

Dear CMA,

I wish to make an an anonymised comment on the Cost of Capital paper, especially the Relevance of Hurdle Rates and its paragraph 65.

I think that there was '*a relatively large downside risk of failure compared with likelihood of success*' of TETRA technology and Airwave in 2001.

Brian Murgatroyd ex-Home Office and ex-PITO says this in a public interview at <https://www.landmobile.co.uk/indepth/esn-and-airwave-lessons-learned/> dated 24 February 2021, as follows:

'According to Murgatroyd, initial UK TETRA trials took place on the island of Jersey in 1998, following a 12-month consultation during which user requirements were determined. This was followed by technical trials in Hemel Hempstead and the Isle of Skye, with the testing phase finally culminating in a two-year county-wide pilot in Lancashire. "That was designed to iron out any bugs and confirm fitness for the job," he says, "which it mostly did." '

TETRA was still new technology for a nationwide public safety system in 2001.

In paragraph 5 of the Cost of Capital paper, the following statement is made:

*'However, regardless of the appropriateness of such an uplift in the historic period, we do not accept that any such uplift should be applied to the extension period since all the initial uncertainties and risks associated with the Airwave project, which might have merited such an uplift, had long been resolved.'*

If the Home Office is able to transition users to the ESN before a National Shutdown Date of December 2026, with a wish to reduce income to Airwave, then I think that that would be a risk that still exists and would justify a hurdle rate higher than WACC when Motorola Solutions are deciding where to invest its capital.

Also, has any account been taken that during the period when Macquarie owned Airwave that a different capital structure was in place and so Airwave was highly geared? It was even considered risky in Dun & Bradstreet reports. Airwave accounts from 2015 attached.

I hope that this is useful to the panel.