

(STEP 8)

G

COMPANIES FORM No. 155(6)a

Declaration in relation to assistance for the acquisition of shares

155(6)a

CHFP025

Please do not write in this margin

Pursuant to section 155(6) of the Companies Act 1985

Please complete legibly, preferably in black type, or bold block lettering

To the Registrar of Companies
(Address overleaf - Note 5)

For official use

Company number

Official use box

4333003

Note
Please read the notes on page 3 before completing this form.

Name of company

BAE SYSTEMS (FUNDING TWO) LIMITED

Insert full name of company
Insert name(s) and address(es) of all the directors

We MICHAEL LESTER, C/O 6 CARLTON GARDENS, LONDON, SW1Y 5AD
DAVID PARKES, C/O 6 CARLTON GARDENS, LONDON SW1Y 5AD
ALEX McILHINNEY, C/O 6 CARLTON GARDENS, LONDON SW1Y 5AD

delete as appropriate

[all the directors] † of the above company do solemnly and sincerely declare that:

The business of the company is:

delete whichever is inappropriate

§ something other than the above §

The company is proposing to give financial assistance in connection with the acquisition of shares in the

BAE SYSTEMS (FUNDING TWO) LIMITED

The assistance is for the purpose of [reducing or discharging a liability incurred for the purpose of that acquisition]. †

The number and class of the shares acquired or to be acquired is: 1,001,000,000 OF US\$1 EACH

Presentor's name address and reference (if any):

Slaughter and May
One Sunhill Row
London
EC1Y 8YY
Ref: RDD/PJXS

For official Use
General Section | Post room

THURSDAY

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COMPANIES HOUSE

The assistance is to be given to: (note 2) BAE SYSTEMS HOLDINGS INC. 13850 McLearen Road,
Herndon, Virginia, VA 20171, USA and BAE SYSTEMS plc, 6 Carlton Gardens, London, SW1Y 5AD, UK

Please do not
write in this
margin

Please complete
legibly, preferably
in black type, or
bold block
lettering

The assistance will take the form of:

The entry into and performance of an intra-group loan agreement with BAE SYSTEMS HOLDINGS INC.
and a loan to BAE SYSTEMS plc by the Company.

The person who [has acquired] ~~XXXXXXX~~ † the shares is: BAE SYSTEMS HOLDINGS LIMITED, 6 CARLTON † delete as
GARDENS, LONDON, SW1Y 5AD, UK. However, the shares were initially acquired by BAE SYSTEMS appropriate
HOLDINGS INC., 13850 McLearen Road, Herndon, Virginia, VA 20171, USA from whom BAE SYSTEMS plc,
6 Carlton Gardens, London, SW1Y 5AD, UK acquired the shares before selling them to the current owner.

The principal terms on which the assistance will be given are:

Under the terms of the intra-group loan agreement, the Company will lend the principal amount of US
\$1,000,000,000.00 to BAE SYSTEMS HOLDINGS INC. The loan, constituting unsecured obligations of
BAE SYSTEMS HOLDINGS INC., is repayable on 30 June 2007, ranks pari passu with the other
obligations of BAE SYSTEMS HOLDINGS INC. and will bear interest at a rate of 5.5% per annum.

The Company will also lend US\$51,232,877 to BAE SYSTEMS plc under the Loan Agreement between the
Company and BAE SYSTEMS plc dated 2 October 2003, as amended by Variation Agreement No.2 dated
20 November 2006. The loan, constituting unsecured obligations of BAE SYSTEMS plc, is repayable on
demand, ranks pari passu with the other obligations of BAE SYSTEMS plc and will be lent free of interest.

The amount of cash to be transferred to the person assisted is ~~£~~ US\$1,000,000,000.00 to BAE SYSTEMS HOLDINGS INC. and
US\$51,232,877.00 to BAE SYSTEMS plc.

The value of any asset to be transferred to the person assisted is £ NIL

The date on which the assistance is to be given is within 8 weeks of the date hereof

Please complete legibly, preferably in black type, or bold block lettering

* delete either (a) or (b) as appropriate

(a) ~~X~~We have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date)* (note 3)

[illegible]

And ~~X~~we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at 6 CARLTON GARDENS, LONDON, SW1Y
5AD

Declarants to sign below

Day Month Year
on 20 11 2006

before me

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

D.N.L. FAWCETT
NOTARY PUBLIC
MY COMMISSION EXPIRES
WITH LIFE

DE PINNA
35 PICCADILLY
LONDON
WTJ 0LJ
SCRIVENER NOTARIES

NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.
- 5 The address for companies registered in England and Wales or Wales is:-

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ

or, for companies registered in Scotland:-

The Registrar of Companies
37 Castle Terrace
Edinburgh
EH1 2ER



KPMG Audit Plc
8 Salisbury Square
London EC4Y 8BB
United Kingdom

Tel +44 (0) 20 7311 1000
Fax +44 (0) 20 7311 4770
DX 38050 Blackfriars
ian.bone@kpmg.co.uk
Mobile 07786 748334

The Directors
BAE SYSTEMS (Funding Two) Limited
Stirling Square
6 Carlton Gardens
London
SW1Y 5AD

20 November 2006

Dear Sirs

Auditors' report to the directors of BAE SYSTEMS (Funding Two) Limited pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors dated 20 November 2006 in connection with the proposal that the company should give financial assistance in connection with entering into an Intra-Group Loan Agreement to lend US\$1 billion to BAE SYSTEMS Holdings Inc. and in connection with the making of a draw down of US\$51,232,877 pursuant to an inter-company Loan Agreement with BAE SYSTEMS plc dated 2 October 2003, as amended.

This report is made solely to the company's directors as a body in accordance with section 156(4) of the Companies Act 1985. Our work has been undertaken so that we as the company's auditors might state to the company's directors those matters we are required to state to them in a report under section 156(4) of that Act and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's directors as a body for our work under section 156(4) of that Act or for this report.

We have enquired into the state of the company's affairs in order to review the bases for the statutory declaration.



KPMG Audit Plc
Auditors' report to the directors of BAE SYSTEMS (Funding Two) Limited pursuant to Section 156(4)
of the Companies Act 1985
20 November 2006

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in Section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.

Yours faithfully

KPMG Audit Plc

KPMG Audit Plc

