

Consultation launched on proposed acquisition of Ultra Electronics Holdings plc by Cobham Ultra Acquisitions Limited



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A consultation on steps to address the national security concerns raised by the proposed acquisition of Ultra Electronics Holdings plc, a UK defence company, by Cobham Ultra Acquisitions Limited has been launched by the government today (23 June 2022).

Cobham Ultra Acquisitions Limited is a defence, aerospace and communications company that was acquired by US private equity firm Advent International Ltd (Advent) in January 2020.

The Business Secretary is minded to accept undertakings offered by Cobham Ultra Acquisitions Limited to address the concerns.

This decision follows advice from the Ministry of Defence.

The proposed undertakings are now out for public consultation until midnight at the end of 3 July 2022, in accordance with the process set out in the Enterprise Act 2002.

No decision will be taken by the Business Secretary until the consultation has concluded and the representations have been carefully considered.

The full text of the proposed undertakings can be found on [GOV.UK](https://www.gov.uk). In summary they would deliver:

SecureCos: creating two 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 HMG 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.

This decision on the national security considerations is separate to any discussions on the economic implications of the proposed merger.

The Business Secretary's decision is made in a quasi-judicial capacity, which means that he must act, and be seen to act, in a scrupulously fair and impartial manner.

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