



Nominations Committee - Terms of Reference

(Approved by the Board on 29 April 2003)

(Amended by the Board on 21 February 2007 & 20 February 2008)

References to “the Committee” shall mean the Nominations Committee.

References to “the Board” shall mean the Board of Directors of BAE SYSTEMS plc.

1. Membership

- 1.1. The Committee shall have at least three members, one of whom shall be the Chairman of the Board and such other directors as shall be appointed by the Board.
- 1.2. With the exception of the Chairman of the Board all other members of the Committee shall be non-executive directors of the Company a majority of whom shall be independent of management and free from any business or other relationship that could interfere with the exercise of their independent judgement.
- 1.3. The Board shall appoint the Committee Chairman.

2. Secretary

- 2.1. The Company Secretary shall act as the Secretary to the Committee.

3. Quorum

- 3.1. The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Meetings

- 4.1. The Committee shall agree each year the dates on which meetings are to be held that year and may meet at such other times as the Chairman of the Committee may determine.
- 4.2. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any member thereof.

4.3. The Chief Executive shall attend meetings of the Committee as required.

5. Minutes of Meetings

5.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

5.2. The Minutes of Committee meetings shall be circulated to all members of the Board after they have been approved by the Committee unless the Chairman of the Committee deems it inappropriate to do so because of the nature of any matter discussed at a particular meeting.

6. Annual General Meeting

6.1. The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

7. Duties

The Committee shall:

7.1. Review regularly the structure, size and composition of the Board and make recommendations to the Board with regards to any changes that it believes are necessary or desirable.

7.2. Prepare a description of the role and capabilities required for particular Board appointments having regard to the balance of skills, knowledge and experience of the Board.

7.3. Identify and nominate for the approval of the Board suitable candidates to fill vacancies for non-executive positions on the Board as and when they arise.

7.4. Plan for the orderly succession of new directors to the Board by reviewing on a regular basis the Company's senior management resource and the competencies within that resource relative to the group's requirements and particular key Board and non-Board executive appointments.

7.5. With the assistance of the Chief Executive and Chairman, identify suitable candidates to fill vacancies for executive positions on the Board and to nominate them for the Board's approval.

7.6. Recommend to the Board the membership and chairmanship of the Audit, Corporate Responsibility and Remuneration committees.

7.7. Nominate suitable candidates for the role of senior independent director.

7.8. Review and make recommendations to the Board on the re-appointment of non-executive directors at the conclusion of their specified terms of office having given due regard to their performance and ability to continue to contribute to the Board.

7.9. Consider and make recommendations to the Board on matters relating to the continuation in office at any time of any Director including the suspension or termination of service of an executive director as an employee of the Company.

8. Authority

8.1. In connection with its duties and at the Company's expense, the Committee is authorised by the Board to obtain legal and other professional advice as required.