

October 31, 2006

BAE Systems
Attn: Office of General Counsel
1601 Research Boulevard
Rockville, Maryland 20850

Dear General Counsel of BAE Systems:

The Project On Government Oversight (POGO) is overhauling and renewing its Federal Contractor Misconduct Database (www.pogo.org/db/index.cfm), a compilation of information from public resources regarding government contractors, including BAE Systems. On October 18, 2005 and December 2, 2005, we sent you information regarding findings relevant to BAE Systems, which we have enclosed for your reference. As of today, we have not received a response from your office.

A written response is certainly in the best interest of everyone involved. It is the best way for your company to go on record regarding this process and the instance identified; your letter will be posted in its entirety on the database. Several companies have already responded and have expressed appreciation for the opportunity to express their views. POGO would prefer to receive a response by November 17, 2006 to ensure it is included with the launch of our new database.

If you have any questions, please contact Kevin Phelps at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Scott Amey
General Counsel

Enclosure

Instance of Misconduct

1.

Case Name: N/A

Date: 9/18/2002, date of settlement

Misconduct Type: Government Contract Fraud

Contracting Party: Government Defense

Court Type: Civil

Amount: \$3,100,000

Disposition: Settlement

Synopsis:

“Lockheed Martin Corporation and BAE Systems Controls... agreed to pay the United States \$6.2 million to settle their civil liability in a case involving alleged violations of the False Claims Act...

Before 1993, General Electric (GE) produced flight control electronics sets at its Johnson City, New York facility under contracts with the Navy. GE was also a principal subcontractor on McDonnell Douglas Aircraft Corporation's (MDA) contracts with the Navy to produce F/A-18 "Hornet" aircraft, a single seat and two-seat, twin engine, multi-mission fighter/attack aircraft that can operate from either aircraft carriers or land bases.

In 1993, Martin Marietta Corporation purchased GE's operation in Johnson City and in 1995 Martin Marietta combined with Lockheed Corporation resulting in the formation of Lockheed Martin. BAE Systems bought Lockheed Martin's operation in Johnson City in 2000. The government alleged that from 1987 through 1994, GE and Martin Marietta manufactured and delivered for installation in Hornet aircraft more than 1,300 Accelerometer Sensor Assemblies that did not comply with electromagnetic interference contractual requirements. The assemblies are components within flight control electronic sets that help control Hornet aircraft rudders.”

Documents:

http://www.usdoj.gov/opa/pr/2002/September/02_civ_533.htm