



Keeping pace on the battlefield
The US National Guard's Bradleys get an upgrade
See page 06



GT's lifelong love affair with flying
BAE Systems test pilot hangs up his helmet
See page 07

Positioned for growth in 2011

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'We have a resilient business'

Company-wide news from BAE Systems plc • Issue 1 2011

BAE SYSTEMS News

Dazzling ceremony for HMS Ambush

More than 2,500 BAE Systems Submarine Solutions employees joined hundreds of guests and 250 local schoolchildren to see the latest Royal Navy submarine, Ambush, unveiled and named in a spectacular ceremony on 16 December.

The unveiling of the second Astute-class submarine was accompanied by music and images of Ambush and first-of-class HMS Astute displayed on one giant and 16 smaller



Above: spectacular ceremony – some of the 700 invited guests watch the naming of Ambush as members of the submarine's crew form a guard of honour

plasma screens in the vast Devonshire Dock Hall at Barrow-in-Furness.

The submarine was named by her sponsor Lady Anne Soar, wife of Commander-in-Chief Admiral Sir Trevor Soar,

who smashed the traditional bottle of champagne on the boat's bow, and it was blessed by shipyard chaplain, the Reverend Sheila Hughes.

Ambush Commanding Officer Commander Peter

Green said: "This is a hugely proud day, not just for me but for my Ship's Company, and for BAE Systems, and the MOD Project Team. It is the culmination of a considerable amount of hard work

over a long period of time to get to this significant and demonstrable stage in the Ambush programme."

Ambush was rolled out from the hall onto the ship lift and lowered into Devonshire Dock after the

Christmas break. She was then towed to her quayside berth to begin the next phase of her test and commissioning process.

The MOD's Head of Submarine Production, Jon Swift, said: "This is a

tremendous achievement with some fantastic team working. Ambush is awesome, and she enters the water at a higher state of finish than that achieved for her first-of-class sister HMS Astute."

Cyber growth strengthens global services

Bold

BAE Systems' strategy to grow its global security services business in cyber and intelligence has been underlined by the proposed acquisition of specialist companies in Europe, the US and Australia.

In the latest development, the Company announced in January a recommended offer to acquire Norkom Group plc, a provider of innovative counter-fraud and anti-money laundering solutions to the global financial services industry.

Based in Dublin, Norkom has about 350 employees and its financial crime and compliance solutions are deployed in more than 100 countries.

At the end of 2010, the Company also entered into a definitive agreement to acquire ETI A/S, a leading cyber and intelligence company providing advanced technology products and services to government and commercial clients worldwide.

ETI, which employs more than 250 people, is headquartered in Denmark with operations in the UK, the US, and the Asian and Middle East regions.

Four acquisitions underline strategy on security market

These proposed acquisitions follow the previously announced agreements to acquire L1 Identity Solutions, Inc.'s Intelligence Services Group in the US and stratsec.net Pty Ltd in Australia.

These acquisitions will strengthen BAE Systems' position in cyber and intelligence activities in the Services market segment in line with the Company Strategy 2011 (See centre pages).

These acquisitions will complement

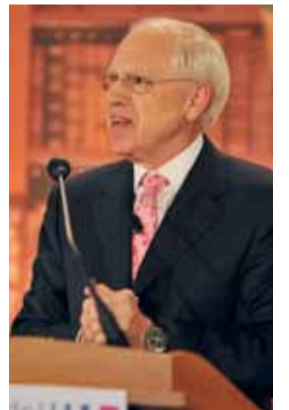
the Company's growing Intelligence & Security sector, which focuses on four key customer missions – intelligence and counter-intelligence, homeland security, law enforcement, and support to military operations.

In Australia, the Company entered into a definitive agreement to acquire stratsec.net Pty Ltd, an information security company with facilities in Canberra, Sydney, Melbourne, Singapore and Kuala Lumpur.

All the acquisitions are conditional, among other things, upon receiving regulatory approval.



Chairman's Awards 2010 >



Above and left: In the majestic surroundings of the Library of Congress in Washington D.C., Dick Olver pays tribute to the Chairman's Awards winners

A year of glittering success

Bold

Eight teams from across BAE Systems' global organisation were recognised for their significant contribution to the Company at the Chairman's Awards Gold ceremony at the majestic Library of Congress in Washington D.C.

The Gold Chairman's Awards ceremony, held in December, was the finale to a year-long award process that resulted in more than 4,000 nominations from around the Company.

BAE Systems Chairman Dick Olver told the audience that each of the 16 nominated teams should consider themselves winners, thanking them

for truly representing the best of what we do at BAE Systems.

"In a very special company, you've shown just how special we can all aspire to be."

The event recognised successes from across the Company's home markets ranging from the development of a risk management system that puts sophisticated technology to work in the battle against fraud to the provision of a new analytical tool to help the US intelligence community tackle terrorist activities.

IN A VERY SPECIAL COMPANY, YOU'VE SHOWN JUST HOW SPECIAL WE CAN ALL ASPIRE TO BE

Dick Olver, BAE Systems Chairman

"By recognising extraordinary people delivering extraordinary performance across our global organisation ... these awards are a powerful mechanism for capturing the best practices, insights and knowledge that we create every day...and then for sharing these between our people worldwide," Dick said.

The 2010 scheme saw the launch of a fourth category, "Supporting Our Total Performance Culture", which attracted more than 1,000 nominations, far

exceeding the expectations for its first year.

"The new category shows that we regard Total Performance as having an importance on a par with the other critical drivers of our success: Innovation, Enhancing Customer Performance, and Transferring Best Practice," the Chairman emphasised.

Dick highlighted the significant link between the scheme and the strategic direction and priorities for the Company, referring to the scheme as a "hugely powerful signalling tool".

The Chairman added: "Our greatest strength is our people and their ability to outperform on all counts."

The best of the best – page 03

Chief Executive's Message >



Together we can meet the challenge of 2011

2010 was a challenging year but our commitment to driving programme performance and efficiencies in our business was impressive.

Going forward, I am confident of the sustainability and strength of our Company and the ability to be agile and deliver value for money to our customers.

We are focusing on defence and security

in three market segments of Services, Electronic Systems and Platforms. During the first half of 2010, 49 per cent of our sales were in services. This includes Readiness and Sustainment as well as cyber and intelligence activities.

Recent acquisitions of cyber and intelligence businesses in Europe, the US and Australia will result in a significantly enhanced offering for customers and

present an opportunity for accelerated growth in the fast-growing cyber and intelligence services sector.

Exports are also an increasingly important area of our strategy and the US and UK governments are providing us with strong support on key campaigns.

Our home market strategy continues to differentiate us from peers and competitors. These markets have a sustained

commitment to defence and security, and encourage inward investment to develop and sustain a local industrial base.

Face-to-face briefings on the Company Strategy have already commenced and I encourage all of you to participate in these sessions. We have positioned our Company for growth.

Our values, Trusted, Innovative and Bold, are becoming embedded across the Company and our culture of Total Performance – not just what we do but how we do it – will enhance our reputation.

2011 will be equally as challenging but we have a strong, viable and prof-

itable business with good growth potential, talented employees, strong technologies and innovative products and services that address the needs of our customers.

I am very proud of the hard work and dedication of everybody in our Company and I am sure together we will rise to the challenge and further develop our business in 2011. Thank you for all your support.

WE HAVE A STRONG, VIABLE AND PROFITABLE BUSINESS

Operational Framework provides our stable foundation

Trusted

The BAE Systems Operational Framework (OF) sets out how we do business across our Company and is routinely updated and revised to ensure it aligns with the Group Strategy and organisation.

Version 10 of the OF came into effect on 1 January, providing the latest guidance on the governance and structure that is in place for line leaders to run their businesses.

It also acts as a useful reference document for employees, explaining the business policies and processes, providing clarity on roles and responsibilities and describing how together these support the development of a culture of Total Performance.

Peter Fielder, Managing Director Performance Excellence, explained: "The OF is a key document based on principles of good governance and outlines the values, policies and processes that are mandated across the organisation."

"We maintain and continuously improve the framework, and these policies and core business processes, to ensure they add value and have relevance to our business."

"This provides a stable



Above: the OF is a key document that is continuously improved

Latest updates of policy and processes

foundation from which to deliver our strategy and improve our Company performance."

The policies, processes and charters detailed in the OF are global good practice and functional and line leaders will now start to implement the changes within their businesses. The changes will be reflected in local Business Management Systems.

Peter added: "I would encourage every employee to understand how the OF supports their role and raise any questions with their line manager."

Lifecycle Management Framework

Issue 6 of the Lifecycle Management (LCM) Framework and changes to 50 LCM Guides and Handbooks also came into effect on 1 January, providing updated LCM mandates and supporting guidance for application across the global business.

LCM is the core business process for managing projects and the update ensures that these processes remain relevant and applicable to the Company in line with the Group Strategy.

The LCM Framework provides the information and guidance to enable the businesses to tailor the LCM process to individual and specific needs for a wide range of complex projects and programmes.

The latest version of the LCM Framework and all of the supporting guidance is available on the LCM intranet site to facilitate consistent and effective application across the Company.



Above: the OF team took people through the changes in training sessions at sites across Saudi Arabia and the UK

Bringing to life the way we do business

Bold

One of the challenges that comes with an updated Operational Framework is making sure that it is communicated effectively across the Company.

Last year BAE Systems Saudi Arabia grasped that problem and came up with a solution. Peter Fielder, Managing Director, Performance Excellence, said: "The approach developed by BAE Systems Saudi Arabia is a great example of how the OF can be rolled out effectively in individual businesses."

Bandar Al-Mashhadi, Director of Business Assurance, explained: "When the previous version of the OF was launched it contained a significant number of changes and updates. Although managers and employees were aware that an updated OF was available, our challenge was how to bring it to life for BAE Systems Saudi Arabia"

"The OF helps us to establish clarity about the roles and accountabilities within our organisation and the governance framework within which we operate. "Given Total Performance

Saudi Arabia's award-winning approach to OF

is about every aspect of the way we do business, the OF is a key document for employees and line managers. As a straightforward reference point, it explains how we do business and what it means to be part of our Company."

A team from across BAE Systems Saudi Arabia was established to look at how the OF could be rolled out effectively and methodically across the business.

Tom Gallagher, Acting Chief Counsel and Vice-President Legal, explained: "It was clear that a significant number of changes were owned by the Legal Function, so it made sense that we played a major role in assessing and implementing the approach."

"Working with colleagues

from Business Assurance and PR & Communications, we classified the changes into three broad categories."

These were:

- Significant changes needing detailed communications training
- Changes requiring a comprehensive level of understanding
- Minor change requiring awareness only.

The team launched the OF to the senior leaders of the business at the beginning of March 2010.

James Brook, Counsel and OF team member, explained: "The launch gave each local policy owner the ideal opportunity to highlight key changes to their policy areas as well as stress what should be cascaded to team members from an awareness perspective."

Following the launch, managers were provided with more information about key changes to policy,

process and charter areas where it was believed a more detailed level of understanding was required.

"For the more significant or complex changes, we decided that it was in the business's interest to train all our managers and require that they cascade the training."

"Rolling out a training programme sounds simple, but given the geographic spread of our workforce across the Kingdom and with managers in the UK – combined with the limited IT infrastructure on certain sites – we had to be flexible in our approach to ensure that all managers were trained."

During the course of 2010, through training sessions in Riyadh and Samlesbury and specific group activities at locations across Saudi Arabia, the OF team and policy leads took people through the changes and the training programme was completed on 31 October 2010.

This approach not only resulted in a Chairman's Bronze Award for the team but has also been recognised as good practice by Performance Excellence.

Project Olympia keeps tabs on documents

BAE Systems recognises the importance and strategic value of the information it holds within its documents.

Responsible document management is about applying thought and discipline to the way in which we create, retain and dispose of our documents.

This is a key enabler in developing a culture of Total Performance and is fundamental in helping us to share knowledge, skills and best practice and deliver against our commitments.

The Document Creation, Retention and Disposal policy is mandated under the Operational Framework. The policy is focused on ensuring that all employees manage their documents in a consistent and considered manner.

Project Olympia is a global project established to help each business become and remain compliant with the revised policy. It recognises that behavioural, process and technology change all play a part in ensuring that we manage our information effectively and to our advantage.

To help businesses plan and implement these changes, it has developed a set of technology recommendations and configuration guides, a set of global processes and a suite of awareness and training products. All of these recently passed their design review which was conducted with representatives from each home market.

The technology, and the Project Olympia toolkits will be rolled out to a pilot group in Australia between April and June this year.



THE APPROACH DEVELOPED BY SAUDI ARABIA IS A GREAT EXAMPLE OF HOW THE FRAMEWORK CAN BE ROLLED OUT EFFECTIVELY IN INDIVIDUAL BUSINESSES

Peter Fielder, Managing Director Performance Excellence

Best of the best are honoured

BAE Systems' premier reward and recognition scheme acknowledges employees, customers and industry partners for their extraordinary contribution to the global success of BAE Systems.

It is a powerful mechanism for capturing the best practices, insights, knowledge and behaviours that help to shape our Company across the globe.

From the 4,000 nominations received, just under a third received a Bronze Award and 63 Silver Awards were selected across the four categories.

Sixteen nominations went forward to the Gold Awards Panel in Washington D.C. and, once again, the quality of the submissions was exceptional. Following a very challenging judging process, two winners in each of the four categories were selected.

Congratulations go to the winning teams who are profiled on this page.

More details about each of the 2010 winners and information about the Chairman's Awards scheme can be found on the intranet site at <http://ca.intranet.baesystems.com>

Supporting Our Total Performance Culture >



Nomination: IX Urgent Operational Requirement

Team members: Alistair Bastian, Carl Austin, Caroline Emmott, Lloyd Hankin

Business: Detica

Nominator: Simon Goldsmith.

Data collection and analysis is not just for the back room. Detica's TxtReveal software is now being used by soldiers on the front line as well.

Previously TxtReveal had been used to support commercial clients but, as a customised piece of software, it has proved to be just as helpful in enabling defence intelligence analysts in theatre to discover mission-critical intelligence

from large volumes of unstructured information.

"The software is both innovative and flexible," said Simon Goldsmith. "We can offer multiple search types, intuitive visualisations and automatic alerts. Delivering high quality people and technologies to solve a mission critical problem is a typical Detica assignment – this was not a typical environment."

The team worked closely with the client to deliver this capability directly into theatre to meet an urgent operational requirement. Working alongside end users delivered a better and faster solution but it also helped develop new TxtReveal capabilities.



Nomination: Afghanistan Field Service Facilities

Team members: Adam Reaves, Chris Rodriguez, Eric Jeffs, Gerald Baker, Kevin Shaffer, Mark Cole, Robert Crews

Business: Land & Armaments

Nominator: Thomas Smith. In Afghanistan, the soldier's need for Mine Resistant Ambush Protected (MRAP) vehicles is not something that can be put off for another day, otherwise that day might never come.

The military's own facilities were faced with a back-log in vital modification work. BAE Systems MRAP Maintenance Facilities Team stepped up to help. The

team created the first-ever defence company maintenance operations set up in the Afghan theatre, in Bagram and Kandahar.

"We saw this through from surveying the land to getting the work up and running," said Adam Reaves, Manager Field Service, Land & Armaments. "It was a first so we had to work things through as we went along. But given the guys we were doing this for, urgency was a must."

This is an innovation that is here to stay. Demand for the new facilities is high and has handsomely repaid the initial investment. Expect more Company field services on this model in the future.

Transferring Best Practice >



Nomination: Best Practice "pull" into T45 Support

Team members: Alun Fishburne, Capt Tony Erskine RN, Cdr Phil Crago RN, Chris Curtis, Greg Bolan, John Wombwell, Louis Adamson, Mike Tranter, Paul Bowsher, Paul Renn, Peter Buchanan

Business: Surface Ships

Nominator: Lisa Hart.

Challenging the way things have been done in the past – and doing them better – is intrinsic to BAE Systems customer service. That was the approach taken by the Type 45 Anti-Air Warfare Destroyer Support Bid Team.

The team took a long hard look at previous practice both within BAE Systems and outside it, where the norm

had been pay-as-you-go contracts. They decided it was time to change.

"We suggested a full availability contract for Type 45," explained nominator Lisa Hart.

"That was pretty brave given the weight of precedent. But we knew it would work for both the customer and us, and we decided to give it a try."

The approach paid off. The contract – the largest contract by value for ship support – was awarded to BAE Systems, and has cleared the way for further contracts of this kind in other home markets, particularly in the US and Australia. Type 45 is not going to be the last ship supported in this way.

Enhancing Customer Performance >

Nomination: NetReveal

Team members: Andy Cobb, Anne Atkinson, Carol Baxter, Jamie Hutton, Laura Houston, Martin Skipsey, Nick Ablitt, Peter Cates, Scott Samme, Vishal Marria

Business: Detica

Nominator: Imam Hoque. Detica's NetReveal® risk management platform puts industry leading technology to work in the battle against fraud and financial crime.

Over the last 12 months, Detica NetReveal® has helped government and commercial organisations to identify and combat thousands of fraud networks globally.

Using advanced social network analysis, NetReveal analyses huge volumes of previously unmanageable data to spot hidden relationships, and identify networked behaviours indicative of organised crime and terrorism.



"Our technology is ground-breaking," said team member Pete Cates.

"And not only in the immediate detection of fraud leading to hundreds of arrests and huge financial savings, but also in the change NetReveal brings to the fraud investigation process and mentality."

As a result, our customers' territories are more secure and less favourable environments for organised

criminals, further cementing our position in the global security market.

Nomination: Ground-breaking GEOINT Techniques

Team members: Judson E. Hicks, Matt Cosand, Nadine Briden

Business: Intelligence & Security

Nominator: Wes Green.

We live in a data-rich world. The vast majority of information is open, but useless to



the intelligence community because it is scattered and cannot be used alongside typical intelligence reports.

That is where BAE Systems' team of geospatial analysts stepped in. By providing a new analytical tool, the team was able to bring together open-source data – news reports, propaganda and other information – to help the US intelligence community tackle terrorist activities.

The 75 per cent success

rate of missions guided by the technique is very impressive. Mike McKinney, Director – Programs, Intelligence & Security, said: "This was all done using commercially-available geographic information systems software."

"The difference was realising the opportunity to use those tools in a new way. The success rate has delighted our customer – and us too."

Innovation >

Nomination: ARGUS-IS

Team members: David Chester, Dennis Bowler, Gil Ettinger, James Targove, John Antoniadis, Jonathan Edwards, Mark Stevens, Paul Darling, Steven Wein, Thomas Pollard

Business: Electronic Solutions

Nominator: David Viens.

Reducing the risk of injury and death from roadside bombs and other forms of warfare is a priority. That means using full motion video to track multiple targets in real time, covering large areas and delivering information to troops



as quickly as possible.

That is the mission of ARGUS-IS, which offers its customers the speed and reliability they must have for effective operations. ARGUS-IS covers a wider area than its competitors and eliminates

the delays that make a difference between a threat resolved and the possibility of casualties.

Program Manager John "Yiannis" Antoniadis said: "This is the fastest-growing defence technology sector

and we knew we had to be leaders in it. The key was to deliver maximum information in minimum time, and the reaction we have had to ARGUS-IS from our customers has been really favourable."

The success of ARGUS-IS has established BAE Systems as the industry leader in wide area motion imaging technologies.

Nomination: Rapid Development of a DMS for Urgent Operational Requirement

Team members: Adam Spence, Adrian Huxley,

Adrian Monks, Group Capt Rob Ryder, Jay Panesar, Jerry Taffel, John Barratt, John Cadman, Mike Corkill, Rob Johnson, Terry O'Sullivan, Tim Pritchard

Business: MBDA

Nominator: Hemant Jariwala.

Developing a missile can take four to five years on average. Not the case where the Dual Mode Brimstone (DMS) was concerned – in response to an urgent operational requirement request from the UK MOD it was operational in 16 months.

"Brimstone has been around since the Cold War. But it had to be adapted to



meet today's rules of engagement – high precision and low collateral damage. That was what we turned round, and pretty quickly too," said team member Adrian Monks.

Dual Mode Brimstone

saw service first in Iraq and is now delivering outstanding performance in Afghanistan. And the MOD is very impressed about its future potential. The old warrior could be around for a long while yet.

Spotlight – Company Strategy 2011 >

A resilient business p

Trusted

BAE Systems continues to build successfully on its position as one of the world's largest and most geographically diverse defence and security companies. We have a resilient business, well positioned to weather the pressures that result from the recent turbulence in global economies.

Last year saw the positive development of our business in our core market segments of services, electronic systems and platforms.

Market segments

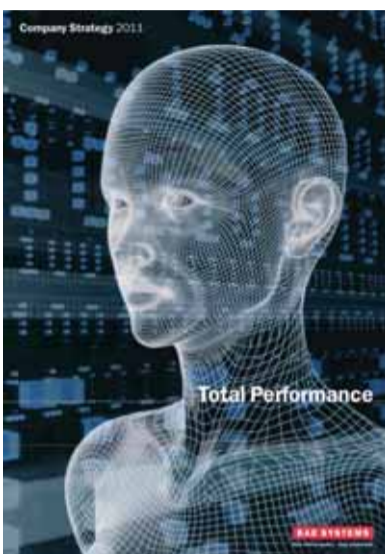
All of our market segments – services, electronic systems and platforms – enjoy common attributes of long-term demand, customers with whom we have strong relationships and key intellectual property. Together these attributes create differentiation that will position us well. These market segments are where we intend to focus.

In the first half of 2010, 49 per cent of our sales were in the services market segment. This segment includes our Readiness and Sustainment activities as well as cyber and intelligence.

The acquisition of Atlantic Marine Holding Company and the pending acquisitions of SpecTal LLC., Advanced Concepts Inc. and McClendon LLC. in the United States, stratsec.net Pty Ltd in Australia, Norkom Group plc in Ireland and ETI A/S in Denmark will add capabilities and footprint in this growing area.



Above: Ian King



TO GROW OUR BUSINESS WE INTEND TO FOCUS ON SERVICES, ELECTRONIC SYSTEMS AND PLATFORMS ACROSS OUR HOME AND EXPORT MARKETS

home markets are those where we operate indigenous businesses in market segments where we see good sustainable growth prospects. We are committed to the development of our home market strategy.

The Executive Committee has decided to focus its home market investment in Australia, India, the Kingdom of Saudi Arabia, the United Kingdom and the United States of America. Sweden and the Republic of South Africa remain an important part of the Land & Armaments business. We will continue to look for further home markets, and our current focus is on markets in South America and Asia.

A key part of our strategy is the deployment of robust processes for career development and succession planning for our people and the way in which we target our integrated approach to performance, embracing all aspects of our corporate existence.

The Group wants to be recognised as a company committed to developing a culture of Total Performance, focusing not just on what we do, but also how we do it. By us all living our values – trusted, innovative and bold – we can continue to grow our business and support our customers in 2011.

Our focus for growth is services, electronic systems and the combat aircraft domain of our platforms segment. BAE Systems remains a broadly-based and resilient business. We will continue to develop our strategy. We are not complacent and are driving efficiencies hard into our business.

I am sure I can count on your support as we address this changing market through delivery of our strategy.

Our electronic systems segment continues to benefit from investment in previous years. We have strong underlying technology that should position us well to access future growth in this segment. We will also continue to invest in new capabilities organically and through acquisition. Our recent purchase of OASYS Technology LLC and agreement to acquire Fairchild Imaging, Inc. are good examples.

The platforms segment continues to benefit from a strong order book. The combat aircraft domain is experiencing strong growth with continued high levels of Typhoon production and a substantial ramp-up in Joint Strike Fighter activity.

In surface warships, the UK Strategic Defence and Security Review committed to the build of two Queen Elizabeth Class aircraft carriers as well as a new Type 26 surface combatant. In submarines, we continue to deliver to an agreed drumbeat of Astute submarine programme milestones as well as building up our capabilities for the deterrent programme.

Home markets

BAE Systems continues to benefit from a broad and diverse market base. Our

BY US ALL LIVING OUR VALUES – TRUSTED, INNOVATIVE AND BOLD – WE CAN CONTINUE TO GROW OUR BUSINESS AND SUPPORT OUR CUSTOMERS IN 2011

Our vision is to be the premier global

Our mission is to deliver sustainable growth in shareholder value
Customer focus Programme execution

Our values are Trusted, Innovative and Bold

Our Strategy

Operate and grow in the defence and security markets in the home and export markets

Grow in existing and develop new market segments

Grow our export business

Strategic Initiatives

Invest and grow in Services including Readiness & Sustainment, Cyber and Intelligence

Invest and grow in Electronic Systems

Sustain our Platform positions

Integrated business

Trusted

We deliver on our commitments
– We are honest and take responsibility
– We can be relied upon
– Everyone matters.

Innovative

We create leading-edge solutions
– We value imagination and experience
– We empower teams
– Working together we turn our ideas and technologies into solutions.

Bold

We constructively challenge and take the initiative
– We operate with tenacity and resolve
– We accept challenges and manage risk
– We set stretching goals.

Focus on market segments

Market segmentation

At the core of our strategy is creating long-term sustainable value for all our stakeholders through leadership in the following market segments:

- Services
- Electronic Systems
- Platforms.

Our activities in each of our chosen market segments are as follows:

Services

We provide a range of support and services in the areas of defence and security – from equipment, facilities and infrastructure through to intelligence gathering.

Readiness and Sustainment – We provide total support for mission success – ranging from preparation and training programmes that are designed to ensure military personnel and equipment are ready for deployment (Readiness) through to maintenance and enhancement services (Sustainment).

Cyber and Intelligence – We help government and commercial clients collect and manage information to reveal intelligence, maintain security, manage risk and strengthen resilience in today's complex operating environment. We also provide mission-critical cyber security solutions, information technology, intelligence and analytical tools and support solutions to the intelligence, defence and civilian communities.

Electronic Systems

We design, develop, manufacture and integrate a diverse portfolio of mission critical electronic systems. We help customers with their requirements in the areas of electronic warfare, signal processing and battlespace management. Our products include situational awareness and survivability systems, intelligence,

surveillance and reconnaissance systems, secure networked communications and navigation systems, precision targeting and uncooled night vision systems.

Platforms

We design, develop, manufacture and integrate a broad range of defence systems and equipment.

Air – In the air domain we provide advanced military air capability through delivering combat aircraft and jet trainers. We are also addressing the emerging global market for autonomous systems and related technologies.

Land – In the land domain we provide armoured combat vehicles, tactical wheeled vehicles, missile launchers, artillery systems and munitions.

Maritime – In the maritime domain we provide above and underwater battlespace capability through the delivery of surface ships and nuclear submarines.

WE ARE FOCUSED ON NOT JUST WHAT WE DO, BUT HOW WE DO IT



Positioned for growth

Global defence and security company

Deliver value through our commitment to Total Performance

Financial performance

Responsible behaviour

Simple, Innovative and Bold

Strategy

Key segments of Services, Electronic Systems and Platforms

Develop new home markets

Support business

Key actions

Implement the home market strategy to grow our business

Develop new home markets and grow our export business

Implement rationalisation and efficiency programmes

Business plans



Robust strategy to meet evolving challenges

Our strategy provides the framework that defines the direction and shape of the Group over the long-term. This enables us to prioritise the deployment of our resources within a challenging environment.

Our strategy is well established and

has delivered strong growth for us.

To address evolving challenges and maximise our resilience in the current environment we have reviewed and refined our strategy to ensure it remains robust, fit for purpose and continues to deliver value.

THE ELEMENTS OF OUR STRATEGY

- Operate and grow in the defence and security markets in the segments of Services, Electronic Systems and Platforms
- Grow in our existing and develop new home markets
- Grow our export business
- Implement rationalisation and efficiency programmes.

Executive Committee Top Ten Objectives

The Executive Committee Top Ten objectives focus on specific deliverables in support of both delivery of short-term results and the overall strategy

The Executive Committee has set the following objectives for 2011. The aim of these objectives is to provide focus for the leadership and engagement of people at all levels in the Group. A review of performance against these objectives will be contained in the Annual Report.

- 1 Financial Performance** – Meet 2011 financial targets and deliver sustainable growth in shareholder value
- 2 Programme Execution** – Further enhance programme execution through schedule and cost performance
- 3 Customer Focus** – Focus on our commitments to our customers
- 4 Responsible Behaviour** – Progress towards recognised leadership position
- 5 International** – Grow our international presence through implementation of our home market strategy
- 6 Product Sectors** – Deliver actions to drive increased shareholder value across the Product sectors
- 7 Programmes & Support** – Deliver in the UK sustainably profitable through life businesses in the air and maritime sectors and grow our security business
- 8 Service Sectors** – Build a foundation for sustained profitable growth across the Service sectors
- 9 Global Initiatives** – Implement our global initiatives within the Five Year Plan
- 10 Business Development** – Continue to develop and deliver business within export markets

Our vision and mission

Our **vision** provides a clear definition of the future state we wish the Group to attain. It is: "To be the premier global defence and security company."

While our vision defines our destination – our commitment to Total Performance guides our actions for the benefit of all of our stakeholders. We have embedded this in our mission.

Our **mission** describes our overall goal and the philosophy that underpins our

activities. Meeting our mission is key to achieving our vision. It is: "To deliver sustainable growth in shareholder value through our commitment to Total Performance."

We believe that by embodying the four elements of Total Performance wherever we operate, we will deliver the growth in shareholder value that will make us the premier global defence and security company that we aspire to in our vision.

Opportunities to develop in export and home markets

Exports

BAE Systems has opportunities to export its products to many countries around the world.

Historically we have been a strong exporter and there is renewed support from both the UK and US governments for defence export efforts. Our successes in 2010 included the MOKYS (Mobile Military Communications System) to Slovakia, Hawk to India and the Archer self-propelled artillery system to Norway.

We have strengthened our in-country presence in our key markets and this approach is proving successful in terms of the upturn in the number and quality of export opportunities produced.

While many of our products have export potential, the focus in 2011 will be on the Typhoon combat aircraft, M777 howitzer, Bradley vehicles,

CV90 and the Hawk jet trainer.

In the longer term we also see good opportunities for exports in the maritime domain.

Home markets

Home markets differ from export markets by either already having, or providing the potential for developing, a significant indigenous BAE Systems capability and footprint.

Today, our global business is based around five home markets – Australia, India, the Kingdom of Saudi Arabia, the United Kingdom and the United States. These markets are identified as having a significant and sustained commitment to defence and security budgets across multiple domains. They are also countries that welcome foreign investment to develop and sustain a domestic industrial capability and possess a skilled workforce.

'Now, soldiers in the US National Guard will train the way they fight'

Trusted

US Army National Guard soldiers on the battlefield will gain a real advantage from a new programme to bring 247 of their Bradley vehicles up to the same level as those in use by the active Army.

The US\$250m contract, awarded by the Army's Tank Automotive Command Life Cycle Management Command, provides BAE Systems with the resources to convert 202 Bradley Operation Desert Storm (ODS) vehicles to the Bradley Operation Desert Storm Situational Awareness (ODS SA) configuration.

The contract also provides additional resources for 45 kits for future conversion requirements.

Loren Van Huystee, Program Manager, ODS SA, for US Combat Systems (USCS), explained: "The National Guard has traditionally trained on older equipment, and this contract

Bradley upgrade contract helps reservists keep pace on the battlefield

essentially allows them to bring two brigades of their fleet of fighting vehicles to a performance level similar to the A3 Bradleys in the active Army Heavy Brigades.

"The upgraded vehicles will have better situational awareness for the soldier squads in back and provide them with better information to do their job.

"Now, soldiers in the National Guard will train the way they fight."

Loren said that converting the older Bradley vehicles to the ODS SA configuration would reduce the time spent training soldiers to operate the A3 vehicles in service overseas.

"Since National Guard



Above: the upgraded Bradleys will enhance battlefield performance and ease logistics burdens

brigades were using older vehicles, there was a time lag once they were deployed," he said. "Now, they'll train on the newer vehicles. When they hit the ground upon deployment, they'll be able to immediately conduct their missions."

Conversion will begin in

April at USCS's York, Pennsylvania site.

The Bradley ODS SA vehicle is designed to enhance battlefield performance and also ease logistics burdens. The vehicles feature digitised electronics that provide the most advanced situational awareness, network connec-

tivity and communication with the Heavy Brigade Combat Team. These features exemplify BAE Systems' Readiness and Sustainment capabilities.

Soldiers with experience in the Bradley vehicles can attest to their capabilities on the battlefield.

Scott Rutter is the Director of Recovery, Engineer and Bridging Systems and M113 at the USCS in Sterling Heights, Michigan. Before joining BAE Systems, Scott served in the US Army, retiring as a decorated lieutenant colonel.

He served during Operation Desert Storm and Operation Iraqi Freedom, during which time he commanded the Army's 2nd Battalion, 7th Infantry. His unit led the assault against the Iraqi Special Republican Guard to secure the Baghdad International Airport.

"My unit was one of the few that engaged in a tank battle in heavy combat," said Scott. "I can say first hand that the Bradley is beyond reproach when it comes to its capacity to meet our counterparts. I've had two commands in combat and my whole life has been the Bradley.

"The upgrades will allow



'I'VE HAD TWO COMMANDS IN COMBAT AND MY WHOLE LIFE HAS BEEN THE BRADLEY'

Scott Rutter, Director of Recovery, Engineer and Bridging Systems

it to keep pace and even exceed the capability needs of our soldiers. It's good to know that with the upgrades, they will have the same capabilities I had with such a superior mechanised vehicle."

Cyber threat awareness training

Innovative

Around the globe, cyber attacks threaten companies with ever-increasing sophistication.

BAE Systems recognises these threats, especially those posed by organisations intent on stealing intellectual property for political, economic, or military gain.

It also recognises the important role employees play in safeguarding information. You are an important part of the Company's fight against cyber criminals.

"Cybersecurity" was a virtually unknown term just a few years ago, yet today governments and industry spend tens of billions annually on services to protect their information," said Malcolm Carrie, Head of Strategy and Architecture for the BAE Systems Corporate IT office.

"That number will grow as organised groups find increasingly sophisticated ways to breach information security at companies such as ours."

Michael Bennett, BAE Systems, Inc. Senior Vice President and Chief Information Officer, agrees. "The Company continually invests in technology to defend BAE Systems proprietary information against

loss, but technology alone is not enough to prevent a new wave of threats from accessing and exfiltrating our data. Every employee plays a role in safeguarding data."

To underscore the importance of that role, this year all BAE Systems home markets teamed up to develop 12 information security training modules.

The interactive online modules, introduced in January, will help employees protect customer and partner data and internally generated intellectual property.

The first module illustrates how a sophisticated cyber attack could enter the BAE Systems network through any of the home markets. The second focuses on "spear phishing" — e-mails that target specific employees to gain entry to the BAE Systems network. The modules describe what employees can do to prevent security breaches.

Details on the new courses will be communicated through 2011. Employees are strongly encouraged to complete these modules and to contact their local or home market IT Security team with questions.

"We're counting on employees, because they make the difference in the fight against cyber attacks," Malcolm Carrie said.



Above: Business Development teams are embarking on an initiative to hone their business-winning skills

Agility brings competitive edge

Bold

Everyone is aware of the increasingly challenging environment in which BAE Systems is operating, with defence budgets under threat in virtually all core markets.

As well as looking to exports, the Company also has to improve its track record of winning new business in its more traditional markets — the majority of which will be competitive business.

One way in which the Company is looking to tackle this new environment is through an initiative known as Competitive Agility, which is being led by Group Business Development (BD) and sponsored by the

BD Functional Council.

The organisation has a successful track record of embarking on significant initiatives to address key challenges, and improving its ability to win competitive business is one such challenge.

Alan Garwood, Group Business Development Director, is sponsoring the initiative.

He explained: "Winning competitive business, particularly in the export domain, and growing our Services business are key to the Company's growth

this year, and I believe the Competitive Agility initiative will position us better to meet these objectives."

The focus of Competitive Agility is on promoting collaboration, speeding up good decision making and creating a focal point for win-strategy and campaign planning.

The Competitive Agility initiative, which will be launched early this year, will introduce a Strategic Campaign Action Plan initially to target up to ten strategic campaigns — as

identified by the BD Functional Council.

These campaigns will be the focus of senior level involvement including being supported by a Campaign Advisory Board.

The BD Council will also have responsibility for ensuring a strong campaign team is formed.

An additional core concept will be the wider use of "war rooms" in order to provide a focus for each opportunity, both before and after bid submission.

The work is being led through the Business Winning Analysis and Capability team in GBD and in close conjunction with other BD teams around the business.

'WINNING COMPETITIVE BUSINESS AND GROWING OUR SERVICES BUSINESS ARE KEY TO THE COMPANY'S GROWTH THIS YEAR'

Alan Garwood, Group Business Development Director

BAeHAL roadshow shows UK what India has to offer

Bold

A team from Bangalore-based software and engineering services specialists BAeHAL recently spent some time in the UK visiting various BAE Systems businesses and key partner companies to introduce them to BAeHAL's latest capabilities and explore opportunities for future collaborative work.

BAeHAL is a joint venture formed in 1993 between British Aerospace and Hindustan Aeronautics Ltd. (HAL). A government-owned enterprise, HAL is India's premier aerospace company — since it was established in 1964, HAL has produced more than 3,500 aircraft including Hawk and Jaguar.

Specialising in the aerospace and defence sector, BAeHAL's clients include Rolls-Royce, Thales, Bombardier, Airbus, MBDA, and India's armed forces.

Embarking on a new phase of growth, BAeHAL is excellently positioned to achieve significant growth. Additional capabilities developed to address new markets and its ambition to pursue major defence programmes illustrate a level of expertise from which BAE Systems businesses could benefit.

In what proved to be a very successful road show, BAeHAL showcased its world-leading capabilities including engineering services, real time and embedded systems, simulation, verification and validation, and ERP.

It resulted in a number of opportunities for both BAE Systems and BAeHAL.

'GOVERNMENTS AND INDUSTRY SPEND TENS OF BILLIONS ANNUALLY ON SERVICES TO PROTECT THEIR INFORMATION'

Malcolm Carrie, Head of Strategy and Architecture

Spotlight>

BAE Systems test pilot Graham 'GT' Tomlinson has retired, but the next generation will benefit from his experience

A lifelong love affair with flying

Trusted

As a teenager, Graham Tomlinson was enthralled as he stood on the runway and watched as Concorde thundered by on its first flight.

The 19-year-old student's fascination mounted as he saw a development Harrier jump jet having its engines tested on the nearby apron.

Now, at the end of his professional flying career, Graham – chief test pilot for BAE Systems – still remembers the buzz of excitement he felt as a young air force cadet standing on that runway at Filton in the UK in 1969.

And he plans to share the thrill he felt with youngsters in schools around the country as he joins a programme that will encourage children to take up engineering as a career.

"There was me, a young sprog who'd only flown Auster Autocrats and Chipmunks, standing watching as two of the most iconic aeroplanes of the 20th century were put through their paces. That was it for me. I was hooked."

Graham recently hung up his flying suit and helmet after a career that took him from operational duties in the Royal Air Force at the height of the Cold War, to development work on the Harrier AV8B and the new Joint Strike Fighter – the F-35 Lightning II, being developed with US company Lockheed Martin.

Winner twice over for contribution to aviation

Graham recently received the Derry and Richards Memorial Medal from the Guild of Air Pilots and Air Navigators (GAPAN) for his outstanding contribution in advancing the art and science of aviation.

The citation read: "Throughout his career

Graham Tomlinson has excelled as a natural leader, with exceptional engineering judgement, boundless innovation, disarming humility, and above all, a great pair of hands: this sets him apart as one of the truly great test pilots."

It's the second time he has won the medal – the first was when he was chief test pilot at Dunsfold. His reaction was typical. "I was surprised – I thought you could only win it once."

Graham's love affair with flying began as a schoolboy, when he joined the Air Training Corps. After graduating from Bristol University where he studied aeronautical engineering he joined the RAF and spent his operational tour in Germany, watching and waiting for Ivan the Terrible to roll over the East German border.

"I was with a tank-busting squadron flying Harriers, but as it happened, I never fired a shot in anger."

He did, however, pick up the first of three Queen's Commendations for successfully landing a Harrier

whose hydraulics were intermittent.

"In those days, the Harrier was a beast to fly. We didn't understand it at all, and there wasn't the quality of training that the young fellows get nowadays. There was a high accident rate with the aircraft – some people walked away alive, and others did not. I was very lucky."

With his service in Harriers, Graham was snapped up as a military test pilot when he finished operational flying, joining a group of elite RAF fliers whose job was to test and confirm the aircraft that

IN THOSE DAYS, THE HARRIER WAS A BEAST TO FLY. WE DIDN'T UNDERSTAND IT AT ALL, AND THERE WASN'T THE QUALITY OF TRAINING THAT YOUNG FELLOWS GET NOW



Above: Graham Tomlinson at Fort Worth Texas where he performed the first STOVL flight in the F-35 Lightning II

were being produced for the RAF by BAE Systems. After qualifying at the Empire Test Pilot School at Boscombe Down, he flew Harriers, Tornados, Jaguars and Buccaneers. He also spent three years in the US as the RAF's test pilot, flying and evaluating the newest version of the Harrier jump jet – the AV8B – at Patuxent River, in Maryland.

On leaving the service, Graham joined BAE Systems in 1986.

In 2001, Graham moved with his wife Margot to the US to join the Joint Strike Fighter programme involving BAE Systems, Lockheed Martin and Northrop Grumman. Yet, for six of those years he did not fly, being involved, as

I TOOK THE F-35 LIGHTNING II STOVL VARIANT ON ITS FIRST FLIGHT. BELIEVE ME, I HAD A BIT OF A SWAGGER AFTER THAT

BAE Systems lead pilot, in the design and development of the revolutionary new series of aircraft.

"With so much Harrier experience, the BAE Systems team knew it all – not just the pilots, but the flight test engineers and backroom staff.

"It was hugely satisfying and rewarding to be involved so early in the life of such an aeroplane. There was a huge number of

meetings to attend and I flew a lot of simulations as we tested out the theories and possible combinations of equipment.

"As lead BAE Systems test pilot on the STOVL variant I took the aeroplane on its first flight in June 2008. Believe me, I had a bit of a swagger after that! It was the maiden flight of a modern production aeroplane that no-one had flown before ... and it flew like a dream."

As Graham prepares to wind down after a lifetime in flying, he plans to join a schools project run by his long-time friends and mentors John Farley and Chris Roberts – to visit schools and encourage children to consider taking up engineering as a career.

NEWS IN BRIEF

Thermal imagers for US Army

Electronic Solutions at Lexington, Massachusetts has won multiple contracts totalling US\$38m to provide thermal imagers for the US Army's Common Remotely Operated Weapon Station (CROWS) II and Stryker programmes.

The TIM1500™ thermal imagers used on remote weapon stations allow soldiers to detect and identify enemy targets while remaining protected inside their vehicles through remotely controlled, vehicle-mounted platforms for light- and medium-calibre weapons.

The sights provide extended viewing range capability to detect vehicle targets at a significant range for target acquisition, long-range surveillance, and situational awareness.

Company responds to Australian flood crisis

BAE Systems is donating A\$200,000 to help boost flood relief and recovery efforts in Australia's Queensland and Northern New South Wales.

The cash will go to the Queensland Premier's Disaster Relief Fund.

"The devastating floods have had a shattering impact on most people, including some of our own employees, their families and many customers," said Guy Griffiths, Group Managing Director – International.

"Numerous customer sites have been closed until further notice and many local communities where our employees live are supporting emergency services teams in securing properties and sandbagging operations," he added.

BAE Systems Australia is also supporting relief efforts in the flooded areas.

Support contract to boost Chilean Navy

Surface Ships has secured a two-year extended agreement with Chilean ship build and repair organisation ASMAR to provide support to the country's Type 22 and Type 23 frigates in a move that is set to enhance Chile's naval capability.

The agreement comes on the back of an initial three-year contract signed in 2007 and guarantees a core level of repair and maintenance support to the frigates, with the scope to provide additional platform and combat systems equipment upgrade work to the Armada de Chile as required.

Demonstrating the strength of partnership between the companies, the agreement also seeks to transfer technology and skills, enabling ASMAR to progressively increase the proportion of work it conducts independently in Chile.

After more than half a century, an icon is set to take its last bow

Innovative

It's half a century since the first vertical take-off of Harrier was achieved in the UK. In those days, the aircraft was known as P.1127 and had been developed by Hawker Siddeley, a predecessor of BAE Systems.

Following initial tethered flights in October 1960, the first prototype, XP831, successfully achieved its first untethered flight at Dunsfold on 19 November 1960. Test Pilot Bill Bedford, with his right ankle in plaster after a car accident, was at the controls.

In 1967, P.1127 was renamed the Harrier and this



Hovering into history: the original Hawker Siddeley Harrier development aircraft (left) makes one of its first tethered flights in 1960, and below, an RAF Harrier performs a "bow" in tribute to BAE Systems employees at Farnborough recently as the aircraft prepares for retirement

innovative and iconic aircraft has gone on to become a household name, featuring in both the Falklands and Gulf conflicts. More recently, Harrier GR9s provided close air support to coalition ground forces in Afghanistan.

Members of the Hawker Association recently met at the Brooklands Museum in Surrey, now home to P.1127, to celebrate fondly this great feat of British engineering.

Among the many guests was 95-year-old Ralph Hooper whose name appears on the original Hawker Aircraft patent applied for in 1958. Also

in the audience was John Farley who first flew the P.1127 prototype in 1964 and went on to become a well-known Harrier pilot.

To date, there have been some 30 variants of the original Harrier, and Harrier employees are quite rightly proud of the aircraft and its heritage.

Paul Cheetham, BAE Systems Harrier Chief Engineer, said: "I've been with the Harrier Programme for over

30 years, starting as an undergraduate trainee at Kingston in 1980.

"Once I saw my first Harrier being assembled at Kingston I was hooked and have never looked back."

In September, the UK Government, as part of the Strategic Defence and Security Review, announced the retirement of the UK Harrier Force – the end of a great era for a well-loved aircraft in Royal Navy and RAF

Squadrons. However, the aircraft still remains in use by the armed forces of the US, Italy, Spain, India and Thailand.

The aircraft has come a long way since those early days and British VSTOL technology continues to be adopted and developed for the F-35 Lightning II programme.

Recently a Harrier made a poignant visit to Farnborough as the fleet heads for an early retirement.

Group Captain Gary Waterfall, Harrier Force and RAF Cottesmore Base Commander, delighted BAE Systems employees by performing

a spectacular "touch and go" and by paying tribute to them with the famous Harrier "bow".

Group Captain Waterfall said: "The Harrier, along with Concorde and the Spitfire, is one of the three true iconic brands of aviation. We're going to make sure that the aircraft is retired with the dignity and respect it deserves."

With Harrier jump jets having recently flown from HMS Ark Royal for the very last time, the much-loved aircraft is going to be sorely missed by all those who have worked on, flown and admired the aircraft throughout its lifetime of service to the UK.



Helping to make a career change



Above: former employee Gail Hurrell has benefited from the ERF scheme which has allowed her to begin a new career

Bold

An external re-training fund designed to support Mission Systems employees affected by redundancy and to encourage further applications for voluntary severance as a means of mitigating the need for involuntary job losses, has been well received since its launch.

Several employees have taken advantage of the fund, identifying external training opportunities that will help increase their chances of finding jobs outside BAE Systems.

Mark Bowers, HR Director, explained: "When we launched the external retraining fund (ERF), we received lots of interest."

"We hope this continues and that we can support further applications. The scheme is proving to

An external retraining scheme is helping to prepare employees for life outside BAE Systems

deliver real benefit to people."

Gail Hurrell, who held the position of Commercial Estimator, applied to the fund with a view to changing her career path.

"Being approved for ERF funding has enabled me to pursue a long-held desire for a career working within childcare. It has enabled me to take a one-year college course working towards qualifications in childcare and education."

"While on the course I will attend placements within three different childcare settings, giving me an insight to the differing roles available and exposure to future employers."

"The application process was easy to follow, committee members were eager to offer advice on formulating a sensible application and the outcome was swiftly communicated."

Lewis Dutton also praised the fund: "I wanted to place myself in the best position I could to compete in the current job market. I wanted to remain within the electronics/software sector. The Chartered Institute for IT ISEB

qualifications in software testing had become the qualification of choice for professional system and software test engineers.

"The funding provided by the ERF scheme enabled me to gain these two qualifications when study time was available to me."

"I passed both exams with very good results and having these qualifications listed on my CV directly led to an increase in interest from recruiters. I soon secured a software test analyst position."

Mark Bowers said: "These are great examples of how the ERF can help people leaving the

business. It's important that applicants do a little homework and really look into the career that they might wish to pursue."

"It's a good idea to research the local job market for career opportunities in any chosen field. This will help determine the viability of each application and help us in the application process."

ERF Steering Group member and the staff trade union chairman for the Cowes site, Phil Rudd, added: "It is very satisfying to be able to provide funding for training that will assist people into finding further employment, especially given that the availability of the ERF appears to be stimulating people into thinking about alternative careers or related careers where opportunities are available."

BEING APPROVED FOR FUNDING HAS ENABLED ME TO PURSUE A LONG-HELD DESIRE FOR A CAREER WORKING WITHIN CHILDCARE

Gail Hurrell

Charity helpers deliver spirit of Christmas

Bold

In the true spirit of Christmas, BAE Systems' employees helped to bring festive cheer to the less fortunate through Charity Challenge's "Help for Holidays" initiative.

Employees at sites throughout the UK collected gifts ranging from books and board games to chocolates and cakes that they then packaged in boxes.

Working with their armed forces partner charities such as SSAFA Forces Help, the Royal British Legion and Erskine Hospital, the sites

Festive initiative cheers armed forces partners

arranged for their boxes to be collected and given to hospitals, care homes and families across the UK.

This meant that veterans, injured service personnel and other needy people connected with the Armed Forces received a special Christmas treat at what can be a difficult time of the year for the elderly, those in hospital and families with young children who have a



Above: Sgt Dawn Wetherbee of the New Hampshire National Guard and her son received a free holiday tree as part of the BAE Systems' "Trees for Troops" event in December

loved one on duty overseas.

Among those who delivered Christmas cheer were Military Air & Information employees at Warton, Sarnesbury and BAE Systems Saudi Arabia in Lancashire who worked together to collect enough items to fill 78 boxes which were given to BLESMA (British Limbless Ex-Service Men's Association) in Blackpool

and also Broughton House, a retirement home for disabled ex-service personnel. Meanwhile, Farnborough employees collected 28 boxes that were sent to Hedley Court in Surrey for injured service personnel who had to celebrate Christmas with their families in a care home.

Across the US, employees got into the Christmas spirit by participating in a variety of activities ranging from "Trees for Troops" to Operation Homefront's Adopt-a-family programme.

One example was in Phoenix, Arizona where employees "adopted" a family of six who have a father/husband on the Wounded Warrior programme. Allison Newman, Communications Specialist for Personnel Protection Systems, said: "Being able to give the family gifts of toys, clothing and groceries is just one small way for our employees to say thanks and spread the holiday cheer."

Meanwhile, employees from Electronic Solutions in Nashua, New Hampshire raised money and donated 100 Christmas trees and decorations to local military families. But it was not just about the giving of trees – the families were

invited to fun-filled day of seasonal food and festive fun, with Santa Claus even making an appearance with Mrs Claus.

Lu Goncalves-Getty, Community and Business Relations Manager, said: "For some families, this was the first time they'd ever participated in something like this. It was gratifying to know that BAE Systems could give them a special memory to last a lifetime."

In Australia, the partner charity Make a Wish Foundation received a special "Help for Holidays" Christmas surprise of A\$6,000 raised through the generosity of employees who entered a Monster Raffle.

BEING ABLE TO GIVE THE FAMILY GIFTS OF TOYS, CLOTHING AND GROCERIES IS JUST ONE SMALL WAY FOR OUR EMPLOYEES TO SAY THANKS AND SPREAD THE HOLIDAY CHEER

Alison Newman, Personnel Protection Systems



Above (left to right): Nicola Elder, Sarah Campbell-Forster and Donna Bartlett finishing off the 28 boxes full of gifts that Farnborough employees donated to the "Help for Holidays" initiative in the UK

Wildcat on the prowl in Oxford

Innovative

One of the most advanced autonomous vehicles in the world will be on the prowl among the spires of Oxford shortly thanks to a research partnership between BAE Systems and Oxford University.

Known as Wildcat, the driverless vehicle has been the subject of more than five years of research and development by scientists at BAE Systems at Filton in Bristol.

The multi-million pound vehicle has been officially handed over to Oxford University for use by academic researchers to continue research into vehicle autonomy, robotics and how they could improve safety on the roads.

The recent donation of Wildcat was the latest in a long line of BAE System's funding of university research, providing resources and expertise to support projects in areas such as automotive, maritime and materials engineering.

The Wildcat vehicle is a 4x4 off-road production car from Bowler, modified by BAE Systems engineers. The vehicle is equipped

with computer-controlled steering servos, an extra braking system and a hotline into the vehicle's engine management system for speed control.

In addition, wireless data links, GPS and laser ranging sensors were installed so that the Wildcat could receive instructions, navigate and avoid hitting obstacles.

BAE Systems' Advanced Technology Centre developed Wildcat five years ago. Autonomous vehicles have a number of clear advantages on a battlefield, but will primarily keep service personnel out of danger.

"This is an exciting joint project between Oxford University and BAE Systems", said James Baker, Managing Director of BAE Systems Advanced Technology Centre.

"It is great for us to be able to offer this technology as a test-bed for the university and we look forward to seeing the results over the coming years."

Dr Paul Newman of Oxford University's Department of Engineering Science, said: "Wildcat will allow us to advance our research into autonomous transport, contributing to a future of autonomy on the roads of Oxford, and around the world."

"We are not condemned to a future of congestion and accidents. We will eventually have cars that can drive themselves, interacting safely with other road users and using roads efficiently, thus freeing up our precious time."

BAE Systems has links with about 100 universities globally through its university partnerships programme.



Above: an aspiring dream – Wildcat in Oxford