby re-elected a Director of the Company.

RESOLUTION 7 – Election of director

THAT Richard Olver retiring pursuant to Article 91 be and he is hereby elected a Director of the Company.

RESOLUTION 8 – Reappointment of Auditors

THAT KPMG Audit Plc be and are hereby reappointed Auditors of the Company to hold office until the next General Meeting at which accounts are laid before the Company.

RESOLUTION 9 – Authority to agree Auditors' remuneration

THAT the Audit Committee of the Board of Directors be and is hereby authorised to agree the remuneration of the Auditors.

RESOLUTION 10 – Increase of authorised share capital

THAT the share capital of the Company be increased from £165,000,001 to £180,000,001 by the creation of 600,000,000 ordinary shares of 2.5p each.

RESOLUTION 11 – Authority to allot new shares

THAT the authority conferred on the Directors by Article 12 (B)(i) of the Articles of Association of the Company be and is hereby renewed for the period ending on 5 August 2006 or, if earlier, on the day before the Company's Annual General Meeting in 2006 and that for such period the Section 80 Amount shall be £26,750,818 if Resolution 10 is passed or £15,989,518 if Resolution 10 is not passed.

The following resolutions numbered 12-20 authorise the Company and certain of its subsidiaries to incur political expenditure up to specified limits.

RESOLUTION 12 – The Company

THAT the Company be and is hereby authorised:

- (i) to make Donations to EU Political Organisations; and
- (ii) to incur EU Political Expenditure,

Provided that:

- (a) the authority conferred by this resolution shall commence on the date on which it is passed and expire on 5 August 2006 or, if earlier, the day before the Company's Annual General Meeting in 2006, being the period determined by the Directors of the Company;
- (b) the aggregate amount of such donations and expenditure made by the Company and any other company authorised by a resolution of the shareholders of the Company to make such donations and expenditure shall not exceed £100,000; and
- (c) in this resolution the expressions "Donations", "EU Political Organisations" and "EU Political Expenditure" have the meanings set out in Part XA of the Companies Act 1985 (as amended by the Political Parties, Elections and Referendums Act 2000).

RESOLUTION 13 – BAE Systems (Defence Systems) Limited

THAT BAE Systems (Defence Systems) Limited be and is hereby authorised:

- (i) to make Donations to EU Political Organisations; and
- (ii) to incur EU Political Expenditure,

Provided that:

- (a) the authority conferred by this resolution shall commence on the date on which it is passed and expire on 5 August 2006 or, if earlier, the day before the Company's Annual General Meeting in 2006, being the period determined by the Directors of the Company;
- (b) the aggregate amount of such donations and expenditure made by BAE Systems (Defence Systems) Limited and any other company authorised by a resolution of the shareholders of the Company to make such donations and expenditure shall not exceed £100,000; and
- (c) in this resolution the expressions "Donations", "EU Political Organisations" and "EU Political Expenditure" have the meanings set out in Part XA of the Companies Act 1985 (as amended by the Political Parties, Elections and Referendums Act 2000).

RESOLUTION 14 – BAE Systems Electronics Limited

THAT BAE Systems Electronics Limited be and is hereby authorised to make Donations to EU Political Organisations and to incur EU Political Expenditure on the terms set out in Resolution 13 in the notice of Annual General Meeting dated 29 March 2005, replacing the words "BAE Systems (Defence Systems) Limited" with "BAE Systems Electronics Limited".

RESOLUTION 15 – BAE Systems Marine Limited

THAT BAE Systems Marine Limited be and is hereby authorised to make Donations to EU Political Organisations and to incur EU Political Expenditure on the terms set out in Resolution 13 in the notice of Annual General Meeting dated 29 March 2005, replacing the words "BAE Systems (Defence Systems) Limited" with "BAE Systems Marine Limited".

RESOLUTION 16 – BAE Systems (Operations) Limited

THAT BAE Systems (Operations) Limited be and is hereby authorised to make Donations to EU Political Organisations and to incur EU Political Expenditure on the terms set out in Resolution 13 in the notice of Annual General Meeting dated 29 March 2005, replacing the words "BAE Systems (Defence Systems) Limited" with "BAE Systems (Operations) Limited".

RESOLUTION 17 – BAE Systems Land Systems (Bridging) Limited

THAT BAE Systems Land Systems (Bridging) Limited be and is hereby authorised to make Donations to EU Political Organisations and to incur EU Political Expenditure on the terms set out in Resolution 13 in the notice of Annual General Meeting dated 29 March 2005, replacing the words "BAE Systems (Defence Systems) Limited" with "BAE Systems Land Systems (Bridging) Limited".

RESOLUTION 18 – BAE Systems Land Systems (Munitions and Ordnance) Limited

THAT BAE Systems Land Systems (Munitions and Ordnance) Limited be and is hereby authorised to make Donations to EU Political Organisations and to incur EU Political Expenditure on the terms set out in Resolution 13 in the notice of Annual General Meeting dated 29 March 2005, replacing the words "BAE Systems (Defence Systems) Limited" with "BAE Systems Land Systems (Munitions and Ordnance) Limited".

RESOLUTION 19 – BAE Systems Land Systems (Weapons and Vehicles) Limited

THAT BAE Systems Land Systems (Weapons and Vehicles) Limited be and is hereby authorised to make Donations to EU Political Organisations and to incur EU Political Expenditure on the terms set out in Resolution 13 in the notice of Annual General Meeting dated 29 March 2005, replacing the words "BAE Systems (Defence Systems) Limited" with "BAE Systems Land Systems (Weapons and Vehicles) Limited".

RESOLUTION 20 – Land Systems Hägglunds AB

THAT Land Systems Hägglunds AB be and is hereby authorised to make Donations to EU Political Organisations and to incur EU Political Expenditure on the terms set out in Resolution 13 in the notice of Annual General Meeting dated 29 March 2005, replacing the words "BAE Systems (Defence Systems) Limited" with "Land Systems Hägglunds AB".

To consider, and if thought fit, to pass the following Resolutions which will be proposed as SPECIAL RESOLUTIONS:

RESOLUTION 21 – Disapplication of pre-emption rights

THAT the power conferred on the Directors by Articles 12(B)(ii) of the Articles of Association of the Company be and is hereby renewed for the period ending on 5 August 2006 or, if earlier, on the day before the Company's Annual General Meeting in 2006 and that for the period the Section 89 amount shall be £4,013,024.

RESOLUTION 22 – Authority to purchase own shares

THAT the Company be and is hereby unconditionally and generally authorised for the purposes of Section 166 of the Companies Act 1985 to make market purchases, as defined in Section 163 of that Act, of ordinary shares of 2.5p each in the capital of the Company provided that:

- (a) the maximum number of ordinary shares that may be purchased is 321,041,924;
- (b) the minimum price which may be paid for each share is 2.5p;
- (c) the maximum price that may be paid for each share is an amount equal to 105 per cent. of the average of the middle market quotations of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such ordinary share is contracted to be purchased; and
- (d) this authority shall expire on the conclusion of the Annual General Meeting of the Company held in 2006 or, if earlier, 3 August 2006 (except in relation to the purchase of shares the contract for which was concluded before the expiry of such authority and which may be executed wholly or partly after such expiry) unless such authority is renewed prior to such time.

RESOLUTION 23 – Amendment to the Articles relating to the provision of indemnities

THAT the Articles of Association of the Company be and are hereby amended as detailed in the appendix marked A accompanying the notice of Annual General Meeting dated 29 March 2005 (a copy of which is presented to the meeting and signed by the Chairman for the purpose of identification).

By Order of the Board

David Parkes

Company Secretary
29 March 2005
6 Carlton Gardens
London SW1Y 5AD

Proxies

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a member of the Company. A form of proxy is enclosed. Subject to the provisions for proxies and corporate representatives, only registered holders of Ordinary Shares of the Company are entitled to attend and vote at the meeting.

The form of proxy should be completed, signed and returned to the Registrar, Lloyds TSB Registrars, in accordance with the instructions on the form of proxy so as to be received no later than 48 hours before the start of the meeting. Alternatively, the appointment of a proxy may be registered electronically by logging onto www.sharevote.co.uk and using the Reference Number, Card ID and Account Number stated on the form of proxy.

Electronic proxy appointment through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 4 May 2005 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA01) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appendix A

Amendments to Articles of Association

This is the appendix marked "A" referred to in Resolution 23 of the notice of Annual General Meeting dated 29 March 2005. It is proposed that the Articles of Association of BAE Systems plc be amended by the deletion of the existing Article 145 and its replacement by the following:

Article 145

Subject to the provisions of, and so far as may be permitted by and consistent with, the Statutes and subject as mentioned below, every Director of the Company shall be indemnified by the Company out of its own funds against (a) any liability incurred by or attaching to him in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company other than (i) any liability to the Company or any associated company (as defined in Section 309A(6) of the Act) and (ii) any liability of the kind referred to in Sections 309B(3) or (4) of the Act; and (b) any other liability incurred by or attaching to him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office. Such indemnity shall not, however, extend to any liability incurred by or attaching to a Director as a result of his own fraud or wilful default but shall extend to other liabilities arising after he ceased to be a Director in respect of acts or omissions while he was a Director. Where a person is indemnified against any liability in accordance with this paragraph 145, such indemnity shall extend to all costs, charges, losses, expenses and liabilities incurred by him in relation thereto.

Notes on the resolutions

1. Notes on the Resolutions

1.1 Resolution 2 – Approval of the Directors' Remuneration Report

The Directors' Remuneration Report is required to be laid before the shareholders in general meeting and approved by ordinary resolution of the shareholders. The report can be found on pages 42 to 53 of the Company's Annual Report 2004 and is summarised on pages 24 to 26 of the Annual Review 2004.

1.2 Resolutions 4, 5 and 6 – Directors standing for re-election

The Company's Articles of Association require that once every three years Directors seek re-election to the Board at an Annual General Meeting. The biographies of those Directors retiring at the Annual General Meeting who wish to seek re-election are as follows:

Sir Peter Mason KBE – Non-executive director

Sir Peter Mason, 58, was appointed to the Board on 22 January 2003 and is Chief Executive of AMEC plc. Sir Peter held a number of appointments in the engineering and construction industry before he joined Norwest Holst in 1980 and was appointed Chief Executive of Norwest Holst PLC in 1985. He was subsequently appointed an executive director of BICC plc in 1992 and Chairman and Chief executive of Balfour Beatty Limited prior to joining AMEC in 1996. He has been appointed as the Senior Independent Director on the BAE Systems' Board and is a member of the Audit, Nominations and Remuneration Committees.

Mark Ronald CBE – Chief Operating Officer

Mark Ronald, 63, a US national, was appointed to the Board as Chief Operating Officer responsible for the Company's North American business on 3 May 2002. He has over 35 years' experience of the US aerospace and defence industry having been with the company or its predecessors since 1993. From 1993 to 1998 he served as President and CEO of GEC-Marconi Hazeltine and subsequently formed and led Marconi North America, the consolidation of GEC's North American businesses. In 1999 he was appointed President and CEO of BAE Systems North America, formed from the merger of British Aerospace North America and Marconi North America. He is a member of the board of governors of the Electronic Industries Association as well as the board and executive committee of the Aerospace Industries Association.

Michael Turner CBE – Chief Executive

Mike Turner, 56, joined the Company in 1966 and has held a number of commercial, marketing and general management positions including responsibility for the Company's defence sales and marketing activities. In 1992 he became Chairman and Managing Director of the Regional Aircraft business and two years later became responsible for all the Company's commercial aircraft activities. In the same year he joined the Board of British Aerospace plc. On completion of the BAe/MES merger he was appointed Chief Operating Officer with responsibility for the commercial aircraft, avionics, marine, aerostructures, joint-ventures and North American businesses. He was appointed Chief Executive in 2002. He is a member of the Shareholder Committee of Airbus SAS, having been formerly a member of the Airbus Industrie Supervisory Board. He is a non-executive director of Babcock International Group Plc.

Lord Hesketh is retiring, pursuant to Article 85 of the Company's Articles of Association, at the conclusion of the 2005 Annual General Meeting and is not seeking re-election.

1.3 Resolution 7 – Election of Director

The Company's Articles of Association require that all Directors appointed to the Board seek election at the Annual General Meeting immediately following their appointment. Following his appointment to the Board on 17 May 2004 Richard Olver is required to seek election at this year's meeting.

The Board recommends that shareholders vote in favour of Mr Olver's election to the Board. It believes that he has excellent business experience and knowledge of how to run a successful international company at the highest level. He was appointed following an extensive and well structured recruitment process (see Annual Report for details) and it is believed that the Board of BAE Systems will benefit from his continued service as Chairman.

Mr Olver's biography is as follows:

Richard Olver – Chairman

Dick Olver, 58, joined the Board on 17 May 2004 as a non-executive director and succeeded Sir Richard Evans as Chairman on 1 July 2004. A civil engineer, he joined BP in 1973 where he held a variety of senior positions culminating in his appointment to the Board of BP p.l.c. as CEO of Exploration and Production in 1998. He was subsequently appointed Deputy Chief Executive of BP in 2003, stepping down from that position when he became Chairman of BAE Systems. He also chairs the Nominations Committee. He is a non-executive director of Reuters Group plc and Deputy Chairman of TNK-BP.

1.4 Resolution 10 – Increase of authorised share capital

It is proposed to increase the share capital of the Company by the creation of 600,000,000 ordinary shares of 2.5p each, so that the capital of the Company is increased from £165,000,001 to £180,000,001, divided into 275,000,000 7.75p (net) Cumulative Convertible Redeemable Preference Shares of 25p each, 4,450,000,000 ordinary shares of 2.5p each and one special share of £1.00. This increase is being proposed to provide the Company with sufficient headroom to issue shares up to the full amount allowed by the usual shareholder authorities for the issuing of new shares (see paragraph 1.6 below). The Directors have no present intention of issuing new shares (other than for the conversion into Ordinary Shares of existing Convertible Preference Shares).

1.5 Resolutions 11 and 21 – Authority to issue shares

The Directors wish to renew the Company's authority to allot unissued shares in the share capital of the Company. Although the Directors have no present intention of exercising this authority (other than for the conversion into Ordinary Shares of existing Convertible Preference Shares), it is considered prudent to maintain the flexibility that this authority provides. This resolution authorises the Directors to allot relevant securities up to an aggregate nominal value of £26,750,818 (the amount shown as the Section 80 Amount in Resolution 11) during the 15 months from the date of the Annual General Meeting (this amount will be £15,989,518 if resolution 10 is not passed). This amounts to 33.33 per cent. of the issued ordinary share capital of the Company and 18.22 per cent. of the total issued share capital, as at the date of the Notice (19.92 per cent. and 10.89 per cent. respectively if resolution 10 is not passed). No treasury shares are held by the Company.

It also proposed to renew, for the same 15 month period, the authority of the Directors to allot for cash equity securities without first being required to offer such securities to existing shareholders (other than in connection with a rights issue). The authority relates to up to

£4,013,024 of nominal capital (the amount shown as the section 89 Amount in Resolution 21), being approximately 5 per cent. of the issued ordinary share capital of the Company and 2.73 per cent. of the total issued share capital, as at the date of this Notice. This authority will also apply to the sale of any shares held in treasury by the Company, should Resolution 22 be passed.

Since the 2004 Annual General Meeting, the Company has issued by way of a placing 150,000,000 ordinary shares pursuant to the authority given at that meeting.

1.6 Resolutions 12 to 20 – Authority to incur political expenditure

The Political Parties, Elections and Referendums Act 2000 (the Act), amongst other things, prohibits the Company and its subsidiaries making donations to EU Political Organisations (as defined in the Act) of more than £5,000 in any twelve month period unless they have been authorised to make donations by the Company's shareholders. The BAE Systems group has no intention of making donations to political parties. However, the Act defines EU Political Organisations widely. It includes organisations which carry on activities which are capable of being reasonably regarded as intended to affect public support for a political party in any EU Member State or to influence voters in relation to any referendum in any EU Member State. As a result, it is possible that the definition may include bodies, such as those concerned with policy review and law reform or with the representation of the business community or sections of it, which the group may see benefit in supporting.

The Directors believe that it is in the interests of shareholders for the group to be permitted to support such organisations directly or indirectly. Accordingly, nine resolutions relating to the Company and its principal EU subsidiaries are being put to shareholders for this purpose. The resolutions authorise donations and political expenditure up to an aggregate maximum of £100,000 in the period up to the Company's Annual General Meeting in 2006. As required by the Act, the resolutions are in general terms and do not purport to authorise particular donations or expenditure.

In 2004 the Company made a donation of £50,000 to Britain in Europe, an all-party campaign group, and it is possible that this payment may come within the ambit of the Act. The Company will not be making a donation to this organisation in 2005/06.

1.7 Resolution 22 – Purchase of shares

The Directors are committed to managing the Company's capital effectively and consider that the purchase by the Company of its ordinary shares may in certain circumstances be advantageous to shareholders. They believe that, in common with many other listed companies, the Company should obtain from shareholders a general authority to make market purchases on the London Stock Exchange. The authority should be on the basis that, in accordance with the UK Listing Authority's requirements, the maximum price for ordinary shares purchased in the market shall not exceed an amount equal to 105 per cent. of the average of the middle market quotations taken from the London Stock Exchange Daily Official List for the five business days before the announcement is made. The minimum price per ordinary

share shall not be less than 2.5p, being the par value of an ordinary share. The number of ordinary shares which may be acquired pursuant to the authority is up to an aggregate of 321,041,924 ordinary shares, this being approximately 10 per cent. of the issued ordinary share capital of the Company. There are currently outstanding 117,690,270 options to subscribe for shares, representing 3.67 per cent. of the Company's issued ordinary share capital. If the authority was exercised in full, the options would represent 4.07 per cent. of the Company's issued ordinary share capital. The Company will only purchase ordinary shares if the Directors believe that it is in shareholders' best interests and will increase earnings per share. Although the Directors have no plans to exercise the authority at present, this position will be kept under review.

1.8 Resolution 23 – Directors' indemnities

In 2004, the Companies (Audit, Investigations and Community Enterprise) Act 2004 was passed by Parliament. The Act, among other things, extended the range of the indemnity which companies are permitted to give to directors. The proposed amendments to the Articles of Association of the Company bring the Articles up to date with this new law.

2. Documents for Inspection

The Register of Directors' Interests in the share capital of the Company and copies of the Directors' service contracts will be available for inspection during normal business hours at the Company's registered office from the date of the Notice of Meeting to the close of the meeting and at the place of the meeting from 15 minutes prior to its commencement until its conclusion.

3. Uncertificated Securities Regulations

The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the Register of Members of the Company as at 6.00 pm on 2 May 2005 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries in the Register after 6 pm on 2 May 2005 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

4. Excluded Items

Certain items will not be permitted in the Annual General Meeting. These include bags, cameras, recording equipment, items of any nature with potential to cause disorder and such other items as the Chairman of the Meeting may specify.

Recommendation

Your Directors consider that each of the proposals detailed in the Notice of Meeting will be of benefit to and in the best interests of the Company and the shareholders as a whole. The Directors intend to vote in favour of all Resolutions in respect of their own beneficial holdings of ordinary shares in the Company and unanimously recommend other shareholders to do likewise.

Shareholder information

Registrars

Lloyds TSB Registrars (0140)
The Causeway, Worthing
West Sussex, BN99 6DA
United Kingdom
Telephone: 0870 600 3982
(+44 121 415 7058 from outside the UK)

If you have any queries regarding your shareholding, please contact the registrars.



Shareview service

The Shareview service from our registrar, Lloyds TSB Registrars, gives shareholders:

- direct access to data held on their behalf on the share register including recent share movements and dividend details;
- the ability to change their address or dividend payment instructions on-line.

To sign up for Shareview you need the 'shareholder reference' printed on your proxy form or dividend stationery. There is no charge to register.

When you register with the site, you can register your preferred format (post or e-mail) for shareholder communications. If you select 'e-mail' as your mailing preference, you will be sent shareholder communications, such as proxy forms and annual/interim results by e-mail instead of post, as long as this option is available.

If you have your dividends paid straight to your bank account, and you have selected 'e-mail' as your mailing preference, you can also collect your tax voucher electronically. Instead of receiving the paper tax voucher, you will be notified by e-mail with details of how to download your electronic version.

However, if you choose 'post' as your preference, you will be sent paper documents as usual.

Visit the site for more details: www.shareview.co.uk. Details of software and equipment requirements are given on the website.

Shareholder dealing service

Hoare Govett Limited offers a low cost postal dealing service enabling UK resident shareholders to buy or sell BAE Systems plc shares. Basic commission is 1%, subject to a minimum charge of £12.00. If you require further information please contact:

Hoare Govett Limited
Telephone: +44 (0)20 7678 8300

This notice has been approved by Hoare Govett Limited which is authorised and regulated by the Financial Services Authority.

ShareGift

The Orr Mackintosh Foundation operates a charity donation scheme for shareholders with small parcels of shares which may be uneconomic to sell. Details of the scheme are available from ShareGift at www.sharegift.org or by telephone on 020 7337 0501

Dividend reinvestment plan

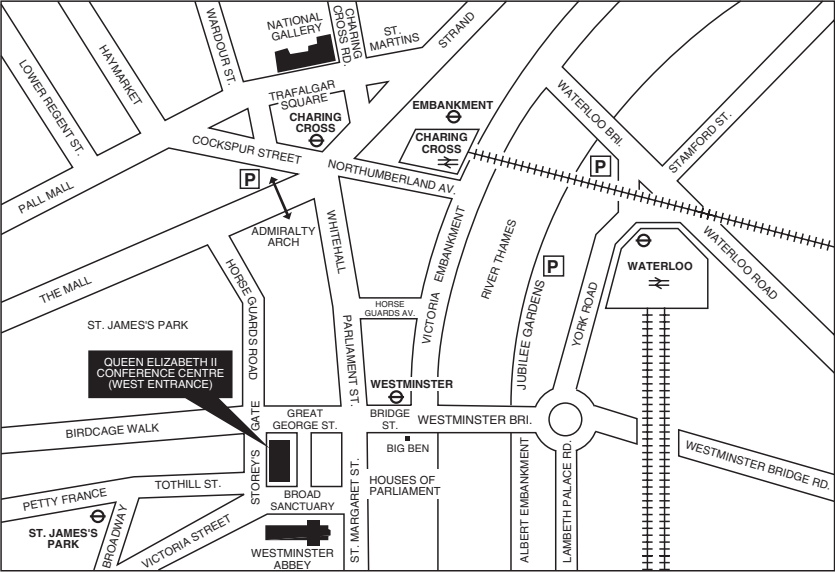
The company offers holders of its ordinary shares the option to elect to have their dividend reinvested in shares purchased in the market instead of cash. If you would like to make this election, please request a dividend reinvestment plan mandate from our registrars:

Lloyds TSB Registrars, The Causeway,
Worthing, West Sussex, BN99 6DA
Telephone: 0870 241 3018
(+44 121 415 7058 from outside the UK)

Financial calendar

Financial year end	31 December
Annual General Meeting	4 May 2005
Preference shares conversion date	31 May 2005
2004 final ordinary dividend payable	1 June 2005
2005 half yearly preference dividend payable	1 July 2005
2005 interim results announcement	September 2005
2005 interim ordinary dividend payable	November 2005
2005 half yearly preference dividend payable	3 January 2006
2005 full year results – preliminary announcement	February 2006
– report and accounts	April 2006
2005 final ordinary dividend payable	June 2006

How to get there



Nearest underground station: Westminister
(Circle, District and Jubilee lines)

BAE Systems plc

6 Carlton Gardens
London SW1Y 5AD
United Kingdom

Telephone +44 (0)1252 373232

Registered in England and Wales No. 1470151

Website details

www.baesystems.com
