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Your Ref: LT63582KPXB1E

Our Ref: RS/JB/CAAT

Date: 3rd January 2007

By Fax & DX: 7210 3260

Dear Sir,

SFO Investigation into BAE Systems Plc ("BAE")

Thank you for your letter of 28 December 2006.

We are very surprised that you consider there is no urgency in this matter given the decision under challenge relates to the prospective prosecution of third parties and actions against their interests.

We note that you are seeking to extend the usual time limits under the Protocol to a full calendar month. Even then you do not appear to be able to guarantee that a response will be forthcoming by that date. We accept that you have lost 3 working days of the protocol response period to Christmas holidays. However, we are surprised that legal advice was not taken before the decision was made, that the proposed challenge was not anticipated and that your clients are not in a position to respond fully and speedily.

That being said, we are prepared to agree to your request for an extension of time to respond fully to the letter before claim until 4.00 pm on Friday 19 January 2007 (but no later) provided that you confirm that we will receive a response by then and that we receive no objection to this delay in bringing proceedings from the third parties who might be prejudiced.

In this regard, we are sending a copy of this letter to BAE. If your client is aware of any other third party interests, not directly connected to BAE, which might be prejudiced by this delay, then please seek their consent as a matter of urgency. It would also be helpful if you could provide us with their details in order that we may serve them in the event that it proves necessary to issue proceedings.

Finally, please could you confirm whether you are instructed to accept service on behalf of the Attorney-General and the Prime Minister as well as the SFO.

Yours faithfully,

Leigh Day & Co

Cc: Allen & Overy for BAE Systems Plc