

**Sector restatement**  
**April 2007**

# Sectors as previously reported

**BAE SYSTEMS**

£m	2006 Reported Full Year		2006 Restated * First Half	
	Sales	EBITA	Sales	EBITA
Electronics, Intelligence & Support	4,007	429	2,090	260
Land & Armaments	2,115	168	892	76
Programmes	2,927	167	1,186	57
Customer Solutions & Support	3,180	477	1,462	215
Integrated Systems & Partnerships	1,748	113	798	57
HQ & Other Businesses	295	(147)	178	(65)
Intra-group	(507)		(230)	
<b>Total</b>	<b>13,765</b>	<b>1,207</b>	<b>6,376</b>	<b>600</b>

\* restated to reflect the disposal of Airbus in October 2006

# Organisational Changes

**BAE SYSTEMS**

31.12.06

**Electronics, Intelligence & Support**

**Land & Armaments**

**Programmes**

**Air Systems**

**Naval Ships**

**Submarines**

**Customer Solutions & Support**

**Military Air Support**

**Naval Support**

**L&IS**

**CS&S International**

**Australia**

**Integrated Systems & Partnerships**

**Insyte**

**Underwater Systems**

**Gripen**

**MBDA**

**SAAB**

**HQ & Other Businesses**

1.1.07

**Electronics, Intelligence & Support**

**Land & Armaments**

**Programmes & Support**

**Military Air Solutions**

**Surface Fleet Solutions**

**Submarine Solutions**

**Insyte**

**Underwater Systems**

**L&IS**

**International Businesses**

**CS&S International**

**Australia**

**MBDA**

**SAAB**

**HQ & Other Businesses**

# Sector restatement movements - Sales

**BAE SYSTEMS**

2006 full year

Original sectors	£m	Movements		£m	New sectors
		CS&S	IS&P		
Electronics, Intelligence & Support	4,007			4,007	Electronics, Intelligence & Support
Land & Armaments	2,115			2,115	Land & Armaments
Programmes	2,927	1,149	539	4,615	Programmes & Support
Customer Solutions & Support	3,180	(3,180)			
Integrated Systems & Partnerships	1,748		(1,748)		
		2,149	1,279	3,428	International Businesses
HQ & Other Businesses	295			295	HQ & Other Businesses
Intra-group	(507)	(118)	(70)	(695)	Intra-group
<b>Total</b>	<b>13,765</b>	<b>-</b>	<b>-</b>	<b>13,765</b>	<b>Total</b>

# Sector restatement movements - EBITA

**BAE SYSTEMS**

2006 full year

Original sectors	£m	Movements		£m	New sectors
		CS&S	IS&P		
Electronics, Intelligence & Support	429			429	Electronics, Intelligence & Support
Land & Armaments	168			168	Land & Armaments
Programmes	167	138	37	342	Programmes & Support
Customer Solutions & Support	477	(477)			
Integrated Systems & Partnerships	113		(113)		
		339	76	415	International Businesses
HQ & Other Businesses	(147)			(147)	HQ & Other Businesses
<b>Total</b>	<b>1,207</b>	<b>-</b>	<b>-</b>	<b>1,207</b>	<b>Total</b>

# Sector restatement movements - 2006 half year

**BAE SYSTEMS**

Original sectors	SALES	EBITA	SALES	EBITA	New sectors
Electronics, Intelligence & Support	2,090	260	2,090	260	Electronics, Intelligence & Support
Land & Armaments	892	76	892	76	Land & Armaments
Programmes	1,186	57	2,018	153	Programmes & Support
Customer Solutions & Support	1,462	215			
Integrated Systems & Partnerships	798	57			
			1,545	176	International Businesses
HQ & Other Businesses	178	(65)	178	(65)	HQ & Other Businesses
Intra-group	(230)		(347)		Intra-group
<b>Total</b>	<b>6,376</b>	<b>600</b>	<b>6,376</b>	<b>600</b>	<b>Total</b>

# Sectors Restated

£m	2006 Restated Full Year		2006 Restated First Half	
	Sales	EBITA	Sales	EBITA
Electronics, Intelligence & Support	4,007	429	2,090	260
Land & Armaments	2,115	168	892	76
Programmes & Support	4,615	342	2,018	153
International Businesses	3,428	415	1,545	176
HQ & Other Businesses	295	(147)	178	(65)
Intra-group	(695)		(347)	
<b>Total</b>	<b>13,765</b>	<b>1,207</b>	<b>6,376</b>	<b>600</b>

# Reporting Requirements

- IAS 14 Segment Reporting
  - Externally reportable segments based on internal management reporting
  - Internally reported segments are considered externally reported segments if they meet sales / EBITA / assets thresholds
  - Internally reported segments can be combined if they fail the threshold criteria but meet other criteria (nature of the products, production methods, customers, distribution and regulations)
- IFRS 8 Operating Segments (future requirement)
  - Additional requirement for externally reported sectors to be consistent with the internal structure using measures as reported to “chief operating decision maker”