

Update on the proposed acquisition of Ultra Electronics Holdings plc by Cobham Ultra Acquisitions Limited

Press release

The acquisition of Ultra by Cobham has been cleared to proceed.



Following advice from the Ministry of Defence and after careful consideration of responses to a consultation, the Business Secretary has today (Wednesday 6 July) cleared the acquisition of Ultra by Cobham to proceed.

The announcement follows the Business Secretary consulting on steps to address the national security concerns raised by the proposed acquisition of Ultra, a UK defence company, by Cobham, a defence, aerospace, and communications company that was acquired by US private equity firm Advent International. The government consultation on the undertakings offered by the companies to address the concerns identified ran until 3 July 2022.

The Business Secretary has accepted the undertakings from the parties to mitigate national security risks, with a small number of changes to reflect the responses to a consultation on them.

The undertakings to mitigate the national security concerns came into force today and details are available on the [decision notice](#). In summary, the undertakings are:

- SecureCos: creating 2 new 'SecureCos', UK legal entities which encompass the UK Ultra facilities that deliver the sensitive capabilities to HM Government
- Board Representation: placing an HM Government appointed non-executive director on the Board of each SecureCo to protect UK national security interests and provide oversight of any disinvestment or divestment of sensitive capability
- Articles of Association: giving HM Government the right to approve the Articles of Association of each SecureCo and draft their strategic

objectives which would transfer to any future owner, locking that protection in. Any changes would be subject to the HM Government Director's agreement

- Step-In Rights: giving HM Government strong step-in rights (similar to a 'special share'), enabling transfer of ownership of the SecureCos on national security grounds, either to a third party or the government
- Access to Intellectual Property: giving HM Government the power to access intellectual property and / or to transfer knowledge or training necessary for HM Government to exercise its step-in rights effectively
- ITAR Protections: requiring Advent to institute an HM Government-approved control plan to prevent International Traffic in Arms Regulations controls applying to ITAR-free products designed and manufactured by Ultra

Separate to the public interest intervention and the mitigation of national security concerns, the government has agreed a [deed](#) offered by the parties to:

- maintain a corporate headquarters of the Ultra Group in the UK
- increase engineering R&D expenditure by at least 20% by the end of 3 years
- continue in good faith with Ultra's proposal to establish a centre of excellence for cyber capabilities in Maidenhead
- by the end of the 3-year period, increase the number of UK-based engineering R&D FTEs by at least 15%
- by the end of the 3-year period, increase the number of UK-based manufacturing FTEs by at least 10%
- maintain the aggregate number of UK-based engineering and manufacturing FTEs above a baseline level, equivalent to the number of associated FTEs at deal close minus any headcount changes associated with Ultra's existing transformation programme
- establish a scholarship fund of up to £5,000,000 to support over 100 university undergraduates from under-represented backgrounds in the UK to pursue degrees in engineering and related disciplines
- by the end of the 3-year period at least double the number of apprentices employed by Ultra

In addition, by the end of the 3-year period, Cobham commits to establishing programmes intended to:

- promote the objective of reducing Ultra's greenhouse gas emissions to net zero by 2050
- promote the objective of increasing the levels of diversity in the UK workforce of the Ultra Group

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