

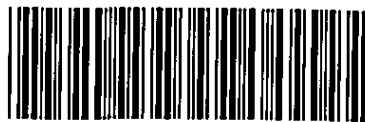
Company Number: 753964

BAE SYSTEMS PENSION FUNDS TRUSTEES LIMITED

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2006

THURSDAY



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COMPANIES HOUSE

BAE SYSTEMS PENSION FUNDS TRUSTEES LIMITED

REPORT OF THE DIRECTORS

The Directors present their report for the year ended 31st December 2006.

Activities

The Company has not traded on its own account during the year

On 30th March 1979, the Company was appointed Trustee of the BAE Systems Pension Scheme and since then it has acted in that capacity

Directors

The Directors of the Company during the year and at the date of this report were as follows

Holding Office under Article 79(A)(i)

Mr M S Ball	(resigned 28 th February 2007)
Mr B.J. Culshaw	
Mr B.P Hart	
Mr K T Lawton	(appointed 7 th June 2007)
Mr. C J Sheehan	
Mr. T Royle	
Mr. J E. Walsh	

Holding Office under Article 79(A)(ii)

Mr. D.P. Moakes

Holding Office under Article 79(A)(iii):

Mr R C M. Fisher
Mr A J Gallagher
Mr G R Griffiths
Mr I G. King
Mr. N.R. Hubbard
Mr. J Turner
Miss L S. Wallwork

Mr M S Ball resigned as a director with effect from 28th February 2007 Mr K.T Lawton was appointed as a director with effect from 7th June 2007

None of the Directors has (or has had) any beneficial interest in the share capital of the Company, (or any subsidiary company of the BAE Systems group of companies) The Directors who held office at the end of the year had the following interests in the share capital of the Company's ultimate holding company, BAE Systems plc:

Directors	Ord. Shares of 2.5p		Share Options			
	1.1.06	31.12.06	1.1.06	Exercised/ Lapsed	Granted	31.12.06
M S Ball	152	152	-	-	-	-
B J Culshaw	389	493	-	-	-	-
R C M Fisher	3,930	19,006	227,748	62,294	23,130	188,584
A J Gallagher	36,869	55,579	274,858	75,512	22,780	222,126
G R Griffiths	-	-	60,029	10,000	-	50,029
B P Hart	-	-	760	325	-	435
N R Hubbard	18,825	28,407	254,599	39,759	-	214,840
I G King	163,145	164,002	1,174,828	133,456	145,443	1,186,815
D P Moakes	5,875	3,596	-	-	-	-
T Royle	26	319	1,000	-	-	1,000
C J Sheehan	221	685	365	365	-	-
J Turner	2,001	2,485	4,299	365	-	3,934
L S Wallwork	3,640	11,409	118,257	44,337	15,455	89,375
J E Walsh	804	1,012	-	-	-	-

Director	Restricted Share Plan Matching Shares		Conditional Awards of Shares under Performance Share Plan			
	1.1.06	31.12.06	1.1.06	Exercised/ Lapsed	Granted	31.12.06
R C M Fisher	1,318	2,034	95,558	13,517	15,420	97,461
A J Gallagher	13,239	19,243	92,592	13,022	15,186	94,756
N R Hubbard	3,396	4,589	96,612	13,081	-	83,531
I G King	75,627	75,627	541,745	-	96,962	638,707
J Turner	-	-	1,333	-	-	1,333
L S Wallwork	-	11,409	65,459	8,186	10,303	67,576

BY ORDER OF THE BOARD



A-L Holding
Secretary

7 June 2007

Warwick House,
Farnborough Aerospace Centre,
Farnborough,
Hants GU14 6YU

BAE SYSTEMS PENSION FUNDS TRUSTEES LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 2006

	<u>2006</u>	<u>2005</u>
	£	£
Amount owed by group companies (Note 3)	1,000	1,000
	_____	_____
Financed by:		
Ordinary Share Capital		
Authorised, issued and fully paid:		
Ordinary Shares of £1 each	1,000	1,000
	_____	_____

- (a) For the year ended 31st December 2006 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985
- (b) Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985
- (c) The directors acknowledge their responsibility for
- i ensuring the company keeps accounting records which comply with section 221, and
 - ii preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

These accounts were approved by the Board of Directors on 7 June 2007 and were signed on its behalf by



Director

The notes on page 5 form part of these accounts.

BAE SYSTEMS PENSION FUNDS TRUSTEES LIMITED

NOTES TO THE ACCOUNTS

1 Profit and Loss Account

The Company has not traded during the accounting period, has received no income and incurred no expenditure, and consequently has made neither a profit nor a loss. A profit and loss account has therefore not been prepared.

2 Directors' Emoluments

No Director received any emoluments from the Company during the year (2005: £nil)

3. Amount Owed by Group Companies

The amount owed by group companies is in respect of a loan to BAE Systems plc. The loan bears no interest and is repayable on demand.

4. Ultimate Holding Company

The ultimate holding company is BAE Systems plc, a company incorporated in Great Britain, and registered in England and Wales. Copies of the group accounts of BAE Systems plc, the largest and smallest group in which the results of the company are consolidated, can be obtained from 6 Carlton Gardens, London, SW1Y 5AD.