



press release

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Ultra Electronics Holdings plc (“Ultra” or “the Group”)

Ultra awarded USD650m IDIQ contract for Battlespace IT systems for US DoD

Ultra announces that its Tactical Communication Systems business, based in Montreal, Quebec, Canada, has been awarded an Indefinite Delivery, Indefinite Quantity (IDIQ) contract worth up to USD650m over seven years. The award has been made by the Canadian Commercial Corporation acting on behalf of the US Department of Defense.

Under the contract Ultra will supply upgraded versions of its High Capacity Line of Sight (HCLOS) radios that form the core of the wideband tactical radio systems used by US armed forces engaged in land operations. The initial contract authorisations under the IDIQ contract are valued at about USD48m and include over 400 HCLOS multiband radios for delivery in the first half of 2011.

Ultra’s HCLOS radios and associated equipment are key elements of the transformation of the US armed forces’ battlespace information management systems. They provide data highways in communication systems and are vital components of the wide area networks for voice and data transmission between the various command levels in land forces.

Ultra’s radio communication systems provide secure battlefield trunk telephone and high-capacity data telecommunication services to link battlefield commanders and their combat forces. They accommodate the increasing need for data-based communications, including email and video transmissions, in addition to voice communications.

Douglas Caster, Chief Executive of Ultra, commented:

“I am really pleased that the excellence of Ultra’s specialist tactical radio communication systems has been recognised by the award of this IDIQ contract by the DoD which will underpin sales for years to come. This is an excellent example of Ultra delivering its strategies for growth by winning and expanding its positions on long-term programmes, enhancing its specialist capabilities and broadening the Group’s customer base. This win also recognises how Ultra continuously improves its range of well proven products and services through a constant drive for innovation.”

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Further information about Ultra:

Ultra Electronics is an internationally successful defence and aerospace company with a long, consistent track record of development and growth. Ultra businesses constantly innovate to create solutions to customer requirements that are different from and better than those of the Group's competitors. The Group has over one hundred distinct market or technology niches within its twenty four businesses. The diversity of niches enables Ultra to contribute to a large number of defence, aerospace and civil platforms and programmes and provides resilience to the Group's financial performance.

Ultra has world-leading positions in many of its niches and, as an independent, non-threatening partner, is able to support all of the main prime contractors with specialist capabilities and solutions. As a result of such positioning, Ultra's systems, equipment or services are often mission-critical to the successful operation of the platform to which they contribute. In turn, this mission-criticality secures Ultra's positions for the long term which underpin the superior financial performance of the Group.

Ultra offers support to its customers through the design, delivery and support phases of a programme. Ultra businesses have a high degree of operational autonomy where the local management teams are empowered to devise and implement competitive strategies that reflect their expertise in their specific niches. The Group has a small head office and executive team that provide to the individual businesses the same agile, responsive support that they provide to customers as well as formulating Ultra's overarching, corporate strategy.

Across the Group's three divisions, the major market sectors in which Ultra operates are:

- **battlespace IT**, summarised as being the systems and equipment that allows coalition commanders to have an integrated, real-time picture of the disposition of friendly and enemy forces that is better than the one available to the enemy. This information superiority underpins rapid decision making which, together with effective command, control and communications, translates into military superiority. The use of battlespace IT is fundamental to the implementation of the military doctrines of 'network-centric warfare' or 'network-enabled capability' that are seen as transformational in the capability to win future battles. Expenditure on battlespace IT equipment therefore continues to represent an increasing share of the total defence budget in the main markets in which Ultra operates.

- **sonar systems**, expanding Ultra's traditional world-leading airborne anti-submarine warfare capability into broader activities in the underwater battlespace. These include integrated ship and submarine sonar systems, persistent seabed-deployed sensor arrays, torpedo defence and sea mine disposal systems. The fact that over forty countries have, between them, more than four hundred highly capable, stealthy submarines is continuing to focus expenditure in this sector.

- **civil and military aircraft equipment**, Ultra provides specialist sub-systems and equipment for military and civil aircraft. The main military aircraft programmes on which Ultra equipment is fitted continue to have political support, underpinned by consistent financial commitment. For civil aircraft, record order intake performance by all major aircraft manufacturers underpins increasing build rates for the medium term.

- **specialist defence equipment and consultancy**, including power conversion and signature systems for naval ships and submarines. Ultra's specialist capability in high integrity controls for submarine nuclear reactors is included in this sector, for which there is continuing commitment to new platforms and the upgrade of existing boats. Ultra also supplies advanced sub-systems for modern armoured vehicles including those for electrical power management, indirect vision and weapon control. The need for increased mobility and force protection is driving a number of large military vehicle procurements in Ultra's main markets. Ultra provides training solutions and performance consultancy.

- **specialist civil systems and equipment**, including Ultra's advanced airport IT solutions. Airline passenger growth around the world is driving continuing expansion and upgrade of airport infrastructure. Ultra supplies trackside power equipment for rail transit systems, for which demand continues driven by the need to expand and upgrade rail networks. The UK market for nuclear power generation is expanding and Ultra's offering derived from its equivalent military capability is well positioned to benefit.