

Company Number: 2638853

BAE SYSTEMS EXECUTIVE PENSION SCHEME TRUSTEES LIMITED

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2004



BAE SYSTEMS EXECUTIVE PENSION SCHEME TRUSTEES LIMITED

REPORT OF THE DIRECTORS

The Directors present their report for the year ended 31st December 2004.

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. A.M. Imrie
Mr. P.J. Lynas
Mr. G.W. Rose

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			
	1.1.04	31.12.04	1.1.04	Exercised/ Lapsed	Granted	31.12.04
A.M. Imrie	50,780	50,320	560,103	1,350	220,903	779,656
P.J. Lynas	-	8,875	242,242	1,165	86,255	327,332

Director	Restricted Share Plan Matching Shares		Conditional Awards of Shares under BAe Performance Share Plan			
	1.1.04	31.12.04	1.1.04	Exercised/ Lapsed	Granted	31.12.04
A.M. Imrie	7,912	4,850	171,512	-	146,773	318,285
P.J. Lynas	-	7,498	56,693	-	57,216	113,909

BY ORDER OF THE BOARD

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a series of loops and a final flourish.

A-L Holding
Secretary

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

25 February 2005

BAE SYSTEMS EXECUTIVE PENSION SCHEME TRUSTEES LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 2004

	<u>2004</u>	<u>2003</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 2004 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 25 February 2005 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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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 (2003: £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.