

DELOITTE ASSURANCE STATEMENT

Independent assurance report by Deloitte LLP to BAE Systems plc on the Woolf Recommendations Implementation Status Report 2011

What we looked at: scope of our work

BAE Systems plc ('BAE Systems') has engaged us to provide reasonable level assurance on their statements reported under the heading Response to the 23 Recommendations within their report entitled 'Our Response to the Woolf Committee Recommendations' ('the Report').

What standards we used: basis of our work and level of assurance

Our work was carried out by a multi-disciplinary team of assurance specialists in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000).

We planned and performed our work to obtain reasonable - not absolute - assurance as to whether the statements on the activities taken to address the 23 Woolf Report Recommendations are a fair description of the activities undertaken by BAE Systems. The qualitative and subjective nature of non-financial information poses a number of inherent limitations for assurance engagements.

What we did: key assurance procedures

Considering the risk of material error, we planned and performed the work to obtain all the information and explanations considered necessary to provide sufficient evidence to support our assurance conclusion. The key procedures we carried out were:

- Interviewing management at BAE Systems, including the Corporate Responsibility team and those with operational responsibility for the areas we are reporting on;
- Visiting or undertaking discussions with a judgemental and non-statistical sample of line managers at operational sites;
- Reading and analysing public information relating to BAE Systems' activities and performance during the year in relation to the Woolf Report recommendations;
- Understanding, analysing and testing on a judgemental and non-statistical sample basis the key structures, systems, processes, procedures and controls relating to the activities described by BAE Systems within their response to the Woolf Report; and
- Reviewing the statements made in the Response to the 23 Recommendations section of the Report against the findings of our work.

The scope of our work did not include the provision of assurance over whether the activities that BAE Systems have described in the Response to the 23 Recommendations section of the Report meets the requirements of the Woolf Report.

Furthermore, our assurance work does not extend to those documents or statements referenced via hyperlinks in the Response to the 23 Recommendations section of the Report.

What we found: our assurance opinion

Reasonable assurance opinion:

BAE Systems' statements under the heading Response to the 23 Recommendations within the Report are, in our opinion, in all material respects fairly stated as at 30 September 2011.

Responsibilities of Directors and independent assurance provider

BAE Systems' responsibilities

The Directors are responsible for the preparation of the Report and for the information and statements contained within it. They are responsible for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Deloitte's responsibilities

Our responsibility is to independently express conclusions on the reliability of management's assertions on the selected subject matters as defined within the scope of work above.

This report is made solely to BAE Systems Plc in accordance with our letter of engagement for the purpose of the directors' governance and stewardship. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than BAE Systems plc for our work, for this report, or for the conclusions we have formed.

Our multi-disciplinary team of assurance specialists performed the engagement in accordance with Deloitte's independence policies, which cover all of the requirements of the International Federation of Accountants (IFAC) Code of Ethics and in some areas are more restrictive. We confirm to BAE Systems that we have maintained our independence and objectivity throughout the year, including the fact that there were no events or prohibited services provided which could impair that independence and objectivity in the provision of this engagement.

Deloitte LLP
London, United Kingdom
30 September 2011