

APPENDIX 3.4
(referred to in paragraphs 3.52 and 3.54)

BAe: financial projections

TABLE 1 **BAe: balance sheets, 1991 to 1999, and forecast balance sheets, 1995 to 1999**

	<i>£ million</i>									
	<i>1991</i>	<i>1992</i>	<i>1993</i>	<i>1994</i>	<i>1995F</i>	<i>1996F</i>	<i>1997F</i>	<i>1998F</i>	<i>1999F</i>	
Capital employed	4,013	3,991	3,765	2,334						
Customer advances	(400)	(334)	(528)	(242)						
Net cash/(debt)	(37)	(257)	(165)	83						
Provisions	(612)	(1,382)	(1,341)	(1,289)						
Net assets	<u>2,964</u>	<u>2,018</u>	<u>1,731</u>	<u>886</u>						
Shareholders' funds	2,697	1,780	1,510	876						
Net gearing (%)*	1	14	11	Net cash						
Interest cover (x)	3.7	(0.5)†	1.4	2.8						

Figures omitted. See note on page iv.

Source: BAe.

*Net gearing is calculated as net debt as a percentage of shareholders' funds.

†Net operating loss before interest.

Note: Adjustments in respect of FRS4 and FRS5 will affect the above figures.

TABLE 2 **BAe: forecast turnover and operating profit, 1995 to 1999**

	<i>£ million</i>				
	<i>1995F</i>	<i>1996F</i>	<i>1997F</i>	<i>1998F</i>	<i>1999F</i>
<i>Turnover</i>					
Defence					
Airbus					
Regional aircraft					
Property					
Other					
Intra-group					
<i>Operating profit (excluding exceptional items)</i>					
Defence					
Airbus					
Regional aircraft					
Property					
Other*					
<i>Profit before tax (excluding exceptional items)</i>					

Figures omitted. See note on page iv.

Source: BAe.

*[*Details omitted. See note on page iv.*]

TABLE 3 BAe: cash flow projections, 1995 to 1999

	<i>£ million</i>					
	1995F	1996F	1997F	1998F	1999F	Total
<i>Operating cash flows of continuing businesses</i>						
Defence	[
Regional aircraft						
Airbus						
Arlington						
Other						
Total						
<i>Non-operating cash flows</i>						
Dividends and tax						
Interest (excluding Rover)						
Other						
Total						
Total cash flows						
Opening net cash/(debt)						
Closing net (debt)/cash]

Source: BAe.

TABLE 4 BAe: financial effects of the merger, 1995 to 1999

	<i>£ million</i>					
	1995F	1996F	1997F	1998F	1999F	
<i>Capital structure, 1995 to 1999</i>						
Existing group						
Shareholders' funds	[
Net/cash						
Enlarged group						
Shareholders' funds						
Net/cash						
<i>Cash flows of the enlarged group, 1995 to 1999</i>						
Existing group						
Adjustments for VSEL						
Enlarged group]

Source: BAe.