

**BAE Systems completes revised UK pension funding arrangements**

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OFFICE OF INTERNATIONAL  
CORPORATE FINANCE  
13 June 2006

BAE Systems has completed a programme of measures to address the £3.1bn funding deficits in its principal UK pension schemes.

In the accounts published for the year ended 31 December 2005 the company had a total pre-tax pension deficit of £5.3bn, as defined under the IAS 19 accounting standard and £4.1bn net of allocations to equity accounted investments. The IAS 19 deficit of £5.3bn, was estimated to have reduced to circa £4.2bn as at the end of May 2006 on an unaudited basis.

At the latest valuation dates the aggregate of deficits across the four principal UK schemes, prepared for the purpose of setting cash contributions, was £3.1bn.

Addressing the funding deficit in these schemes has been achieved through a combination of measures shared between the company and employee scheme members. Annual contribution rates have been increased for both employees and the company. In addition, employees have agreed changes to benefits to reduce future liabilities and the company has agreed additional one-off contributions of cash and assets to the schemes.

The revised funding arrangements include one-off contributions by the company totalling £1,087m comprising the transfer of assets and cash. £661m will be contributed in 2006 with the balance over 10 years. The cash contribution in 2006 will be £181m.

The result of these changes is an affordable solution that retains the valuable and highly regarded defined benefit pension arrangements for those employees who were offered such terms when they joined the company.

Commenting on the completion of the new funding arrangements Mike Turner, Chief Executive BAE Systems plc said: *'Pension scheme funding has been a challenge for the company but I am delighted that we have now completed these revised arrangements through the constructive approach of all concerned. We have worked in close consultation with our Employees, Trades Unions and Scheme Trustees to develop pension arrangements acceptable and affordable to both the company and its people.'*

Issued by:  
**BAE Systems plc**  
London

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NOTIFICATION OF TRANSACTIONS OF PERSONS DISCHARGING MANAGERIAL RESPONSIBILITIES OR THEIR CONNECTED PERSONS

Notification made in accordance with Section 324 (as extended by Section 328) of the Companies Act 1985 and Disclosure rule 3.1.4R(1)(a) of the Disclosure Rules.

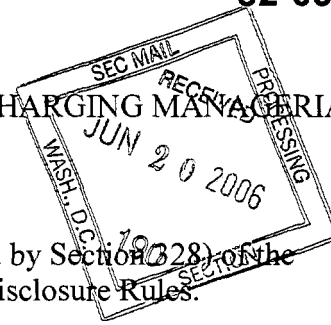
The Company has today been notified that on 8 June 2006 Mike Turner, a Person Discharging Managerial Responsibility ("PDMR"), purchased 14,085 ordinary shares of 2.5 pence each in BAE Systems plc at a purchase price of 355 pence per share. The transaction took place on the London Stock Exchange.

8 June 2006

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CORPORATE FINANCE

## NOTIFICATION OF TRANSACTIONS OF PERSONS DISCHARGING MANAGERIAL RESPONSIBILITIES OR THEIR CONNECTED PERSONS



Notification made in accordance with Section 324 (as extended by Section 328) of the Companies Act 1985 and Disclosure rule 3.1.4R(1)(a) of the Disclosure Rules.

The Company has today been notified that on 7 June 2006 the following Person Discharging Managerial Responsibility ("PDMR") exercised options over ordinary shares of 2.5 pence each in BAE Systems plc under the BAE Systems SAYE Share Option Scheme at an option price of 93 pence per share. The shares deriving from the exercise of options will be held in the name of Lloyds TSB Registrars Corporate Nominee Limited.

The number of shares acquired by the individual PDMR on the exercise of options detailed above is as follows:

Name of PDMR	Number of BAE Systems plc Ordinary shares acquired
Ian King	365

8 June 2006

**BAE SYSTEMS plc****NOTIFICATION OF TRANSACTIONS OF PERSONS DISCHARGING MANAGERIAL RESPONSIBILITIES OR THEIR CONNECTED PERSONS**

Notification made in accordance with Section 324 (as extended by Section 328) of the Companies Act 1985 and Disclosure rule 3.1.4R(1)(a) of the Disclosure Rules.

The Company was notified on 2 June 2006 by the trustee of the BAE Systems Share Incentive Plan, Hill Samuel ESOP Trustees Limited, that on 1 June 2006 the following Persons Discharging Managerial Responsibilities ("PDMRs") each acquired the number of ordinary shares of 2.5p each listed below in the share capital of BAE Systems plc following the reinvestment of dividends payable on ordinary shares held in the BAE Systems Share Incentive Plan:

Chris Geoghegan – four shares  
Alastair Imrie – thirteen shares  
Ian King – nine shares  
Michael Lester – thirteen shares  
Steve Mogford – nine shares  
George Rose – thirteen shares  
Michael Rouse – four shares  
Mike Turner- thirteen shares  
Nigel Whitehead – four shares

The shares were acquired at a price of 383.75 pence per share on 1 June 2006 and are held in the name of Lloyds TSB Registrars Corporate Nominee Limited. The transactions took place on the London Stock Exchange.

2. Notification made in accordance with Disclosure rule 3.1.4R(1)(b) of the Disclosure Rules.

The Company has today been notified by the trustee of the BAE Systems Share Incentive Plan, Hill Samuel ESOP Trustees Limited, that the trustee has transferred 15,529 ordinary shares of 2.5 pence each in BAE Systems plc for nil consideration from Lloyds TSB Registrars Corporate Nominee Limited AESOP1 (allocated shares) to Lloyds TSB Registrars Corporate Nominee Limited AESOP2 (unallocated shares). The transfer was made following the forfeiture of shares, under the Rules of the BAE Systems Share Incentive Plan, from participants who have left the BAE Systems group.

Each of the following individuals, as executive directors, are deemed, along with certain other group employees, to have an interest in the aggregate balance of 51,991 shares now held by Lloyds TSB Registrars Corporate Nominee Ltd AESOP2 (unallocated shares):

- Chris Geoghegan
- Michael Lester
- Steve Mogford

- Mark Ronald
- George Rose
- Mike Turner.

2 June 2006

## NOTIFICATION OF TRANSACTIONS OF PERSONS DISCHARGING MANAGERIAL RESPONSIBILITIES OR THEIR CONNECTED PERSONS

1. Notification made in accordance with Section 324 (as extended by Section 328) of the Companies Act 1985 and Disclosure rule 3.1.4R(1)(a) of the Disclosure Rules.

The Company has today been notified that on 1 June 2006 the following Persons Discharging Managerial Responsibility ("PDMRs") exercised options over ordinary shares of 2.5 pence each in BAE Systems plc under the BAE Systems SAYE Share Option Scheme at an option price of 256 pence per share. The shares deriving from the exercise of options will be held in the name of Lloyds TSB Registrars Corporate Nominee Limited.

The number of shares acquired by the individual PDMRs on the exercise of options detailed above is as follows:

Name of PDMR	Number of BAE Systems plc Ordinary shares acquired
Chris Geoghegan	2,030
Michael Lester	2,030
Steve Mogford	1,212
Mike Turner	2,030
Mike Rouse	2,030

1 June 2006

## NOTIFICATION OF MAJOR INTERESTS IN SHARES

1. Name of company

BAE SYSTEMS plc

2. Name of shareholder having a major interest

Barclays PLC via the following legal entities: Barclays Global Investors Ltd; Barclays Life Assurance Co Ltd; Barclays Private Bank Ltd; Barclays Global Investors Japan Ltd; Barclays Global Investors Australia Ltd; Barclays Global Investors Canada Ltd; Barclays Global Fund Advisors; Barclays Capital Securities Ltd; Barclays Global Investors, N.A.; Barclays Bank Trust Company Ltd; Barclays Private Bank and Trust Ltd; Barclays Global Investors Japan Trust; and Barclays Capital Inc.

3. Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18

Shareholder named in 2 above

4. Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them

Bank of Ireland – 54,264  
 Bank of New York – 228,116  
 Barclays Capital Nominees Ltd – 2,148,003  
 Barclays Capital Nominees Ltd – 432,991  
 Barclays Capital Nominees Ltd – 16,612  
 Barclays Capital Securities Ltd – 272  
 Barclays Global Investors Canada – 207,644  
 Barclays Trust Co & Others – 54,010  
 Barclays Trust Co as Exec/ADM – 2,881  
 Barclays Trust Co DMC69 – 23,429  
 Barclays Trust Co E99 – 3,857  
 Barclays Trust Co R69 – 169,540  
 BNP Paribas – 67,758  
 Chase Nominees Ltd – 1,591,950  
 Chase Nominees Ltd – 9,854,887  
 Chase Nominees Ltd – 119,789  
 Chase Nominees Ltd – 1,026,038  
 CIBC Mellon Global Securities – 53,360  
 Clydesdale Nominees HGB0125 – 6,080  
 Clydesdale Nominees HGB0125 – 15,308  
 Clydesdale Nominees HGB0125 – 1,226

Clydesdale Nominees HGB0125 – 1,410  
Clydesdale Nominees HGB0125 – 2,758  
Clydesdale Nominees HGB0125 - 484  
Clydesdale Nominees HGB0125 – 2,325  
Clydesdale Nominees HGB0125 – 1,345  
Clydesdale Nominees HGB0125 – 4,408  
Clydesdale Nominees HGB0125 – 4,010  
Clydesdale Nominees HGB0125 – 1,661  
Clydesdale Nominees HGB0125 – 3,108  
Clydesdale Nominees HGB0125 – 1,638  
Clydesdale Nominees HGB0125 – 5,029  
Clydesdale Nominees HGB0125 – 5,187  
Clydesdale Nominees HGB0125 – 6,709  
Clydesdale Nominees HGB0125 – 3,213  
Clydesdale Nominees HGB0125 – 1,089  
Clydesdale Nominees HGB0125 – 4,687  
Clydesdale Nominees HGB0125 – 1,824  
Clydesdale Nominees HGB0125 – 1,539  
Clydesdale Nominees HGB0125 – 24,424  
Clydesdale Nominees HGB0125 – 2,725  
Clydesdale Nominees HGB0125 – 7,612  
Clydesdale Nominees HGB0125 – 2,705  
Clydesdale Nominees HGB0125 – 15,648  
Clydesdale Nominees HGB0125 – 1,764  
Clydesdale Nominees HGB0125 – 3,604  
Clydesdale Nominees HGB0125 – 7,684  
Clydesdale Nominees HGB0125 – 2,902  
Clydesdale Nominees HGB0125 – 1,971  
Clydesdale Nominees HGB0125 – 1,748  
Clydesdale Nominees HGB0125 – 3,562  
Clydesdale Nominees HGB0125 – 2,274  
Clydesdale Nominees HGB0125 – 1,771  
Clydesdale Nominees HGB0125 – 2,420  
Clydesdale Nominees HGB0125 – 1,465  
Clydesdale Nominees HGB0125 – 10,327  
Clydesdale Nominees HGB0125 – 2,216  
Clydesdale Nominees HGB0125 – 2,702  
Clydesdale Nominees HGB0125 – 2,556  
Clydesdale Nominees HGB0125 – 2,011  
Clydesdale Nominees HGB0125 – 2,376  
Clydesdale Nominees HGB0125 – 9,003  
Clydesdale Nominees HGB0125 – 2,283  
Clydesdale Nominees HGB0125 – 4,524  
Clydesdale Nominees HGB0125 – 2,756  
Clydesdale Nominees HGB0125 – 6,205  
Clydesdale Nominees HGB0125 – 3,045  
Clydesdale Nominees HGB0125 – 2,113  
Clydesdale Nominees HGB0125 – 1,640  
Clydesdale Nominees HGB0125 – 1,782  
Clydesdale Nominees HGB0125 – 23,501



Clydesdale Nominees HGB0125 – 3,659  
Clydesdale Nominees HGB0125 – 20,404  
Clydesdale Nominees HGB0125 – 1,262  
Clydesdale Nominees HGB0125 – 2,518  
Clydesdale Nominees HGB0125 – 995  
Clydesdale Nominees HGB0125 – 1,274  
Clydesdale Nominees HGB0125 – 1,683  
Clydesdale Nominees HGB0125 – 1,888  
Clydesdale Nominees HGB0125 – 2,525  
Clydesdale Nominees HGB0125 – 2,000  
Clydesdale Nominees HGB0125 – 15,424  
Clydesdale Nominees HGB0125 – 1,605  
Clydesdale Nominees HGB0125 – 2,070  
Clydesdale Nominees HGB0125 – 1,107  
Clydesdale Nominees HGB0125 – 1,679  
Clydesdale Nominees HGB0125 – 4,059  
Clydesdale Nominees HGB0125 – 3,250  
Clydesdale Nominees HGB0125 – 12,186  
Clydesdale Nominees HGB0125 – 2,368  
Clydesdale Nominees HGB0125 – 4,229  
Clydesdale Nominees HGB0125 – 9,547  
Clydesdale Nominees HGB0125 – 4,000  
Clydesdale Nominees HGB0125 – 1,875  
Clydesdale Nominees HGB0125 – 1,700  
Investors Bank and Trust Co. – 249,700  
Investors Bank and Trust Co. – 8,224,180  
Investors Bank and Trust Co. – 721,522  
Investors Bank and Trust Co. – 991,858  
Investors Bank and Trust Co. – 92,030  
Investors Bank and Trust Co. – 1,093,286  
Investors Bank and Trust Co. – 125,785  
Investors Bank and Trust Co. – 2,592,872  
Investors Bank and Trust Co. – 768,875  
Investors Bank and Trust Co. – 3,348,469  
Investors Bank and Trust Co. – 51,266  
Investors Bank and Trust Co. – 71,274  
Investors Bank and Trust Co. – 300,476  
Investors Bank and Trust Co. – 84,159  
Investors Bank and Trust Co. – 366,944  
Investors Bank and Trust Co. – 85,091  
Investors Bank and Trust Co. – 763,872  
Investors Bank and Trust Co. – 549,728  
Investors Bank and Trust Co. – 16,621,246  
Investors Bank and Trust Co. – 5,371  
Investors Bank and Trust Co. – 30,953  
JP Morgan (BGI Custody) – 838,719  
JP Morgan (BGI Custody) – 192,302  
JP Morgan (BGI Custody) – 1,786,781  
JP Morgan (BGI Custody) – 413,800  
JP Morgan (BGI Custody) – 408,082

JP Morgan (BGI Custody) – 103,399  
JP Morgan (BGI Custody) – 219,576  
JP Morgan (BGI Custody) – 28,625,061  
JP Morgan (BGI Custody) – 54,064  
JP Morgan (BGI Custody) – 147,347  
JP Morgan Chase Bank – 104,143  
JPMorgan Chase Bank – 458,011  
JPMorgan Chase Bank – 298,111  
JPMorgan Chase Bank – 3,138  
JPMorgan Chase Bank – 197,206  
JPMorgan Chase Bank – 33,386  
JPMorgan Chase Bank – 16,515  
JPMorgan Chase Bank – 17,121  
JPMorgan Chase Bank – 92,222  
JPMorgan Chase Bank – 465,177  
JPMorgan Chase Bank – 439,604  
JPMorgan Chase Bank – 3,723  
JPMorgan Chase Bank – 335,910  
JPMorgan Chase Bank – 1,772,023  
JPMorgan Chase Bank – 349,182  
JPMorgan Chase Bank – 165,498  
JPMorgan Chase Bank – 26,085  
JPMorgan Chase Bank – 30,978  
Mellon Trust US Custodian – 127,312  
Mellon Trust US Custodian – 238,068  
Mellon Trust of New England – 127,480  
Mitsui Asset – 51,442  
Nothern Trust – 734,500  
Northern Trust Bank – BGI SEPA – 37,858  
Northern Trust Bank – BGI SEPA – 148,848  
Northern Trust Bank – BGI SEPA – 189,655  
Reflex Nominees Limited – 6,066  
Reflex Nominees Limited – 1,328  
State Street Bank & Trust – W1 – 133,720  
State Street Bank and Trust Co – 124,300  
State Street Boston – 1,676,387  
State Street Trust of Canada – 120,182  
The Northern Trust Company – U – 85,751  
Trust & Custody Services Bank – 1,919  
Trust & Custody Services Bank – 32,093  
Zeban Nominees Limited – 1,757,958

5. Number of shares / amount of stock acquired

N/A

6. Percentage of issued class

N/A

7. Number of shares / amount of stock disposed

N/A

8. Percentage of issued class

N/A

9. Class of security

Ordinary shares of 2.5 pence each

10. Date of transaction

Not disclosed. Notifiable interest in the ordinary share capital of BAE SYSTEMS plc given as at 25 May 2006

11. Date company informed

31 May 2006

12. Total holding following this notification

96,725,685

13. Total percentage holding of issued class following this notification

3.00%

14. Any additional information

Notification received under s198 CA85

15. Name of authorised company official responsible for making this notification

Ann-Louise Holding, Assistant Company Secretary (01252 373232)

16. Date of notification

1 June 2006