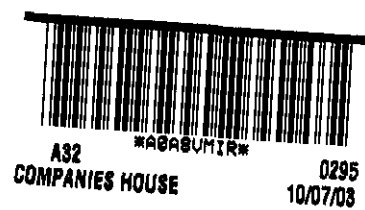


Company No. 2957926

BAE SYSTEMS PENSION FUNDS CIF TRUSTEES LIMITED

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2002



BAE SYSTEMS PENSION FUNDS CIF TRUSTEES LIMITED

REPORT OF THE DIRECTORS

The Directors present their report for the year ended 31st December 2002.

Activities

The Company has not traded on its own account during the year.

Directors

The Directors of the Company during the year and at the date of this report were:

Mr B.J. Culshaw	(Appointed 22.5.03)
Mr. C.R. Dickson	
Mr D. Goodenough	
Mr. J. Keeble	(Resigned 9.12.02)
Mr I.G. King	(Appointed 22.5.03)
Mr. P. Riley	(Resigned 31.3.03)
Mr. G.W. Rose	
Mr. N. Tinsley	
Mr. M.J. Turner	

Messrs B.J. Culshaw and I.G. King were appointed to the Board on 22nd May 2003. Messrs J. Keeble and P. Riley resigned from the Board on 9th December 2002 and 31st March 2003 respectively.

None of the Directors is due to retire from the Board under the provisions of the Company's Articles of Association.

None of the Directors has (or has had) any beneficial interest in the share capital of the Company, (or any subsidiary company of the BAE SYSTEMS group of companies). The beneficial interests of the Directors who served during the year ended 31st December 2002 who are also Directors of BAE SYSTEMS plc are set out in the Group's Accounts. The other Directors who held office during the year had the following interests in the share capital of the Company's ultimate holding company, BAE SYSTEMS plc:

Directors	Ord. Shares of 2.5p		Share Options			
	1.1.02	31.12.02	1.1.02	Exercised	Granted	31.12.02
C.R. Dickson	17,037	17,989	115,310	1,272	31,247	145,285
D. Goodenough	241	241	-	-	-	-
P. Riley	73,323	73,622	1,798	-	860	2,658
N. Tinsley	4,120	4,289	47,883	820	7,735	54,798

BY ORDER OF THE BOARD



A-L Holding
Secretary

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

22 May 2003

BAE SYSTEMS PENSION FUNDS CIF TRUSTEES LIMITED

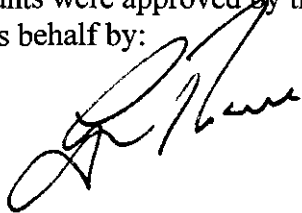
BALANCE SHEET AS AT 31ST DECEMBER 2002

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Amount owed by group companies (Note 3)	1000	1000
	—	—
Financed by:		
Ordinary Share Capital		
Authorised, issued and fully paid:		
Ordinary shares of £1 each	1000	1000
	—	—

- (a) For the year ended 31st December 2002 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.
- (b) Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.
- (c) The directors acknowledge their responsibility for:
- ensuring the company keeps accounting records which comply with section 221; and
 - preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

These accounts were approved by the Board of Directors on 22 May 2003 and were signed on its behalf by:

G.W. Rose
Director



The notes on page 5 form part of these accounts.

BAE SYSTEMS PENSION FUNDS CIF TRUSTEES LIMITED

NOTES TO THE ACCOUNTS

1. Profit and Loss Account

The Company has not traded during the accounting period, has received no income and incurred no expenditure, and consequently has made neither a profit nor a loss. A profit and loss account has therefore not been prepared.

2. Directors' Emoluments

No Director received any emoluments from the Company during the year (2001: £nil).

3. Amount Owed by Group Companies

The amount owed by group companies is in respect of a loan to BAE SYSTEMS plc. The loan bears no interest and is repayable on demand.

4. Ultimate Holding Company

The ultimate holding company is BAE SYSTEMS plc, a company incorporated in Great Britain, and registered in England and Wales. Copies of the group accounts of BAE SYSTEMS plc, the largest and smallest group in which the results of the company are consolidated, can be obtained from 6 Carlton Gardens, London SW1Y 5AD.