

This letter is important and explains the impact of the Acquisition on your Sharesave Options and what you need to do. Please read this letter carefully as it requires your immediate attention.

If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from a stockbroker, bank manager, solicitor, accountant or other independent financial or legal adviser authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

14 September 2021

ULTRA.

Cobham Ultra Acquisitions Limited
Tringham House, 580 Deansleigh
Road, Bournemouth, United
Kingdom, BH7 7DT
(incorporated in England with
registered number 13552764)

Dear Participant

**Ultra Electronics International Savings Related Share Option Scheme 2007 (“Sharesave”)
and the recommended all-cash offer for Ultra Electronics Holdings plc
by Cobham Ultra Acquisitions Limited**

On 16 August 2021, Ultra Electronics Holdings plc (“**Ultra**”) and Cobham Ultra Acquisitions Limited (“**Cobham**”) (a wholly-owned indirect subsidiary of Cobham Group Holdings Limited) announced that they had reached agreement on the terms and conditions of a recommended all-cash acquisition by Cobham of the entire issued, and to be issued, share capital of Ultra by Cobham (the “**Acquisition**”).

An explanation of the defined terms used in this letter is provided in Appendix B.

ACTION REQUIRED: You will need to take action to receive money for your Sharesave Options. This will NOT happen automatically.

It is recommended that you complete the online exercise instruction (“Choice A”) on the Ultra Share Plans Portal to exercise your Sharesave Options on Completion as soon as possible, and by no later than 22 October 2021 (or any earlier deadline notified to you).

If you do nothing your Sharesave Options will lapse.

1. Why are we writing to you?

We are writing to explain how the Acquisition will affect your Sharesave Options and the decisions you need to make. **Please read everything in this letter and its appendices carefully; the contents are very important.**

Summary of the choices available to you

If not exercised, your Sharesave Options will lapse six months after the date of Court Sanction. You will need to close your account and your savings will be returned to you.

Choice A: Apply now to exercise your Sharesave Options on Completion and receive a One-off Cash Compensation Payment

- You can continue to save until Completion (which is expected to be in Q1 2022, although this may change).
- You can then buy Ultra Shares at a discounted price (the “**Option Price**”) with a total value equal to your accumulated savings at that date.
- Your Ultra Shares will then automatically be purchased following Completion. You will receive £35.00 (the “**Offer Price**”) for each Ultra Share. The Offer Price is higher than the Option Price so you will make a profit.
- If you select **Choice A** and exercise your Sharesave Options on Completion, you will also be eligible to receive a “**One-off Cash Compensation Payment**”. This will be equal to the after-tax profit you would have made had you continued to save under the Sharesave until the end of your savings contract, then exercised your Sharesave Options to the maximum extent possible and sold the resulting Ultra Shares for the Offer Price. **See Appendix A for a worked example.**

If you want to make Choice A, you must complete an online exercise instruction on the Ultra Share Plans Portal by 22 October 2021.

Choice B: Exercise your Sharesave Options following Completion

- You can continue to save for up to six months following Court Sanction.
- You can then buy Ultra Shares at the Option Price with a total value equal to your accumulated savings at that date. The Ultra Shares will then be automatically purchased at the Offer Price for each Ultra Share and so you will make a profit.
- **BUT** although with **Choice B** you may be able to buy more Ultra Shares than with **Choice A** because the amount of your accumulated savings may be higher: (1) you will not receive the One-off Cash Compensation Payment, meaning the money you receive will be lower than if you make Choice A; and (2) you will likely receive the money for your Ultra Shares later.

If you want to select Choice B, please contact the Ultra Company Secretarial team: [Error! Hyperlink reference not valid.](#)

Further details about your choices are set out in section 6.

2. The Acquisition

The Acquisition will result in Ultra and its subsidiaries becoming wholly-owned subsidiaries of Cobham.

The Acquisition will take place through what is called a “scheme of arrangement” (the “**Scheme**”). This is a procedure that is subject to approval by Ultra Shareholders and the Court on a date referred to in this letter as “**Court Sanction**”. Court Sanction is not the date on which the Acquisition will be completed. The Acquisition is currently due to complete a couple of days after Court Sanction on “**Completion**”.

Further information on the Scheme is set out in the Scheme Document sent to Ultra Shareholders on 8 September 2021. A copy of the Scheme Document is also available on the Ultra website: <https://www.ultra.group/gb/investors/offer-for-ultra/>.

An explanation of the defined terms used in this letter is provided in Appendix B.

3. What are the terms of the Acquisition?

Ultra Shareholders will be entitled to receive the Offer Price in cash for each Ultra Share they own at the Scheme Record Time. The terms of the Acquisition are set out in full in the Scheme Document. Your choices are explained in more detail in section 6.

4. When is the Acquisition likely to take place?

The Acquisition is currently expected to take place in Q1 2022.

5. How does the Acquisition affect my Sharesave Options?

IF YOU LEAVE ULTRA BEFORE COURT SANCTION, YOU ARE ADVISED TO CHECK THE SHARESARE RULES AS, UNLESS YOU ARE A GOOD LEAVER, YOUR SHARESARE OPTIONS WILL LAPSE AND YOU WILL NOT RECEIVE ANY MONEY FOR THEM UNDER THE ACQUISITION (SEE BELOW).

The Acquisition will change the usual treatment of your Sharesave Options.

Normally, you would continue saving until the end of your three-year savings contract and then decide if you want to use those savings to exercise your Sharesave Options and acquire Ultra Shares, or to let your Sharesave Options lapse and withdraw your savings. However, as a result of the Acquisition your Sharesave Options that are not yet exercisable (your “**Unmatured Sharesave Options**”) will vest and become exercisable early to the extent of your savings at the date of exercise. Different rules may apply if you leave employment with the Ultra Group before Completion.

If the Acquisition does not happen for any reason, your Sharesave Options will continue as normal, subject to the Sharesave Rules.

6. What are my choices?

For Unmatured Sharesave Options that become exercisable as a result of the Acquisition, you have the following choices:

Choice A: apply now to exercise your Sharesave Options on Completion and receive a One-off Cash Compensation Payment. It is recommended that you select Choice A

You can elect in advance to exercise your Sharesave Options on Completion and buy Ultra Shares with a total value equal to the accumulated savings you have made at the date of exercise. If you do this, you will receive:

- the Offer Price (£35.00) per Ultra Share that you have bought on exercise of your Sharesave Options; and
- a **One-off Cash Compensation Payment** (where applicable), which Cobham has agreed to pay in recognition of the fact that your Sharesave savings period will end early and you won't be able to exercise your Sharesave Options to the same extent as if you had been able to save for the full savings period.

This One-off Cash Compensation Payment will be equal to the profit ("**Profit**") you would have made if you had continued to save under the Sharesave until the end of your savings contract, then exercised your Sharesave Options to the maximum extent possible and sold the resulting Ultra Shares for the Offer Price following Court Sanction. This payment may be subject to tax and social security contributions depending on the jurisdiction.

If you have to pay more tax and employee's social security on your Profit because your Profit is delivered to you in the form of cash rather than Ultra Shares then Cobham will increase the amount of money it pays you so that the after-tax amount of money you receive is the same as the after tax amount you would have received if your Profit had been delivered in the form of Ultra Shares that were then sold for the Offer Price.

A worked example is set out in Appendix A. This example is provided for illustrative purposes only.

You won't be entitled to receive the One-off Cash Compensation Payment: (i) if you exercise your Unmatured Sharesave Options after Completion (referred to as **Choice B** in this letter), meaning the money you receive will be lower than in Choice A; or (ii) in relation to any Sharesave Options that mature before Completion (because you will have paid all your monthly contributions and can already exercise your Sharesave Options in full).

If you want to make Choice A, please access the Ultra Share Plans Portal and complete an online instruction as soon as possible and no later than 22 October 2021 or any earlier deadline notified to you.

Choice B: exercise your Sharesave Options following Completion

If the Acquisition goes ahead, you will be able to exercise your Sharesave Options to buy Ultra Shares for up to six months following the date of Court Sanction, with a total value equal to your accumulated savings at the date of exercise, unless they lapse earlier in accordance with the Sharesave Rules.

If you exercise your Sharesave Options in this way, the Ultra Shares which would be issued to you will automatically be bought by Cobham and you will receive the Offer Price (£35.00) per Ultra Share that you have bought on the exercise of your Sharesave Options.

If you decide to exercise your Sharesave Options under **Choice B**, you will be able to buy more Ultra Shares as you will have made further monthly savings payments within the six months following Court Sanction, meaning that your accumulated savings may be higher. However, you will not be any better off because: (i) you will not receive the One-off Cash Compensation Payment; and (ii) you will receive the money for your Ultra Shares later.

If you want to select Choice B, please contact the Ultra Company Secretarial team: cosec@ultra-electronics.com.

Whether you select **Choice A** or **Choice B**, you can continue to make monthly savings contributions until the date you exercise your Sharesave Options or, if earlier, the date your Sharesave Options mature. Your Unmatured Sharesave Options will only become exercisable to the extent of the amount you have saved on the date of exercise.

It is expected that any Ultra Shares to which you become entitled as a result of the exercise of your Sharesave Options in connection with the Acquisition, no matter which choice you select, will be held on your behalf by Sanne Trust Company Limited, the EBT Trustee, as your nominee (alternative arrangements may apply if necessary to comply with local laws and regulations in your jurisdiction).

If you do not exercise your Sharesave Options within six months after Court Sanction your Sharesave Options will lapse automatically and your savings will be returned to you. You will not be entitled to receive a One-off Cash Compensation Payment.

7. When will I receive the money under Choice A?

The money you receive under **Choice A** will be paid to you as soon as reasonably practicable once your Ultra Shares are acquired by Cobham after Completion and funds are received – this is expected to be within 14 days of Completion.

8. What if the Acquisition does not take place?

If Court Sanction does not happen for any reason, your Sharesave Options will continue as normal under the Sharesave Rules and you will not receive the One-off Cash Compensation Payment.

9. What if I have Sharesave Options that mature before the Acquisition takes place?

If any of your Sharesave Options mature (meaning that the savings contract has ended and the Sharesave Option is exercisable) then you will be able to exercise those Sharesave Options by completing an online exercise instruction on the Ultra Share Plans Portal (shareplansportal.ultra.group) in the usual way.

If you do not exercise your matured Sharesave Options by the date six months after the maturity date, your matured Sharesave Options will lapse automatically and your savings will be returned to you.

You will not receive the One-off Cash Compensation Payment in respect of any Sharesave Options that mature before the Acquisition takes place (because you will have paid all your monthly contributions and will be able to exercise those Sharesave Options in full).

10. What if I leave employment with the Ultra Group?

The leaver arrangements under the Sharesave will apply to your Sharesave Options in the normal way if you leave or have left the Ultra Group before Court Sanction and before you exercise your Sharesave Options. This means that:

- if you qualify as a “good leaver” (for example, if you leave because of injury, disability, redundancy or retirement), you may exercise any outstanding Sharesave Options within the period starting on the date you left employment and ending on the earliest of: (i) six months after you leave; (ii) six months after the maturity date; and (iii) six months after the date of Court Sanction; or
- if you do not qualify as a “good leaver”, your Sharesave Options lapse on the date you stop being an employee and you will get your accumulated savings back.

Special rules apply on death.

Please note that if you leave the Ultra Group before Completion and do not qualify as a “good leaver”, your Sharesave Options will lapse before Completion (depending on when it occurs), meaning that any **Choice A** instruction you have made will not take effect and you will not receive the One-Off Cash Compensation Payment. Your election will not be affected if you qualify as a “good leaver”, provided your Sharesave Options have not lapsed before Court Sanction.

11. What if I am a PDMR or an insider?

If the Ultra PDMR Dealing Policy and/or the Ultra Inside Information and Share Dealing Policy applies to you, you must obtain permission to exercise your Sharesave Options before you submit a Choice A or Choice B instruction. You can seek permission to deal by following the process set out in the relevant dealing policy. However, unless exceptional circumstances exist it is unlikely that you will be granted permission to deal while you are an insider or, if you are a PDMR or a closely associated person of a PDMR, during a closed period.

It is recommended that, if you wish to elect **Choice A** and you are a PDMR or restricted person under the Dealing Code (or you will potentially become one), you take such action as soon as possible.

12. Tax

General tax notes outlining the tax implications applicable to your Sharesave Options can be accessed from Ultranet. This information is intended as a general guide only and does not constitute tax advice to any individual participant. Please remember that tax law can and often does change, and you should not necessarily assume the current tax position will continue. We strongly recommend that if you are unsure how your Sharesave Options will be taxed you seek advice from an independent financial or tax adviser in your country.

Please note that none of Ultra, Cobham or Equiniti can provide you with legal, personal tax or financial advice. If you are in any doubt as to the contents of this letter or the action you should take, you are recommended to seek your own independent financial advice immediately from a

stockbroker, bank manager, accountant or other appropriately authorised independent financial adviser.

13. What if I participate in other Ultra share plans?

If you participate in other Ultra share plans you will receive separate letters about your other share options and awards. Please read those letters carefully.

14. What if I have questions?

If you have any questions that relate to your Sharesave Options, please contact your local HR business partner. We will be setting up weekly calls via Microsoft Teams to give you the opportunity to ask questions also.

If you have any questions about how to access your Ultra Share Plans Portal account, please contact the Equiniti helpline on 44 (0)371 384 2040. Lines are open 08:30 – 17:30 Monday to Friday, excluding weekends and UK Bank Holidays. Please note that no legal, tax or financial advice on the merits of the Acquisition or its effect on your Sharesave Options can be provided.

Details of your Sharesave Options are available to view on the Ultra Share Plans Portal (shareplansportal.ultra.group).

To login to your account you will need to do the following:

- Access the Ultra Share Plans Portal at: shareplansportal.ultra.group
- Enter your Payroll Number, Last Name and Date of Birth.
- Then enter your password (when you first registered you will have been asked to create a password).
- If you have forgotten your password, select '*Forgotten your password?*' and you will be asked some security questions before being prompted to re-set your password.

If you are yet to register on the Ultra Share Plans Portal:

- Go to shareplansportal.ultra.group
- Click the '*Register*' button and enter the information as requested. You will need the following information to register: Payroll Number, Last Name and Date of Birth.

Please register using your company email address if possible so that your activation code can be emailed to you immediately following your registration. If you use a personal email address the activation will be posted to you which may cause some delays.

Once logged in to your account you will need to:

- Click the '*My Investments tab*'.
- Click on the Promo Panel labelled '*Choose Now – Sharesave*'.
- Follow the steps on the next page to complete your online exercise instruction.

If you experience any difficulties registering or logging in, please contact the Equiniti helpline on 0371 384 2041.

You are strongly advised to seek your own independent financial and/or tax advice regarding your personal circumstances and the effect of the Acquisition in relation to your Sharesave Options.

15. Proposal: Recommendation

The Ultra Board recommends that you select *Choice A*. You should, however, consider your own personal circumstances, including your tax position, when deciding the preferred timing for exercising your Sharesave Options.

The Ultra Board, which has been so advised by Numis as to the financial terms of the proposal, considers the terms of the proposal described above to be fair and reasonable in the context of the Acquisition. In providing their advice to the Ultra Board, Numis has taken into account the commercial assessments of the Ultra Board. Numis is providing independent financial advice to the Ultra Board for the purposes of the City Code on Takeovers and Mergers.

16. Important notes

Nothing in this letter or its appendices constitutes financial advice to any holder of shares, share awards or share options in Ultra or Cobham.

If you have received this letter electronically, you may request a hard copy of this letter, free of charge, by contacting Equiniti on 0371 384 2041. You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.

If there is a conflict between the information in this letter and appendices and the Sharesave Rules or any relevant legislation, the Sharesave Rules and the legislation will prevail.

Yours faithfully

Yours faithfully



For and on behalf of

For and on behalf of

Ultra Electronics Holdings plc

Cobham Ultra Acquisitions Limited

Appendix A

Worked example

This example is based on a UK participant and is provided for illustrative purposes only. It does not give any guarantee as to the amount of savings that may have been made or the amount of profit you may receive. Please note that your savings are held in your local currency and converted into British Pounds upon exercise of your options.

- Alex participates in the 2021 three-year Sharesave. Alex selects Choice A by completing the online exercise instruction on the Ultra Share Plans Portal.
- At Completion, Alex has saved £100 per month for 10 months (**£100 x 10 = £1,000**).
- Alex can buy £1,000 worth of Ultra Shares at the Option Price for the 2021 Sharesave (£16.22 per Ultra Share).
- This means that Alex can buy 61 Ultra Shares at a cost of £16.22 per Ultra Share (**£1,000 / £16.22 = 61 Ultra Shares**), plus residual savings of £10.58.
- Alex can sell these for the bid price of £35.00, a total of **61 x £35.00 = £2,135.00**.
- Alex therefore makes a profit of **£1,145.58 (£2,135.00 – (61 x £16.22) = £1,145.58)**.
- Alex also receives a cash payment (the One-off Cash Compensation Payment) equal to the profit Alex would have made if Alex had been able to save until the end of the savings period.
- In this case Alex would receive a One-off Cash Compensation Payment of **£3,004.80** (which may be subject to tax and social security contributions depending on the jurisdiction):
 - If Alex had continued saving £100 for a further 26 months (a total of £2,600), Alex would have been able to buy an additional 160 Ultra Shares at the Option Price for the 2021 Sharesave (**(£2,600 + £10.58) / £16.22 = 160 Ultra Shares**), plus residual savings of £15.38.
 - If Alex had then sold those additional 160 Ultra Shares for the bid price of £35.00, the total profit would have been £3,004.80 (**((160 x £35.00) – (160 x £16.22) = £3,004.80)**).
- Alex's total profit under Choice A (which may be subject to tax and social security contributions depending on the jurisdiction) is **£4,945.04 (£1,145.58 + £3,004.80)**.

If Alex selects Choice B, assuming they make six additional monthly savings payments Alex can buy 37 additional Ultra Shares and so make a profit of £1840.44 instead of £1,145.58. However, Alex would not receive the One-off Cash Compensation Payment of £3,004.80 and so their total profit would be £1840.44 instead of £4,945.04.

Notes:

1. The Option Price depends on the year in which the savings contract started.
2. If Alex selects Choice A, the Sharesave participation ends on Court Sanction.
3. This example does not consider any capital gains tax or other taxes which may apply.
4. The residual amount (£15.38), where Alex does not have sufficient savings to buy a full Ultra Share, will be returned to Alex.

Appendix B

A brief explanation of some definitions

“Acquisition” means the acquisition by Cobham of the entire issued and to be issued ordinary share capital of Ultra (other than Ultra Shares already held by or on behalf of Cobham, if any) to be implemented by way of the Scheme or, should Cobham so elect (with the consent of the Panel and subject to the terms of the Cooperation Agreement) by way of a takeover offer, and, where the context admits, any subsequent revision, variation, extension or renewal thereof;

“Cobham” means Cobham Ultra Acquisitions Limited (a wholly-owned indirect subsidiary of Cobham Group Holdings Limited, which is a company indirectly owned by funds managed by Advent International Corporation);

“Cobham Directors” means the directors of Cobham as at the date of this letter;

“Cobham Group” means Cobham Group Holdings Limited and its subsidiaries and subsidiary undertakings from time to time;

“Completion” means the date on which the Scheme becomes effective in accordance with its terms;

“Court” means the High Court of Justice in England and Wales;

“Court Sanction” means the date on which the Court sanctions the Scheme under section 899 of the Companies Act 2006;

“Offer Price” means £35.00 per Ultra Share;

“One-off Cash Compensation Payment” has the meaning given in section 6 above;

“Option Price” means the price per Ultra Share payable on the exercise of a Sharesave Option as stated in the invitation letter for that Sharesave Option;

“Scheme” means the proposed procedure by which Cobham will become the holder of the entire issued and to be issued ordinary share capital of Ultra;

“Scheme Document” means the document setting out the terms of the Scheme dated 8 September 2021 sent to Ultra Shareholders;

“Scheme Record Time” means the time and date specified as such in the Scheme Document or such other time as Ultra and Cobham may agree;

“Sharesave” means the Ultra Electronics International Savings Related Share Option Scheme 2007, as amended from time to time;

“Sharesave Options” means options over Ultra Shares granted to employees and former employees of Ultra and its subsidiaries under the Sharesave;

“Sharesave Rules” means the rules of the Sharesave (as amended from time to time);

“Ultra” means Ultra Electronics Holdings plc, a company incorporated in England and Wales with registered number 02830397;

“Ultra Board” means the Ultra Directors acting together as the board of directors of Ultra;

“Ultra Directors” means the directors of Ultra as at the date of this letter;

“Ultra Group” means Ultra and its subsidiaries and subsidiary undertakings from time to time and, where the context permits, each of them;

“Ultra Shareholders” means holders of Ultra Shares from time to time;

“Ultra Shares” means ordinary shares of £0.05 each in the capital of Ultra; and

"Unmatured Sharesave Option" your Sharesave Options that are not yet exercisable.

Notes

The distribution of this document (in whole or in part) in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Numis Securities Limited ("**Numis**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as financial adviser exclusively for Ultra and no one else in connection with the matters set out in this letter and will not regard any other person as its client in relation to the matters set out in this letter and will not be responsible to anyone other than Ultra for providing the protections afforded to clients of Numis, nor for providing advice in relation to any matter referred to herein. Neither Numis nor any of its affiliates, nor any of its or their directors or employees, owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Numis in connection with this letter, the matters referred to herein, any statement contained herein, the Acquisition or otherwise.

Numis has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which they are included.

This document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer to subscribe for or buy, any securities by any person in any jurisdiction (a) in which such offer or invitation is not authorised, (b) in which the person making such offer or invitation is not qualified to do so, or (c) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation or where the making of such offer, solicitation or invitation would impose any unfulfilled registration, qualification, publication or approval requirements on Ultra, Cobham or any of their respective directors, officers, agents, affiliates and advisers. No action has been taken nor will be taken in any jurisdiction by any such person that would permit a public offering of any securities in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document other than in any jurisdiction where action for that purpose is required. Neither Ultra nor Cobham nor their respective directors, officers, agents, affiliates or advisers accept any responsibility for any violation of any of these restrictions by any other person.

The Ultra Directors, whose names are set out in the Scheme Document, accept responsibility for the information contained in this letter (including any expressions of opinion and, without limitation, all information in respect of Ultra which has been incorporated by reference in this document), except for that information for which the Cobham Directors accept responsibility. To the best of the knowledge and belief of the Ultra Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter (including any expressions of opinion) for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Cobham Directors, whose names are set out in the Scheme Document, accept responsibility for the information contained in this letter (including any expressions of opinion) relating to the Cobham Group (including, without limitation, all information in respect of the Cobham Group which has been incorporated by reference in this document) and the Cobham Directors, their close relatives, related trusts and other connected persons and persons acting in concert with Cobham. To the best of the knowledge and belief of the Cobham Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter (including

any expressions of opinion) for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Cobham Group Responsible Persons and the Advent Responsible Persons, whose names are set out in the Scheme Document, accept responsibility for the information contained in this letter (including any expressions of opinion) relating to them (and their close relatives, related trusts and other persons connected with them), the Cobham Group, Advent and Cobham. To the best of the knowledge and belief of the Cobham Group Responsible Persons and the Advent Group Responsible Persons (who have taken all reasonable care to ensure that such is the case), the information contained in this letter (including any expressions of opinion) for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.