

March 5, 2009

Attention: President

Just a quick reminder from the Procurement Compliance Department concerning BAE Systems Basic Buying Policy and what that means to you as a supplier.

It is Ground Systems (GS) policy that the Procurement Department has sole authority and responsibility to obligate funds for goods and services on behalf of the Company, all purchase orders are issued by the Procurement Department only, and NO commitments (verbal or otherwise) are binding except those properly approved and issued by the Procurement Department in writing.

This means that Engineering, Program Management, expeditors and others are **NOT AUTHORIZED** to give direction to suppliers such as start work authorization, delivery schedule changes, picking up material, redirecting deliveries to other locations, etc. BAE Systems has processes in place to work system requirements. If in doubt, please contact your Buyer or me prior to proceeding.

Procurement involvement is required prior to anyone giving any direction to BAE Systems suppliers. This includes both goods and services.

The Buyer is responsible for releasing a Request for Quote or a Request for Proposal in support of BAE Systems proposals to our customer. It is imperative that the process is followed to permit BAE Systems to be compliant to Government Regulations, Public Laws and Internal Policies and Procedures. By doing this, we establish an audit trail for the Government Agencies as well as the Corporate Auditors.

These are just a few of the reasons that only Procurement has the authority to place a Purchase Order with a supplier.

If you, as a supplier, choose to proceed based on an unauthorized person's direction, you may be at risk for not receiving any additional purchase order awards from BAE Systems. This does not just involve the York site but all Ground Systems sites.

Any questions should be directed to me at 717-225-8169 (office) or 717-275-6427 (cell).

Regards,



Kathy Bailey
Manager, Procurement Compliance