



ANTICIPATED ACQUISITION OF COBHAM PLC BY AI CONVOY BIDCO LTD

NOTICE OF ACCEPTANCE OF UNDERTAKINGS GIVEN BY AI CONVOY BIDCO LTD AND COBHAM PLC PURSUANT TO PARAGRAPH 3(2) OF SCHEDULE 2 TO THE ENTERPRISE ACT 2002 (PROTECTION OF LEGITIMATE INTERESTS) ORDER 2003

Intervention under the Enterprise Act 2002

1. On 17th September 2019, the Secretary of State for Business, Energy and Industrial Strategy (“the Secretary of State”) issued a European intervention notice to the Competition and Markets Authority (“CMA”) under section 67(2) of the Enterprise Act 2002 (“the Act”) in relation to the proposed acquisition by AI Convoy Bidco Limited (“AI Convoy Bidco”) (an indirect subsidiary of funds managed by Advent International Corporation) of the entire issued and to be issued ordinary share capital of Cobham plc (“Cobham”) (“the merger”).
2. On 29th October 2019, the CMA reported to the Secretary of State in accordance with article 4 of the Enterprise Act 2002 (Protection of Legitimate Interests) Order 2003 (“the Order”). The report set out the CMA’s belief that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a European relevant merger situation, and summarised the representations it received relating to the national security public interest consideration specified in the intervention notice.
3. The Secretary of State received further written and oral advice from the Secretary of State for Defence about the national security implications of the merger.
4. In light of the report from the CMA and advice from the Secretary of State for Defence, the Secretary of State considers that she has the power to refer the merger, under article 5(3) of the Order, to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 to carry out a more detailed assessment. This is termed a “phase 2 inquiry”.
5. Alternatively, if the Secretary of State would otherwise be minded to refer the merger to a phase 2 inquiry, she may accept undertakings from the parties in lieu of such a reference to mitigate public interest concerns, under paragraph 3(2) of Schedule 2 to the Order.
6. On 19th November 2019, the Secretary of State announced that she proposed to accept undertakings from AI Convoy Bidco and Cobham, in lieu of making a reference to a phase 2 inquiry.
7. The Secretary of State published the proposed undertakings for consultation between 19th November 2019 and 17th December 2019, in accordance with paragraph 2 of Schedule 10 to the Act (as applied, with modifications, by paragraph 2 of Schedule 3 to the Order). Twenty-seven representations were received, of which 5 supported the



undertakings, 12 did not support the undertakings and one did not express an opinion on the undertakings. The remaining 9 did not express views relevant to the merger or the undertakings.

Decision to accept undertakings

8. After considering the representations received, the Secretary of State remains of the view that the proposed undertakings mitigate the national security risks identified to an acceptable level.
9. The Secretary of State has therefore accepted the undertakings (without modification from those consulted on) in lieu of making a reference to a phase 2 inquiry, under paragraph 3(2) of Schedule 2 to the Order. Pursuant to paragraph 3(7) of Schedule 2 to the Order, the undertakings came into force on acceptance.
10. In agreement with AI Convoy Bidco and Cobham, a number of non-material amendments have been made to the undertakings that were consulted on. For example, the definitions of “List X Area” and “List X Contractor” in clauses 1.19 and 1.20 respectively have been amended to reflect the fact that the Defence Security and Assurance Services has been disbanded and is therefore no longer a division of the Ministry of Defence.
11. This notice and the accepted undertakings are published on the GOV.UK website.

Accepted undertakings

12. The undertakings annexed to this notice are those accepted by the Secretary of State on 20th December 2019.

Tim Jarvis

Director, Consumer and Competition Policy

An official of the Department for Business, Energy & Industrial Strategy

20th December 2019