

Avionic Systems Leadership Conference 2006



BAE SYSTEMS

www.rochesteravionicarchives.co.uk



Real breadth
Real performance
Real delivery

- 0830 Welcome
Key Messages
2005 Year in Review
- Break
- 2005 Programme Performance
2005 Financial Performance
2005 Performance Against AS Objectives
- Break
- Delivering Distinctive Advantage
Embedding a High Performance Culture
Leveraging the PDR Process
- 1225 Lunch
- Operational Framework
Future Business Plans
- Break
- Blue Ribbon Implementation
Programme Management Initiatives
Engineering Strategy
Operations Strategy
Lessons Learned
2006 Objectives & Financials
Key Messages & Summary
Questions & Answers
- 1720 Close

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Avionic Systems
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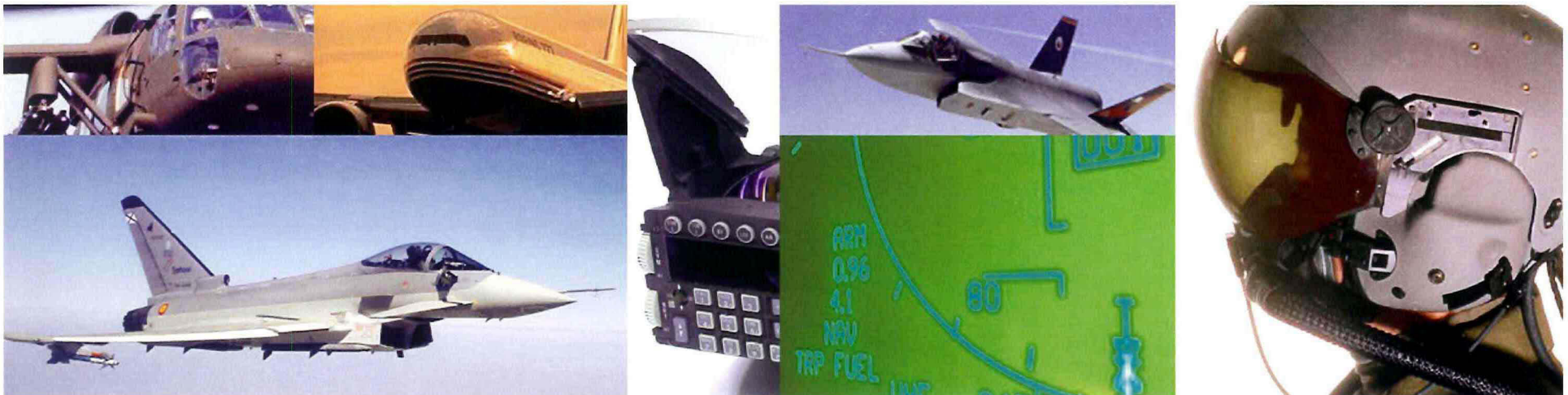
Lunch

Carbonade of Beef
Chicken Marengo
Mushroom Stroganoff
Savoury Rice
Tossed Winter Salad
Served with Crusty French Bread and Butter
Selection of Desserts and Tortes
Juice and Water.

Real breadth, Real performance, Real delivery



Take-Away – 2006 Leadership Conference



2006 Objectives and Financials

Mike Austill



**Real breadth
Real performance
Real delivery**

2006 Objectives

E&IS Objective No 1 - Meet / Exceed Financials

Avionic Systems Objective No 1 - Meet / Exceed Financials

Performance	Objective	Measure	Date	Responsible
	Meet / Exceed Order Intake target	Achieve £313m of Orders	December 2006	AS Board
	Meet / Exceed Sales target	Achieve £241m of Sales	December 2006	AS Board
	Meet / Exceed PBITA target	Achieve £8.9m of PBITA	December 2006	AS Board
	Meet / Exceed Cash target	Achieve £8.5m of Cash	December 2006	AS Board

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Real performance
Real delivery**

2006 Objectives

E&IS Objective No 2 - Achieve 95% of Mission Success Events

Avionic Systems Objective No 2 - Achieve 95% of Mission Success Events

Performance

Objective <small>What will we do?</small>	Measure <small>How will we demonstrate achievement?</small>	Date <small>When will we do it by?</small>	Responsible <small>Who is responsible?</small>
Achieve 95% score on Avionic Systems Mission Success Events	Each Business Area to achieve a score $\geq 95\%$ for their Mission Success Events	December 2006	BG Leaders
Achieve 95% score on Functional Mission Success Events	Each Function to achieve a score $\geq 95\%$ for their Mission Success Events	December 2006	Functional Leaders
Successfully Achieve Critical Event	Successfully complete program transitions from Edinburgh to Rochester while meeting customer commitments and achieving the financial plan	December 2006	AS Board

**Real breadth
Real performance
Real delivery**

2006 Objectives

E&IS Objective No 3 - Improve Program Performance

Avionic Systems Objective No 3 - Improve Program Performance

Performance

Objective <small>What will we do?</small>	Measure <small>How will we demonstrate achievement?</small>	Date <small>When will we do it by?</small>	Responsible <small>Who is responsible?</small>
Achieve 90% Green LCM Programs	NO RED programs at year end and at least 90% of LCM programs to report a Green Status	December 2006	AS Board
Achieve 95% on time Phase Reviews and 100% coverage on LCM projects.	All LCM projects to undertake at least 1 Phase Review during 2006 and at least 95% of all reviews to be held on time.	June 2006 and Dec 2006	BG Leaders and Director BD
Achieve 95% on time internal Design Reviews and 100% coverage on LCM projects.	All applicable LCM projects to undertake Design Reviews as required during 2006 and at least 95% of all reviews to be held on time.	June 2006 and December 2006	Director of Engineering
Significantly improve our performance for on time delivery of contract items.	Implement a Measurement process. Delinquency for on time contract deliverables reduced by 50% from that achieved in Qtr 1 2006 (in % terms).	March 2006 December 2006	Director Performance Excellence BG Leaders

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Real delivery**

2006 Objectives

E&IS Objective No 4 - Enhance Our Ability to Grow the Business

Avionic Systems Objective No 4 - Enhance Our Ability to Grow the Business

Customers & Partnering

Objective <small>What will we do?</small>	Measure <small>How will we demonstrate achievement?</small>	Date <small>When will we do it by?</small>	Responsible <small>Who is responsible?</small>
Implement new business winning process	Established in Command Media and key pursuit team members identified and trained	April 2006	Director BD
Establish and achieve minimum targets for winning new business.	Achieve a win rate of 65% for strategic pursuits as defined in 1-N List and 45% overall (on £ basis) for new business	December 2006	Director BD
Support the E&IS Strategic Initiative of growing the Readiness and Sustainment segment.	Support the LOB initiative to win at least one new DOD program and R and S segment that delivers at least \$50M of sales over the IBP period	December 2006	Dir BD BG Director MS & S
Capture a position in helmet mounted Displays in the rotary wing market segment	Complete Strategic Review of HMD Market, Product Road Maps and Supplier Plans, Identify and Pursue and win one Rotary Wing Opportunity	December 2006	Dir BD Dir Displays
Secure a position as supplier of EFA HEA	Sign order for EFA HEA T1 & T2 production	June 2006	Directors Commercial & Displays

**Real breadth
Real performance
Real delivery**

2006 Objectives

E&IS Objective No 5 - Strengthen Key Customer Relationships

Avionic Systems Objective No 5 - Strengthen Key Customer Relationships

Performance

Objective <small>What will we do?</small>	Measure <small>How will we demonstrate achievement?</small>	Date <small>When will we do it by?</small>	Responsible <small>Who is responsible?</small>
Improve customer satisfaction through on time delivery of proposal submissions	During the last Qtr of 2006, at least 75% of follow-on proposals delivered on time.	December 2006	Director Contracts
Align R&D activities to the needs of our customers.	At least 1 capability, new to Avionic Systems, to be identified and demonstrated to customers.	December 2006	Director BD Director Engineering
Improve average customer satisfaction rating.	Implement a consistent measurement process across the LOB and establish a baseline and improvement targets for year end. Deliver improvement targets.	June 2006 December 2006	Director Performance Excellence BG Leaders
Increase senior customer visibility	Senior Customer visits to site increased by 25% from the December 2005 position	December 2006	

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2006 Objectives

E&IS Objective No 6 - Operate as a High Performance Enterprise

Avionic Systems Objective No 6 - Operate as a High Performance Enterprise

Innovation & Technology

Objective <small>What will we do?</small>	Measure <small>How will we demonstrate achievement?</small>	Date <small>When will we do it by?</small>	Responsible <small>Who is responsible?</small>
Complete Avionic Systems restructuring plans.	Avionic Systems restructuring plans successfully completed to deliver planned savings for 2006.	December 2006	AS Board
Improve program performance by initiating CMMI across the LOB.	Plan in place to achieve a Level 3 CMMI assessment in 2007.	December 2006	Dir Performance Excellence Dir Engineering
Improve predictability of program performance by strengthening our program management processes.	An effective EVMS process embedded at AS and Command Media updated to reflect improvements.	June 2006 December 2006	Dir Performance Excellence BG Leaders
Develop and deploy an improved subcontract management capability	Deterioration against development program performance for the year to be less than £3M gross.	December 2006	Dir Operations
Improve cycle times to deliver development programs 15% faster	Baseline of key development process cycle times established. Identify key processes and incorporate changes that will yield a 15% improvement in cycle times.	March 2006 December 2006	Dir Engineering Dir Operations Dir Engineering Dir Operations

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Real delivery**

2006 Objectives

E&IS Objective No 7 - Advance & Mature Technologies

Avionic Systems Objective No 7 - Advance & Mature Technologies

Innovation & Technology

Objective <small>What will we do?</small>	Measure <small>How will we demonstrate achievement?</small>	Date <small>When will we do it by?</small>	Responsible <small>Who is responsible?</small>
Continue to focus on Customer funded R&D programs	At least 5 CRAD proposals submitted and at least £3M of orders won over and above IBP targets	December 2006	Director Engineering Director Business Dev
Develop products and technologies that deliver direct business benefit	Support LOB Initiative to have 1 new product line/area identified and business plan in place that demonstrates order intake of at least \$50M over IBP period and \$500M over next 10 years.	December 2006	Director Engineering Director Business Dev

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Real delivery**

2006 Objectives

E&IS Objective No 8 - Continue to be an Employer of Choice

Avionic Systems Objective No 8 - Continue to be an Employer of Choice

People & Partnering

Objective <small>What will we do?</small>	Measure <small>How will we demonstrate achievement?</small>	Date <small>When will we do it by?</small>	Responsible <small>Who is responsible?</small>
Respond quickly and effectively to EOS feedback.	Employee Opinion Survey complete and action plans in place that address issues at AS.	June 2006	Director HR
Identify and implement at least one best practice to solidify position as employer of choice	Best practice identified and implemented.	December 2006	Director HR
Establish and maintain key skills and competencies by achieving minimum training targets across all levels of the organisation.	An average of 40 hours of training delivered to employees and 33 hours minimum for key employees. Targets for 2006 executive and senior leadership training achieved.	December 2006	Director HR
Define succession plans which allows Board Level and other key leadership positions to be filled by known candidates.	Succession Plans in place for all key leadership positions and development plans completed.	December 2006	Director HR

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Real performance
Real delivery**

2006 Objectives

E&IS Objective No 9 - Engage, Embrace & Drive!

Avionic Systems Objective No 9 - Engage, Embrace & Drive!

People & Partnering

Objective <small>What will we do?</small>	Measure <small>How will we demonstrate achievement?</small>	Date <small>When will we do it by?</small>	Responsible <small>Who is responsible?</small>
Support BAE Systems Inc. Operating Principles implementation	Each Operating Principle to be addressed at Platform Solutions Quarterly Management Meetings with all covered by year end.	December 2006	BLT
Support the standardization of applicable practices across BAE Systems Inc.	Policies, Processes and procedures flowed down to Platform Solutions implemented within the command media to the extent they apply or are modified by tailoring.	December 2006	Director Performance Excellence
Promote 'Meerkat' behaviours through consistent communication and training.	Desired behaviours captured and briefed as part of the orientation program. Platform Solutions webpage to include an article on each desired behaviour on a monthly basis.	March 2006 December 2006	Director Human Resources
Support and Implement changes to Operational Framework	Changes to OF and OAS implemented and rate of 'acceptable' or 'highs' achieved for all questions	December 2006	Board

Avionic Systems 2006 Targets

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£M	2006
Orders Received	312.8
Sales	240.5
Operating Profit	8.9
Operating Cash Flow	8.5
ROS %	3.7%

Avionic Systems - FY 2006: Orders Budget

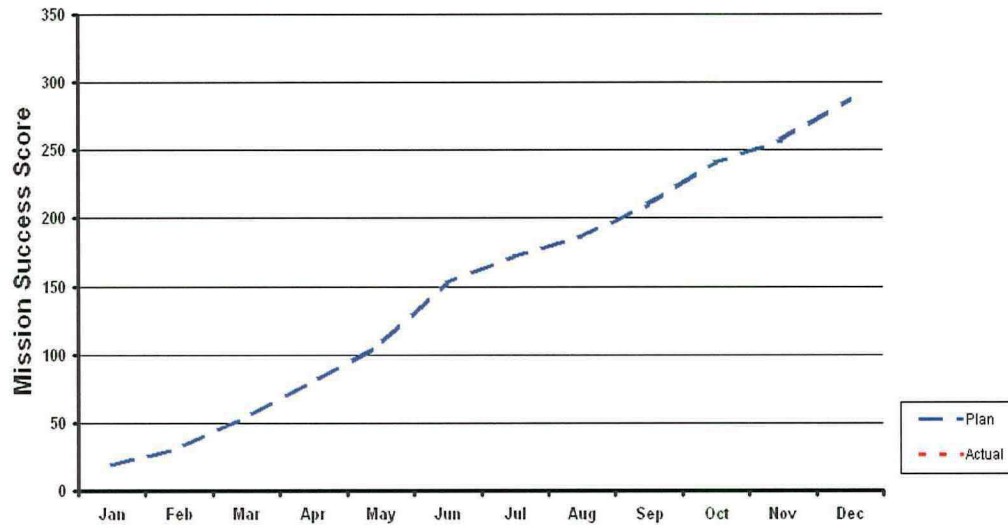
Real breadth
Real performance
Real delivery

Key Orders for 2006

Group	Programme	Value
Displays	EFA Helmet HEA	£82.9m
Displays	T50 HUD/IMDC	£21.4m
VMS	Tornado TSP – SMS/WIFU	£32.0m
VMS	Airbus SFCC	£7.3m
VMS	Boeing 777 PFC	£4.4m
VMS	EH-101 HEAT	£7.0m
VMS	UH-60 AIS	£6.6m
MS&S	Tornado Partnered Support	£30.0m
MS&S	Typhoon IERS	£20.2m
MS&S	Tornado TSP – MSDC	£10.3m
MS&S	Nimrod CTS	£9.5m
MS&S	Hawk Mission Computer	£7.1m
Other		£74.1m
Total AS		£312.8m

2006 Mission Success

**Real breadth
Real performance
Real delivery**



Year-to-Date Results

**20 points achieved
20 planned = 100.0%**

Mission Success

Color	From	To
Blue	95.0%	100.0%
Green	90.0%	94.9%
Yellow	80.0%	89.9%
Red	0.0%	79.9%

	January		February		March		April		May		June		July		August		September		October		November		December		Year to Date			Projected Year End			
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	%	Plan	To Go	%	
Lines of Business																															
Displays	4	4	0		11		7		5		19		4		0		6		4		7		10		4	4	100.0%	77	73	100.0%	
MS&S	11	11	6		7		11		6		9		11		2		2		13		4		6		11	11	100.0%	88	77	100.0%	
VMS	5	5	6		5		8		15		14		5		12		15		14		5		11		5	5	100.0%	115	110	100.0%	
Avionic Systems	0	0	0		0		0		0		4		0		0		0		0		0		4		0	0	100.0%	8	8	100.0%	
Total:	20	20	12		23		26		26		46		20		14		23		31		16		31		20	20	100.0%	288	268	100.0%	
Total:	20	20	12		23		26		26		46		20		14		23		31		16		31		20	20	100.0%	288	268	100.0%	
Performance %		100.0%																								100.0%			100.0%		

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Mission Success Results

Business Area	Program/Function	Event Description	Plan Date	Actual Date	Plan Score	Actual Score
<u>On Time Completions</u>						
DISP: Displays	F-16 HUD Block 60	88th HUD Delivery	15Jan06	15Jan06	2	2
DISP: Displays	T-50 IMDC Production	Deliver 3 IMDC 1st Qtr 06	28Jan06	23Jan06	2	2
MS&S: MS&S	VC10 Automated Flight Control	Achieve Quarterly DSR 3Q4	10Jan06	04Jan06	2	2
MS&S: MS&S	Eurofighter Typhoon IERS	Meet Contractual TRTs	28Jan06	10Jan06	3	3
MS&S: MS&S	Tornado ALS	Achievement of Contract DSRs	28Jan06	26Jan06	2	2
MS&S: MS&S	TV TAB Production	Complete 36 off GR4s	31Jan06	12Jan06	2	2
VMS: VMS	Eurofighter FCC Software	Phase 5 SLCC#1 code available	31Jan06	19Jan06	3	3
VMS: VMS	RSAF SMS	Delivery of WPU/WCP1 S/S #4 &	31Jan06	30Jan06	2	2
<u>Early Completions</u>						
MS&S: MS&S	NCS1 CLS	Achieve Quarterly DSR/RSR Q1	03Feb06	27Jan06	2	2

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Mission Success Commitments

Business Area	Program/Function	Event Description	Plan Date	Current Date	Plan Score	
MS&S: MS&S	Harrier OSVMG (VME)	Complete Customer Deliveries	28Feb06	28Feb06	4	
MS&S: MS&S	Phoenix CLS	PMIR review 01/04	28Feb06	28Feb06	2	
VMS: VMS	JSF Sticks and Throttles	Drop 6 SW delivered	21Feb06	10Mar06	3	
VMS: VMS	F22 SSCA Lot 4	Deliver Final SSCA	28Feb06	28Feb06	3	

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Avionic Systems - 2006 Mission Success Events

Business Area	Program/Function	Event Description	Event Type	Importance	Baseline Date	Current Date	Achieved Date	Points Value	Points Awarded
AV: Avionic Systems	Project 10	Hand-over of Lochside to BAE S	PM		30/Jun/2006	30/Jun/2006		4	
AV: Avionic Systems	Project 10	Edin. closure plan successful	PM		22/Dec/2006	22/Dec/2006		4	
DISP: Displays	F-16 HUD Block 60	88th HUD Delivery	DEL		15/Jan/2006	15/Jan/2006	15/Jan/2006	2	2
DISP: Displays	T-50 IMDC Production	Deliver 3 IMDC 1st Qtr 06	DEL		23/Jan/2006	23/Jan/2006	23/Jan/2006	2	2
DISP: Displays	Eurofighter HUD Series Production	SP : Prodn Readiness Review	PM		28/Feb/2006	31/Jan/2006	31/Jan/2006	2	
DISP: Displays	Eurofighter HEA	Mk2 BMH PDDP	PM		30/Mar/2006	30/Mar/2006		4	
DISP: Displays	Gripen Devt	Customer TRR	PM		31/Mar/2006	31/Mar/2006		3	
DISP: Displays	EFA ASTA HMSS	VVCRM Issued	PM		31/Mar/2006	31/Mar/2006		4	
DISP: Displays	C-17 HUD Lots 16-19 (201661)	HUD s/n 538 Delivery	DEL		07/Apr/2006	07/Apr/2006		2	
DISP: Displays	F-22 HUD Lot 4	Delivery of 26th Lot 4 HUD	DEL		30/Apr/2006	30/Apr/2006		2	
DISP: Displays	F-22 HUD Power PC	FCA/PCA	PM		30/Apr/2006	30/Apr/2006		3	
DISP: Displays	T-50 HUD Production	Deliver Batch #5 SRUs	DEL		15/May/2006	15/May/2006		3	
DISP: Displays	Gripen Devt	C2 Model Delivered	DEL		31/May/2006	31/May/2006		3	
DISP: Displays	F-16 EDU 2002	Delivery of 70th EDU	DEL		15/Jun/2006	15/Jun/2006		2	
DISP: Displays	C-17 HUD Lots 16-19 (201661)	HUD s/n 544 Delivery	DEL		16/Jun/2006	16/Jun/2006		2	
DISP: Displays	F-16 AEU Production	Deliver 9 AEU's by 2nd Qtr 06	PM		29/Jun/2006	29/Jun/2006		2	
DISP: Displays	Tiger IHS (PI & Production)	Q2 '06 deliveries to ECD	DEL		30/Jun/2006	30/Jun/2006		3	
DISP: Displays	Planeview Manufacturing	Q206 Deliveries	DEL		30/Jun/2006	30/Jun/2006		2	
DISP: Displays	F-16 ACCTVS	Deliver 30 Units by 2nd Qtr	PM		30/Jun/2006	30/Jun/2006		2	
DISP: Displays	F-22 HUD Lots 5 & 6	Delivery of 1st HUD	DEL		17/Jul/2006	17/Jul/2006		2	
DISP: Displays	Eurofighter HUD Series Production	SP : 1st VC Built	PM		31/Jul/2006	31/Jul/2006		2	
DISP: Displays	Eurofighter HUD Series Production	SP : Complete ATP of 1st HUD	PM		31/Aug/2006	31/Aug/2006		2	
DISP: Displays	C-130 RGDMU Production	Q306; Unit no 79 delivered	DEL		22/Sep/2006	22/Sep/2006		3	
DISP: Displays	Tiger IHS (PI & Production)	Q3 '06 deliveries to ECD	DEL		30/Sep/2006	30/Sep/2006		3	
DISP: Displays	F-16 HUD Peace Falcon	Delivery of 24th HUD	DEL		15/Oct/2006	15/Oct/2006		2	
DISP: Displays	Eurofighter HEA	Mk2 Avionic PDDP	PM		31/Oct/2006	31/Oct/2006		3	
DISP: Displays	T-50 HUD Production	Deliver Batch #7 SRUs	DEL		15/Nov/2006	15/Nov/2006		3	
DISP: Displays	F-16 AEU Production	Deliver 8 AEU's by 4th Qtr 06	PM		22/Dec/2006	22/Dec/2006		2	
DISP: Displays	Tiger IHS (PI & Production)	Q4 '06 deliveries to ECD	DEL		22/Dec/2006	22/Dec/2006		3	
DISP: Displays	F-16 ACCTVS	Deliver 38 Units by 4th Qtr	PM		22/Dec/2006	22/Dec/2006		2	
DISP: Displays	Planeview Manufacturing	Q406 Deliveries	DEL		31/Dec/2006	31/Dec/2006		3	
MS&S: MS&S	VC10 Automated Flight Control System	Achieve Quarterly DSR 3Q4	PM		04/Jan/2006	04/Jan/2006	04/Jan/2006	2	2
MS&S: MS&S	Eurofighter Typhoon IERS	Meet Contractual TRTs	PM		10/Jan/2006	10/Jan/2006	10/Jan/2006	3	3
MS&S: MS&S	TV TAB Production	Complete 36 off GR4s	PM		12/Jan/2006	12/Jan/2006	12/Jan/2006	2	2
MS&S: MS&S	Tornado ALS	Achievement of Contract DSRs	PM		26/Jan/2006	26/Jan/2006	26/Jan/2006	2	2
MS&S: MS&S	NCS1 CLS	Achieve Quarterly DSR/RSR Q1	PM		27/Jan/2006	27/Jan/2006	27/Jan/2006	2	2
MS&S: MS&S	TV TAB Production	Complete 19 off GR4s	PM		24/Feb/2006	31/Jan/2006	31/Jan/2006	2	

Business Area	Program/Function	Event Description	Event Type	Importance	Baseline Date	Current Date	Achieved Date	Points Value	Points Awarded
MS&S: MS&S	Phoenix CLS	PMIR review 01/04	PM		28/Feb/2006	28/Feb/2006		2	
MS&S: MS&S	Harrier OSVMG (VME)	Complete Customer Deliveries	DEL		28/Feb/2006	28/Feb/2006		4	
MS&S: MS&S	Nimrod IFF CLS	Achieve DSRs - Feb	PM		31/Mar/2006	31/Mar/2006		2	
MS&S: MS&S	VC10 Automated Flight Control System	Achieve Quarterly DSR 4Q1	PM		04/Apr/2006	04/Apr/2006		2	
MS&S: MS&S	TARDIS	Submission of RVP FDDP Data	PM		28/Apr/2006	28/Apr/2006		3	
MS&S: MS&S	Eurofighter Typhoon IERS	Meet Contractual TRTs	PM		28/Apr/2006	28/Apr/2006		2	
MS&S: MS&S	Tornado ALS	Achievement of contract DSRs	PM		28/Apr/2006	28/Apr/2006		2	
MS&S: MS&S	TV TABS for RSAF	1st drop of Production deliver	PM		30/Apr/2006	30/Apr/2006		2	
MS&S: MS&S	RSAF MSDC	Start Safety of Flight Testing	PM		24/May/2006	03/Apr/2006		3	
MS&S: MS&S	NCS1 CLS	Achieve Quarterly DSR/RSR Q2	PM		26/May/2006	26/May/2006		2	
MS&S: MS&S	Tornado SAGE Upgrade Development	6th Installation	PM		26/May/2006	26/May/2006		2	
MS&S: MS&S	JSF Avionics Support Team	Delivery of Services	PM		28/May/2006	28/May/2006		2	
MS&S: MS&S	TARDIS	Submission of TARDIS FDDP Data	PM		06/Jun/2006	06/Jun/2006		3	
MS&S: MS&S	Phoenix CLS	PMIR review 02/04	PM		30/Jun/2006	30/Jun/2006		2	
MS&S: MS&S	VC10 Automated Flight Control System	Achieve Quarterly DSR 4Q2	PM		04/Jul/2006	04/Jul/2006		2	
MS&S: MS&S	RSAF MSDC	Submit PDDP	PM		20/Jul/2006	29/Jun/2006		4	
MS&S: MS&S	Tornado ALS	Achievement of contract DSRs	PM		28/Jul/2006	28/Jul/2006		2	
MS&S: MS&S	Eurofighter Typhoon IERS	Meet Contractual TRTs	PM		28/Jul/2006	28/Jul/2006		3	
MS&S: MS&S	TARDIS	Completion of RMDP Qual	PM		31/Jul/2006	31/Jul/2006		4	
MS&S: MS&S	Tornado SAGE Upgrade Development	8th Installation	PM		25/Aug/2006	25/Aug/2006		2	
MS&S: MS&S	NCS1 CLS	Achieve Quarterly DSR/RSR Q3	PM		01/Sep/2006	01/Sep/2006		2	
MS&S: MS&S	TARDIS	Completion of PSRR	PM		02/Oct/2006	02/Oct/2006		5	
MS&S: MS&S	VC10 Automated Flight Control System	Achieve Quarterly DSR	PM		03/Oct/2006	03/Oct/2006		2	
MS&S: MS&S	RSAF MSDC	Issue BIT Demonstration Report	PM		12/Oct/2006	12/Oct/2006		2	
MS&S: MS&S	Tornado ALS	Achievement of contract DSRs	PM		28/Oct/2006	28/Oct/2006		2	
MS&S: MS&S	Phoenix CLS	PMIR review 03/04	PM		31/Oct/2006	31/Oct/2006		2	
MS&S: MS&S	JSF Avionics Support Team	Delivery of Services	PM		28/Nov/2006	28/Nov/2006		2	
MS&S: MS&S	Eurofighter Typhoon IERS	Meet Contractual TRTs	PM		30/Nov/2006	30/Nov/2006		2	
MS&S: MS&S	Nimrod IFF CLS	Achieve DSRs - Nov	PM		22/Dec/2006	22/Dec/2006		2	
MS&S: MS&S	NCS1 CLS	Achieve Quarterly DSR/RSR Q4	PM		23/Dec/2006	23/Dec/2006		2	
MS&S: MS&S	TV TABS for RSAF	9th drop of Production deliver	PM		31/Dec/2006	31/Dec/2006		2	
VMS: VMS	Eurofighter FCC Software Development	Phase 5 SLCC#1 code available	DEL		19/Jan/2006	19/Jan/2006	19/Jan/2006	3	3
VMS: VMS	RSAF SMS	Delivery of WPU/WCP1 S/S #4	DEL		30/Jan/2006	30/Jan/2006	30/Jan/2006	2	2
VMS: VMS	F22 SSCA Lot 4	Deliver Final SSCA	DEL		28/Feb/2006	28/Feb/2006		3	
VMS: VMS	JSF Sticks and Throttles	Drop 6 SW delivered	DEL		10/Mar/2006	10/Mar/2006		3	
VMS: VMS	RSAF SMS	Software TRR	PM		17/Mar/2006	17/Mar/2006		3	
VMS: VMS	RSAF WIFU	Obsoles Report 1st Quarter 06	PM		31/Mar/2006	31/Mar/2006		2	
VMS: VMS	UH-60 Active Stick Development	PDR Held	PM		04/Apr/2006	04/Apr/2006		3	
VMS: VMS	EA-6B DFCS Development	Hold Build 3 TRR	PM		05/Apr/2006	05/Apr/2006		3	
VMS: VMS	Hawk AJT Autopilot	Data for prod order provided to Bro	CA		28/Apr/2006	28/Apr/2006		2	
VMS: VMS	UH-60 Active Stick Development	First RASCAL Delivery Made	DEL		05/May/2006	05/May/2006		4	
VMS: VMS	Boeing Redesign Series Production	Deliver 320th Unit	DEL		25/May/2006	25/May/2006		2	
VMS: VMS	Eurofighter SSICA	Delivery Completion	DEL		26/May/2006	26/May/2006		3	

Business Area	Program/Function	Event Description	Event Type	Importance	Baseline Date	Current Date	Achieved Date	Points Value	Points Awarded
VMS: VMS	Eurofighter FCC Tranche 2 Production	1st Module Set Kitted	PM		30/May/2006	30/May/2006		2	
VMS: VMS	Eurofighter WPSU Tranche 2 Production	1st Module Set Kitted	PM		30/May/2006	30/May/2006		2	
VMS: VMS	Eurofighter SSICA Tranche 2 Production	1st Module Set Kitted	PM		30/May/2006	30/May/2006		2	
VMS: VMS	EA-6B DFCS Development	Build 3 SW Val complete	PM		07/Jun/2006	07/Jun/2006		3	
VMS: VMS	JSF Sticks and Throttles	Ship set for B1 Aircraft	DEL		09/Jun/2006	09/Jun/2006		3	
VMS: VMS	Eurofighter FCC Production	Final Tranche 1 FCC delivery	DEL		30/Jun/2006	30/Jun/2006		2	
VMS: VMS	Airbus A320 SFCC Production	Achieve HY sales 2006	PM		30/Jun/2006	30/Jun/2006		2	
VMS: VMS	Eurofighter WPSU Series Production	30 WPSU's Delivered (2006)	DEL		30/Jun/2006	30/Jun/2006		2	
VMS: VMS	RSAF SMS	S1.0 S/W Test Report Issu	PM		30/Jun/2006	30/Jun/2006		2	
VMS: VMS	Eurofighter FCC Tranche 2	CDR	PM		20/Jul/2006	20/Jul/2006		3	
VMS: VMS	RSAF WIFU STTE	Complete Compatibility Testing	PM		28/Jul/2006	28/Jul/2006		2	
VMS: VMS	Eurofighter FCC Tranche 2 Production	1st Unit Delivered	DEL		05/Aug/2006	05/Aug/2006		3	
VMS: VMS	EA-6B DFCS Development	Freeze Prodn design	PM		05/Aug/2006	05/Aug/2006		3	
VMS: VMS	JSF Sticks and Throttles	Comp of duty cycles 2X life	PM		10/Aug/2006	10/Aug/2006		3	
VMS: VMS	Eurofighter FCC Software Development	Phase 5 SLCC#2 code available	DEL		31/Aug/2006	31/Aug/2006		3	
VMS: VMS	RSAF WIFU STTE	Deliver Test Set #1	DEL		08/Sep/2006	08/Sep/2006		3	
VMS: VMS	UH-60 Active Stick Development	Prototype System Integration SW	PM		22/Sep/2006	22/Sep/2006		3	
VMS: VMS	Eurofighter FCC Tranche 2	TRR	PM		29/Sep/2006	29/Sep/2006		3	
VMS: VMS	Eurofighter WPSU Tranche 2 Production	1st Unit Delivered	DEL		30/Sep/2006	30/Sep/2006		3	
VMS: VMS	Eurofighter SSICA Tranche 2 Production	1st Unit Delivered	DEL		30/Sep/2006	30/Sep/2006		3	
VMS: VMS	EA-6B DFCS Development	FDDP Available	PM		05/Oct/2006	05/Oct/2006		5	
VMS: VMS	Boeing Redesign Series Production	Deliver 400th Unit	DEL		20/Oct/2006	20/Oct/2006		3	
VMS: VMS	Eurofighter FCC Tranche 2	DDP for final h/w standard issued	PM		20/Oct/2006	20/Oct/2006		4	
VMS: VMS	RSAF SMS	ML2 STTE installed at Rochester	PM		27/Oct/2006	27/Oct/2006		2	
VMS: VMS	UH-60 Active Stick Development	CDR Held	PM		06/Nov/2006	06/Nov/2006		3	
VMS: VMS	RSAF WIFU STTE	Test Set #3 Available for Deli	DEL		10/Nov/2006	10/Nov/2006		2	
VMS: VMS	JSF Sticks and Throttles	FDDP	PM		14/Dec/2006	14/Dec/2006		5	
VMS: VMS	Eurofighter WPSU Series Production	Final Tranche 1 WPSU Delivered	DEL		15/Dec/2006	15/Dec/2006		3	
VMS: VMS	Airbus A320 SFCC Production	Achieve FY sales 2006	PM		29/Dec/2006	29/Dec/2006		3	

The closure of the Lochside facility of Avionic Systems brings to an end 64 years of association with Edinburgh. Ferranti was established in Edinburgh in 1942 for the manufacture of Gyro Gunsights, derivatives which remain in the product portfolio of the Lochside facility of BAE Systems to this day.

From this early start, the company moved into a wide range of military and civil equipment, but the real story of Lochside's history can be traced back to the development of the moving map displays for the ill-fated TSR2 aircraft in 1960. In 1965, the moving map system was developed for land vehicles and prototype systems were fitted to Land Rovers both for sales support to aircraft programmes but also to generate interest from land forces.

In the early 1970's the multi-national Multi-Role Combat Aircraft (MRCA –later named Tornado) programme was started and the combined radar and projected map display and repeater map display for the pilot were provided. Building on the success of winning the MRCA programme the Combined Map and Electronic Display (COMED) was developed and in 1975 fitted to the company jet for a sales tour of the US. Success followed with the award of the MRCA production order in 1977 and the award of the contract to develop the Horizontal Situation Display (in conjunction with the Bendix Corporation of America) in 1978. Spares and support still continue to this day on these products.

1982 saw the award of two Queen's Awards – One for Technological Achievement and the other for Export Achievement. Both awards were for the same product - COMED. This was the only time a single product collected both such awards for Ferranti.

The late 1980's saw a succession of firsts and contract awards building on the now established product line, 1987 saw the delivery of the first colour video recording system to enter service (on the RAF's Harrier GR5), as well as the delivery of the 1000th F18 display to McDonnell Douglas in service with Canadian, Spanish and Australian forces. 1989 saw the award of contracts to supply Nightbird Night Vision Goggles for the entire RAF fast jet fleet, and a £50million contract for the supply of equipment to upgrade the RAF Tornado fleet. 1989 also saw the organisation move from Ferranti into the GEC Marconi fold following the collapse of Ferranti as a result of US fraud.

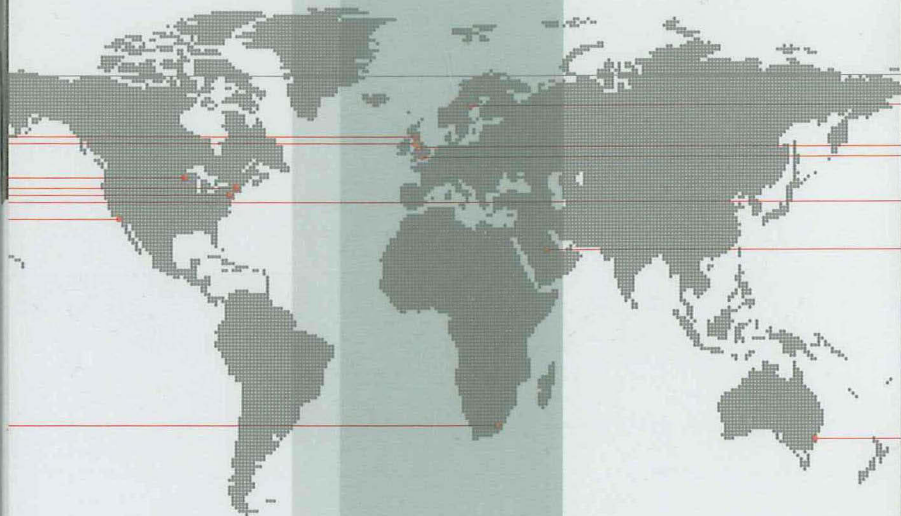
1995 saw the fruition of many years of work on Helmet Mounted Display technology with the award of the contract for the supply of a system to the Eurofighter Typhoon. This key product has established a world wide lead in this technology, and led to the award of the contract to supply helmets to the Gripen aircraft for South Africa.

Digital Maps continue to feature highly in the product portfolio with the concept of a 'Core Map' with re-useable software based digital maps being developed. This approach was also coupled with a move away from dedicated hardware to an Open Architecture approach using Commercial-of-the-Shelf hardware wherever practical. Last year a new innovation created a lot of interest with the implementation of the digital map on a tablet PC being used by land forces in Iraq. This approach has led to a number of contracts, many of them now in the process of transition to the Rochester site of Avionic Systems.

The closure of Lochside draws a close to an era of avionics engineering firsts, innovation and sets the challenge for Rochester to carry the tradition forward.



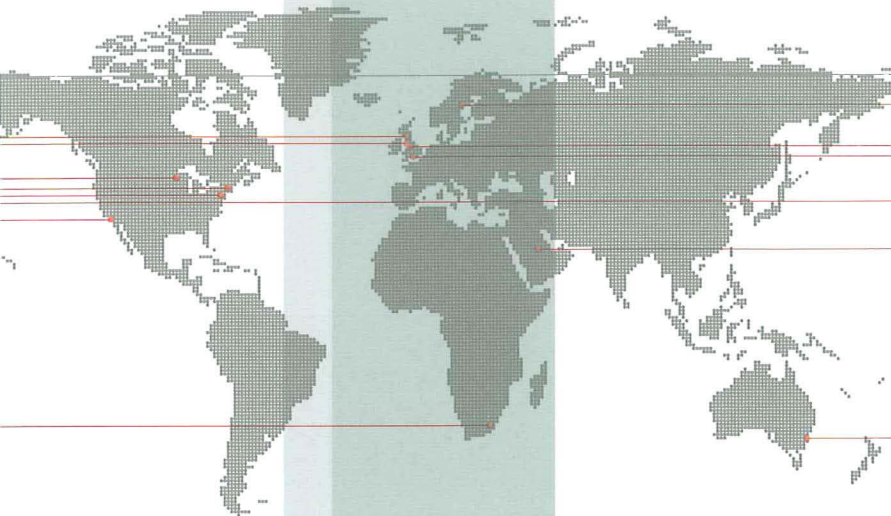
DELIVERING ADVANTAGE IN THE REAL WORLD



2006

BAE SYSTEMS

DELIVERING ADVANTAGE IN THE REAL WORLD



2006

BAE SYSTEMS

CALENDAR 2006...

JANUARY

Mon	Tue	Wed	Thu	Fri	Sat	Sun
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30	31					

FEBRUARY

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27	28					

MARCH

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APRIL

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MAY

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JUNE

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JULY

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31						

AUGUST

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28	29	30	31			

SEPTEMBER

Mon	Tue	Wed	Thu	Fri	Sat	Sun
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OCTOBER

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NOVEMBER

Mon	Tue	Wed	Thu	Fri	Sat	Sun
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DECEMBER

Mon	Tue	Wed	Thu	Fri	Sat	Sun
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Bradley A3 York, Pennsylvania, USA

	Mon	Tue	Wed	Thu	Fri	Sat	Sun
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UK	2	3	4	5	6	7	8
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US	16	17	18	19	20	21	22
	23	24	25	26	27	28	29
	30	31					

JANUARY

BAE SYSTEMS



Type 45 Glasgow, Scotland, UK

Mon	Tue	Wed	Thu	Fri	Sat	Sun
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
us 20	21	22	23	24	25	26
27	28					

FEBRUARY

BAE SYSTEMS



F-35 JSF EW System Nashua, New Hampshire, USA

Mon	Tue	Wed	Thu	Fri	Sat	Sun
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

MARCH

BAE SYSTEMS



Astute Barrow, Cumbria, UK

Mon	Tue	Wed	Thu	Fri	Sat	Sun
					1	2
3	4	5	6	7	8	9
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UK 17	18	19	20	21	22	23
24	25	26	27	28	29	30

APRIL

BAE SYSTEMS



NLOS-C Minneapolis, Minnesota, USA

	Mon	Tue	Wed	Thu	Fri	Sat	Sun
UK	1	2	3	4	5	6	7
	8	9	10	11	12	13	14
	15	16	17	18	19	20	21
	22	23	24	25	26	27	28
UK US	29	30	31				

MAY

BAE SYSTEMS



Ship Repair San Diego, California, USA

Mon	Tue	Wed	Thu	Fri	Sat	Sun
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

JUNE

BAE SYSTEMS



Hawk South Africa

Mon	Tue	Wed	Thu	Fri	Sat	Sun
					1	2
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10	11	12	13	14	15	16
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24	25	26	27	28	29	30
31						

JULY

BAE SYSTEMS



S.E.P Örnsköldsvik, Sweden

Mon	Tue	Wed	Thu	Fri	Sat	Sun
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
UK 28	29	30	31			

AUGUST

BAE SYSTEMS

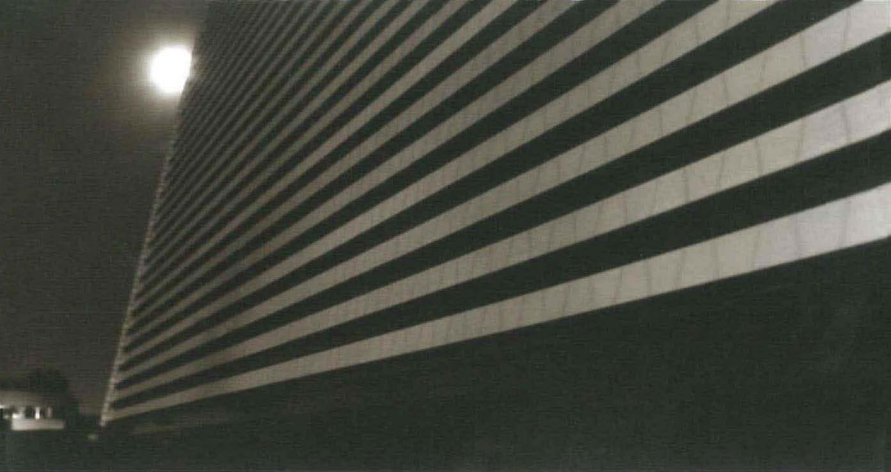


Customer Solutions and Support Riyadh, Saudi Arabia

Mon	Tue	Wed	Thu	Fri	Sat	Sun
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us 4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

SEPTEMBER

BAE SYSTEMS



AR327 Commander Radar Cowes, Isle of Wight, UK

Mon	Tue	Wed	Thu	Fri	Sat	Sun
						1
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us 9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

OCTOBER

BAE SYSTEMS



F/18 Hornet Newcastle, New South Wales, Australia

Mon	Tue	Wed	Thu	Fri	Sat	Sun
		1	2	3	4	5
6	7	8	9	us 10	11	12
13	14	15	16	17	18	19
20	us 21	22	us 23	us 24	25	26
27	28	29	30			

NOVEMBER

BAE SYSTEMS



Typhoon Warton, Lancashire, UK

Mon	Tue	Wed	Thu	Fri	Sat	Sun
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
UK US 25	UK 26	27	28	29	30	31

DECEMBER

BAE SYSTEMS