



Department for
Business, Energy
& Industrial Strategy

**ANTICIPATED ACQUISITION OF ULTRA ELECTRONICS HOLDINGS PLC BY COBHAM
ULTRA ACQUISITIONS LIMITED**

**NOTICE OF ACCEPTANCE OF UNDERTAKINGS GIVEN BY COBHAM ULTRA
ACQUISITIONS LIMITED AND ULTRA ELECTRONICS HOLDINGS PLC PURSUANT TO
PARAGRAPH 3(2) OF SCHEDULE 7 TO THE ENTERPRISE ACT 2002**

Intervention under the Enterprise Act 2002

1. On 18 August 2021, the Secretary of State for Business, Energy and Industrial Strategy (“the Secretary of State”) issued a public interest intervention notice under section 42(2) of the Enterprise Act 2002 (“the Act”) in relation to the proposed acquisition by Cobham Ultra Acquisitions Limited (a wholly-owned indirect subsidiary of Cobham Group Holdings Limited) of the entire issued and to be issued ordinary share capital of Ultra Electronics Holdings plc (“Ultra”) (“the merger”). Under section 44 of the Act, the Secretary of State instructed the Competition and Markets Authority (“CMA”) to investigate the proposed acquisition and to report its findings by 18 January 2022.
2. On 13 January 2022, the CMA reported to the Secretary of State. 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 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 advice directly from the Ministry of Defence about the national security implications of the merger.
4. In light of the report from the CMA and advice from the Ministry of Defence, the Secretary of State considers that he has the power, under section 45 of the Act, to refer the merger 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, he may accept undertakings from the parties in lieu of such a reference to mitigate public interest concerns, under paragraph 3 of Schedule 7 to the Act.
6. On 23 June 2022, the Secretary of State announced that he proposed to accept undertakings from Cobham and Ultra, in lieu of making a reference to a phase 2 inquiry.
7. The Secretary of State published the proposed undertakings for consultation between 23 June 2022 and 10 July 2022, in accordance with paragraph 2 of Schedule 10 to the Act. Two representations were received.

Decision to accept undertakings

8. After considering the representations received, the Secretary of State remains of the view that the proposed undertakings (with minor changes to reflect the representations received) mitigate the national security risks identified to an acceptable level.
9. The Secretary of State has therefore accepted the undertakings (with minor changes to reflect the representations received) in lieu of making a reference to a phase 2 inquiry. Pursuant to paragraph 9(2)(a) of Schedule 7 to the Act, the undertakings came into force on acceptance.
10. In agreement with Cobham and Ultra, two non-material amendments have been made to the undertakings that were consulted on, as follows:
 - a. the security requirements of Ultra employees and contractors working within a SecureCo in clause 3.11.2 have been amended from 'Developed Vetting (DV)' to 'appropriate level of security clearance as determined by the relevant Departments' to reflect the fact that some existing employees and contractors within Ultra currently hold Security Check (SC) clearance; and
 - b. clause 3.2 has been amended to include Sensitive Contracts as well as Capabilities in the existing three-month grace period for defining additional sensitive activities.
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 6 July 2022.



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An official of the Department for Business, Energy & Industrial Strategy
6 July 2022