

Exhibit 2

Explanation of Reply to Item 37 of Form 312, Main Form

Pursuant to the terms of a plea agreement entered March 1, 2010 in the U.S. District Court for the District of Columbia, BAE Systems plc (a UK corporation, and the ultimate corporate parent of the Applicant), has pled guilty in the United States to one count of conspiracy involving certain false statements regarding its international compliance program efforts and the omission of certain material facts in connection with export control applications.

The conduct in question took place some years ago, principally in the late 1990's and the early part of the last decade. Pursuant to the plea agreement, BAE Systems plc agreed to pay a fine of \$400 million in the United States.

With respect to the above-referenced matter, the following additional information is noted:

- The guilty plea and fine relate only to BAE Systems plc, and do not involve the activities of the Applicant or its U.S. parents (i.e., BAE Systems, Inc.) As the Information filed by the Department of Justice states, "This Information and the facts set out herein do not relate to or represent any conduct of BAE Systems, Inc. BAE Systems, Inc. was and is subject to a Special Security Agreement ("SSA") with the United States government which, for U.S. national security reasons, restricts the exercise by BAES of influence and control over the day to day activities and management of BAE Systems, Inc."

Moreover, the conduct at issue had no relation to activities regulated by the Federal Communications Commission and should not reflect upon the Applicant's responsibility as a holder of FCC agency licenses.