

Mr Dick Olver  
Chairman  
BAE Systems plc  
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**UK Shareholders' Association**  
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Dear Mr Olver,

If, as seems likely, the proposed merger of BAE Systems with EADS is to be by a scheme of arrangement, many of those who have invested in the company of which you are chairman will not be able to vote. The UK Shareholders' Association regards this as shocking and utterly reprehensible. It is no less than a scandal.

You are not responsible for the law which makes this so, but you are in a unique position to ensure that all BAE Systems' investors are enfranchised for the purpose of this important decision. Those currently denied any say in the matter are, of course, those holding their shares through third parties in nominee accounts. According to your last annual report, 86.5% of all BAE shares are held by nominees.

It is not the role of this Association to form an opinion on the merits or otherwise of the proposed merger, but we are firmly of the opinion that those we seek to represent, namely private investors, must, if they have money invested in BAE, be enabled to vote upon the matter. At the moment, except in a very small number of cases, this won't be the case. We therefore call upon you, as the chairman of BAE Systems plc, to ensure that all its investors are enfranchised. We do so publicly, because we regard this as a matter of public importance. It cannot be right for the merger to be decided by those holding a minority of the shares, nor for nominee account providers, having no beneficial interest in the outcome, to cast votes except on their clients' instructions.

Of course, not all nominee account users are private investors, but many undoubtedly are and, quite possibly, a significant majority. This includes all those invested through ISAs or SIPPs and others who have been coerced into nominee accounts by their brokers for the latter's own commercial reasons. They have invested their own money, but they are not the legal owners of the shares their money has bought and therefore have no legal rights of ownership. You cannot grant them those rights, but it is within your power to put pressure, both private and public, on all nominee account providers on the share register:

- a) to ensure that all their clients are fully informed about the proposals,
- b) to grant their clients (and in good time) the opportunity to say how they wish the shares bought with their money to be voted and
- c) to vote in accordance with those expressed wishes and in no other way.

We look forward to a positive response to this appeal.

Yours sincerely,

*Eric Chalker*

Policy Co-ordinator, UKSA

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