

**Ultra Electronics Holdings plc**  
("Ultra" or "the Group")

**Ultra awarded £76m UK cryptographic modernisation contract**

Ultra announces that its Communication & Integrated Systems business, based in Greenford, Middlesex, UK, has been awarded a production contract valued at £76m relating to the End Cryptographic Unit Replacement Programme (ECU RP), the first phase of the UK MOD's cryptographic modernisation programme.

Ultra announced on 22 February 2010 that it had been selected as the preferred bidder for ECU RP and received a contract for risk reduction activities at that time. This new production contract is worth £76m with potential additional value to Ultra if related support activities are awarded. This contract will be included in the order book value when the Group's interim results are announced on 2 August. Ultra's execution of this production phase of ECU RP will be between 2010 and the end of 2014.

ECU RP will replace 23 different types of legacy cryptographic equipment using modern, programmable technologies. The new cryptographic equipment will be installed in over 30 platform types at over 100 locations. The contract has been awarded by the Networks Team within the UK MoD's Defence Equipment & Support (DE&S) organisation.

Ultra is highly experienced in the specialist requirements of high grade cryptography including all aspects of cryptographic and key management and has fulfilled the secure communication requirements of customers, in the UK and abroad, for over 50 years.



[Crypto in digital battle space graphic]

**Douglas Caster, Chief Executive of Ultra, commented:**

"I am very pleased that Ultra has been awarded this production contract for the ECU Replacement Programme. The award of this contract at a time when priorities for defence and security expenditure are being critically reviewed emphasises the Government's determination to address the increasing cyber threat to sovereign security. Successful execution of this contract will also position Ultra for other key projects in the UK's cryptographic modernisation programme and the wider information assurance market."

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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**, 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.