

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014

10 November 2017

Ultra Electronics Holdings plc (“Ultra”)

Directorate change

The Board of Ultra announces today that Rakesh Sharma has stepped down as Chief Executive and from the Board with immediate effect. The Board has asked the current Chairman, Douglas Caster, to assume the role of Executive Chairman until a successor is appointed, and Douglas has agreed to take on the role. Douglas Caster was Chief Executive of Ultra from 2005 to 2010.

This announcement follows a period of reflection by the Non-Executive Directors on the future leadership of Ultra. The Board has concluded that now is the appropriate time for a change of leadership and that Douglas Caster, as Chairman and a previous Chief Executive, is ideally qualified to lead the Group until a successor is appointed. The search process for a new Chief Executive will now begin.

In addition, the Board has asked Sir Robert Walmsley, whose term as a non-executive director is due to expire in April 2018, to remain on the Board for a further year as Senior Independent Director to provide non-executive continuity and leadership.

Douglas Caster, Executive Chairman, commented:

“Throughout his 28 years of service to Ultra, Rakesh has contributed significantly to the Group’s development into an international provider of specialist capabilities with positions on a broad number of platforms and programmes. On behalf of the Board, I wish Rakesh well.

“While market conditions have been more challenging in the last few years, the Group has strong market positions, differentiated technologies and talented people. While the UK defence market is difficult, defence spending in the US, the Group’s largest market, is increasing. The Board is focused on identifying the right leader to deliver shareholder value through a renewed focus on organic performance in the next stage of the Group’s development.”

Rakesh Sharma commented:

“It has been a privilege to be Chief Executive of Ultra and I wish the Group and all its staff well for the future.”

The Group has also released a trading update by separate announcement today.

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Compensation arrangements for Rakesh Sharma

Mr Sharma will receive monthly payments in respect of his salary during the period of his notice period consistent with his service agreement and other contractual benefits. Mr Sharma will not receive any bonus in respect of the Company’s financial year ending on 31 December 2017.

The treatment of Mr Sharma’s awards under the Long Term Incentive Plan, and his SAYE and AESOP (All Employee Share Ownership Plan) awards will be in accordance with the rules of the respective schemes.

Other than the amounts disclosed above, Mr Sharma will not be eligible for any severance in respect of the termination of his employment.

Mr Sharma will remain employed by the Group in the meantime to enable an efficient transition and handover to Mr Caster.

Compensation arrangements for Douglas Caster as Executive Chairman

As Chairman of the Group, Mr Caster currently receives an annual fee of £200,000 (inclusive of the annual fee he would receive as a Non-Executive Director).

The Remuneration Committee proposed that Mr Caster's annual fee should be increased in view of his additional responsibilities. The Board agreed with this proposal. Accordingly, Mr Caster will now receive a salary of £550,000 per annum and move to a three month notice period.

Person responsible

The person responsible for arranging the release of this announcement on behalf of the company is Amitabh Sharma, Group Finance Director.

About Ultra

Ultra Electronics is an internationally successful defence, security, transport and energy company with a long track record of development and growth. Ultra and Ultra's subsidiaries and subsidiary undertakings (the "**Ultra Group**") manage a portfolio of specialist capabilities generating innovative solutions to customer needs. Ultra applies electronic and software technologies in demanding and critical environments ranging from military applications, through safety-critical devices in aircraft, to nuclear controls and sensor measurement. These capabilities have seen the Ultra Group's highly-differentiated products contributing to a large number of platforms and programmes.

Ultra has world-leading positions in many of its specialist capabilities and, as an independent, non-threatening partner, is able to support all of the main prime contractors in its sectors. As a result of such positioning, Ultra's systems, equipment or services are often mission or safety-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 underpins the superior financial performance of the Ultra 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 Ultra 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 Ultra Group's three divisions, Ultra operates in the following eight market segments:

- Aerospace
- Land
- Communications
- Maritime
- C2ISR
- Nuclear
- Infrastructure
- Underwater Warfare