



press information

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

ULTRA ACQUIRES SPECIALIST NUCLEAR AND AEROSPACE SENSOR COMPANY

Ultra announces the acquisition of Weed Instrument Co., Inc. (‘Weed’) for a consideration of \$31.6m.

Weed is a privately owned company that designs and manufactures high integrity instrumentation for the civil nuclear and other industries, mostly for the North American market. It specialises in temperature and pressure sensors and fibre-optic converters and switches for use in nuclear, aerospace and military applications. Based in Round Rock near Austin, Texas, USA, Weed employs around 100 staff. Revenue for the twelve months to September 2008 was about \$19m with an operating profit of about \$3.2m.

Ultra has concentrated its nuclear systems activities, both military and civil, in its Information & Power Systems division. Weed will be a bolt-on to that division and will report through the Group’s Advanced Tactical Systems business, also located in Austin, Texas.

Half of the purchase price is to be paid upon completion with the balance to be paid in July 2009. The acquisition of Weed will be financed using Ultra’s existing facilities and, after transaction and integration costs, is expected to be earnings-neutral in 2008 and earnings-enhancing in 2009.

Douglas Caster, Chief Executive of Ultra, commented:

“Ultra has specialised skills and domain knowledge relating to the sensors and control systems that are required for the safe operation of modern nuclear reactors. This is a rising market in both the UK and North America - money must be spent on replacing and upgrading existing systems whilst creating the capability to support future new build. This acquisition gives Ultra a strong market position both sides of the Atlantic.”

- Ends -

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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 one 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**, 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.
- **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.