

Company Number: 2638853

BAE SYSTEMS EXECUTIVE PENSION SCHEME TRUSTEES LIMITED

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2001



BAE SYSTEMS EXECUTIVE PENSION SCHEME TRUSTEES LIMITED

REPORT OF THE DIRECTORS

The Directors present their report for the year ended 31st December 2001.

Activities

The company has not traded on its own account during the year.

On 28th March 1995, the Company was appointed Trustee of the BAE SYSTEMS Executive Pension Scheme and since then it has acted in that capacity.

Directors

The Directors of the Company during the year were:

Mr. T.K. Morgan	(resigned 5 th April 2002)
Mr. W.A. Rice	(resigned 5 th April 2002)
Mr. G.W. Rose	

Mr A D McCarthy was appointed as a Director on 13th May 2002.

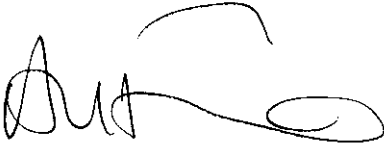
None of the Directors is due to retire from the Board under the provisions of the Company's Articles of Association.

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 beneficial interests of Mr. Rose who is also a Director of BAE SYSTEMS plc are set out in the Group's Accounts. The other 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			
	1.1.01	31.12.01	1.1.01	Exercised	Granted	31.12.01
T.K. Morgan	112,740	135,988	127,131	5,784	123,303	244,650
W.A. Rice	18,656	18,489	123,195	5,116	108,848	226,927

Director	Restricted Share Plan Matching Shares		Conditional Awards of Shares under BAe Performance Share Plan			
	1.1.01	31.12.01	1.1.01	Exercised/ Lapsed	Granted	31.12.01
T. K. Morgan	53,112	73,324	122,764	45,052	-	77,712
W.A. Rice	15,306	15,306	69,283	-	-	69,283

BY ORDER OF THE BOARD

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

A-L Holding
Secretary

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

22nd October 2002

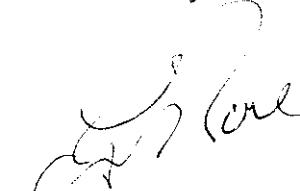
BAE SYSTEMS EXECUTIVE PENSION SCHEME TRUSTEES LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 2001

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Amount owed by group companies (Note 3)	<u>1000</u>	<u>1000</u>
Financed by:		
Called up Share Capital		
Authorised, issued and fully paid 1000 Ordinary Shares of £1 each	<u>1000</u>	<u>1000</u>

- (a) For the year ended 31st December 2001 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:
- ensuring the company keeps accounting records which comply with section 221; and
 - 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 22nd October 2002 and were signed on its behalf by



G.W. Rose
Director

The notes on page 5 form part of these accounts.

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BAE SYSTEMS EXECUTIVE PENSION SCHEME 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 (2000: £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.