

FOR IMMEDIATE RELEASE

21 October 2020

**AI Convoy Topco & Cy S.C.A. ("Topco")
AI Convoy Bidco Limited ("Bidco")
Cobham Limited (formerly Cobham plc) ("Cobham")
(together, the "PoU Givers")**

**Rule 19.5(g) update regarding post-offer undertakings announced on 20
December 2019**

The PoU Givers refer to the post-offer undertakings announced on 20 December 2019 pursuant to Rule 19.5 of the City Code on Takeovers and Mergers (the "**Code**") (the "**PoUs**") in connection with Bidco's acquisition of the entire issued and to be issued ordinary share capital of Cobham (the "**Acquisition**"), which, as previously announced, completed on 17 January 2020. The substantive provisions of the PoUs are set out in the schedule to this announcement, and capitalised terms which are used but not defined in this announcement have the meanings given to them in such schedule.

Further to the PoUs and the Acquisition, the PoU Givers announce, in accordance with Rule 19.5(g) of the Code, that:

- on 20 October 2020, the Cobham Group sold the entire issued share capital of Cobham RAD Europe Ltd. ("**RAD EU**") to Hiacre Group Ltd. (the "**RAD EU Sale**");
- as the Buyer is not an Affiliate of Advent and the sale and purchase agreement relating to the RAD EU Sale does not include any provisions which would result in Advent and/or any of its Affiliates retaining Control of RAD EU following completion of the RAD EU Sale, the RAD EU Sale has resulted in RAD EU ceasing to be Controlled by Advent and/or any of its Affiliates;
- prior to and in connection with the RAD EU Sale, in accordance with Rule 19.5(f) of the Code, the PoU Givers consulted the Panel and obtained the Panel's consent to rely on the qualification and condition included in the PoUs that:

Any obligation on Topco, Bidco or Cobham in respect of Communications & Connectivity, UK Communications & Connectivity, Mission Systems UK, Aviation Services UK, the UK Cobham Group, the Cobham Group or any undertaking, business or activity thereof shall, subject to consulting the Panel in advance and obtaining the Panel's consent to rely on such qualification and condition pursuant to Rule 19.5(f) of the Code, subsist only for so long as Advent and/or any of its Affiliates retains Control of any such undertaking, business or activity, and references to "Communications & Connectivity", "UK Communications & Connectivity", "Mission Systems UK", "Aviation Services UK", the "Cobham Group" and the "UK Cobham Group" shall be only to those undertakings, businesses and activities of the Cobham Group or UK Cobham Group (as applicable) over which Advent and/or any of its Affiliates retains Control from time to time.

- as a result of the foregoing, RAD EU has ceased to form part of each of the UK Cobham Group and the Cobham Group for purposes of the PoUs.

Enquiries:

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SCHEDULE

Post-Offer Undertakings

Each of Topco, Bidco and Cobham makes the following post-offer undertakings pursuant to Rule 19.5 of the Code, subject to the qualifications and conditions set out below (each of the post-offer undertakings in paragraphs 1(a), 1(b), 1(c), 2(a), 2(b), 2(c), 2(d), 3 and 4 being a "**Post-Offer Undertaking**" and, together, the "**Post-Offer Undertakings**"):

1. Each of Topco and Bidco undertakes to procure, and Cobham undertakes, that throughout the Undertaking Period:
 - (a) Communications & Connectivity will maintain a headquarters in the United Kingdom, by occupying a designated area in one or more buildings in the United Kingdom, one of which buildings is publicly designated as a headquarters for Communications & Connectivity;
 - (b) Aviation Services UK will maintain a headquarters in the United Kingdom, by occupying a designated area in one or more buildings in the United Kingdom, one of which buildings is publicly designated as a headquarters for Aviation Services UK; and
 - (c) Mission Systems UK will maintain a headquarters in the United Kingdom, by occupying a designated area in one or more buildings in the United Kingdom, one of which buildings is publicly designated as a headquarters for Mission Systems UK.
2. Each of Topco and Bidco undertakes to procure, and Cobham undertakes, that:
 - (a) the aggregate amount of Research and Development Spend of the UK Cobham Group in respect of the period from 1 January 2020 to 31 December 2024 (the "**Expenditure Period**") will be at least 4.4% of the aggregate amount of Sales of UK Communications & Connectivity and Mission Systems UK (being the UK businesses of the Cobham Group that undertake research and development as at the date of this announcement) for the Expenditure Period^[1];
 - (b) the aggregate amount of Research and Development Spend of the UK Cobham Group in respect of the period from 1 January 2020 to 31 December 2022 (the "**Interim Expenditure Period**") will be at least 90% of 4.4% of the aggregate amount of Sales of UK Communications & Connectivity and Mission Systems UK for the Interim Expenditure Period;
 - (c) without prejudice to the Post-Offer Undertakings in paragraphs 2(a) and 2(b), in the event that the aggregate amount of Research and Development Spend of the UK Cobham Group in respect of:
 - (i) the Expenditure Period is not at least 4.4% of the aggregate amount of Sales of UK Communications & Connectivity and Mission Systems UK for the Expenditure Period, an amount equal to any shortfall shall be spent by the UK Cobham Group as Research and Development Spend in the period from 1 January 2025 to 30 June 2025, and (without prejudice to that obligation) in the event of a failure to do so, and as a continuing obligation, that the remaining balance of any such shortfall is spent by the UK Cobham Group as Research and Development Spend forthwith after 30 June 2025; and
 - (ii) the Interim Expenditure Period is not at least 90% of 4.4% of the aggregate amount of Sales of UK Communications & Connectivity and Mission Systems UK for the Interim Expenditure Period, an amount equal to any shortfall shall be spent by the UK Cobham Group as Research and Development Spend in the period from 1 January 2023 to 30 June 2023, and (without prejudice to that obligation) in the event of a failure to do so, and as a continuing obligation, that the remaining balance of any such shortfall is spent

by the UK Cobham Group as Research and Development Spend forthwith after 30 June 2023; and

- (d) throughout the Expenditure Period and thereafter for so long as the Post-Offer Undertaking in paragraph 2(c) applies, financial records of UK Communications & Connectivity, Mission Systems UK and the UK Cobham Group shall be maintained containing and recording all items necessary to assess progress towards compliance, compliance and the likelihood of future compliance with the Post-Offer Undertakings in paragraphs 2(a), 2(b) and 2(c).
3. Each of Topco and Bidco undertakes to procure, and Cobham undertakes, that throughout the Undertaking Period the "Cobham" name will continue to be included in the registered names of those members of the UK Cobham Group which include "Cobham" in their registered names as at the Effective Date.
4. Topco undertakes that throughout the period for which the relevant Post-Offer Undertakings apply, it will not permit any transfer, transaction or arrangement as a result of which it would cease to Control any undertaking or business of the Cobham Group to which any of the Post-Offer Undertakings in paragraphs 1(a), 1(b), 1(c), 2(a), 2(b), 2(c), 2(d) and/or 3 relate in circumstances where that undertaking or business would, immediately following such cessation of Control by Topco, continue to be under the Control of Advent and/or any of its Affiliates.

Qualifications and Conditions

Subject to consulting the Panel in advance and obtaining the Panel's consent to rely on such qualifications or conditions pursuant to Rule 19.5(f) of the Code, each of the Post-Offer Undertakings will no longer apply where the Panel determines that Topco, Bidco or Cobham (as the case may be) is unable to comply with the relevant Post-Offer Undertaking as a result of an event, act or circumstance which none of the following could control: Topco, Bidco, Cobham, any subsidiary undertakings of Topco, Bidco or Cobham from time to time, or Advent.

Any obligation on Topco, Bidco or Cobham in respect of Communications & Connectivity, UK Communications & Connectivity, Mission Systems UK, Aviation Services UK, the UK Cobham Group, the Cobham Group or any undertaking, business or activity thereof shall, subject to consulting the Panel in advance and obtaining the Panel's consent to rely on such qualification and condition pursuant to Rule 19.5(f) of the Code, subsist only for so long as Advent and/or any of its Affiliates retains Control of any such undertaking, business or activity, and references to "Communications & Connectivity", "UK Communications & Connectivity", "Mission Systems UK", "Aviation Services UK", the "Cobham Group" and the "UK Cobham Group" shall be only to those undertakings, businesses and activities of the Cobham Group or UK Cobham Group (as applicable) over which Advent and/or any of its Affiliates retains Control from time to time.

Definitions

The following definitions apply for the purposes of the Post-Offer Undertakings:

- **"Advent"** means Advent International Corporation, a Delaware corporation;
- **"Affiliate"** means, in respect of any person:
 - (a) any person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with that person from time to time;
 - (b) any funds and/or vehicles managed and/or advised by that person or any person falling within (a) above;
 - (c) any funds and/or vehicles managed and/or advised by the person (the **"Manager"**) that manages or advises that person; and
 - (d) any funds and/or vehicles managed and/or advised by the Manager's Affiliates within the meaning of (a) above;

- **"Aviation Services UK"** means the Cobham Group's Aviation Services business in the United Kingdom from time to time, comprising currently of businesses of FB Heliservices Limited (a company incorporated in England and Wales with registered number 04137146), FR Aviation Limited (a company incorporated in England and Wales with registered number 00845310), FR Aviation Services Limited (a company incorporated in England and Wales with registered number 01861144), FB Leasing Limited (a company incorporated in England and Wales with registered number 04509877) and Cobham Leasing Limited (a company incorporated in England and Wales with registered number 02941915);
- **"Bidco"** means Al Convoy Bidco Limited, a company incorporated in England and Wales with registered number 12110752;
- **"Cobham"** means Cobham plc, a company incorporated in England and Wales with registered number 30470;
- **"Cobham Group"** means:
 - (a) Cobham and its direct and indirect subsidiary undertakings from time to time; and
 - (b) each of Cobham and its direct and indirect subsidiary undertakings and each of their businesses as at the Effective Date,
 in each case which, from time to time, are Controlled by Advent and/or any of its Affiliates;
- **"Code"** means the City Code on Takeovers and Mergers issued from time to time by the Panel;
- **"Communications & Connectivity"** means the Cobham Group's Communications & Connectivity business from time to time, comprising currently of businesses of the Aerospace Communications, Aerospace Connectivity, Wireless, Electrical and Electronic Equipment, and Satcom Maritime & Land business units;
- **"Control"** means with respect to a person or business:
 - (a) direct or indirect ownership of or control over more than 50% of the voting and/or equity securities (or the economic participation therein) of such person or business;
 - (b) the direct or indirect right to appoint, or cause the appointment of, more than 50% of the members of the board of directors (or similar governing body) of such person or business; or
 - (c) the direct or indirect right to manage, or direct the management of, on a discretionary basis, the business, affairs and/or assets of such person or business,
 and:
 - (i) a general partner of a limited partnership is deemed to Control that limited partnership and all undertakings under the Control of that limited partnership;
 - (ii) a manager of a fund is deemed to Control that fund and all undertakings under the Control of that fund; and
 - (iii) any person which is a subsidiary undertaking of another person shall be deemed to be Controlled by that second person;
- **"Effective Date"** means the date on which the Scheme becomes effective in accordance with its terms;
- **"Expenditure Period"** has the meaning set out in the Post-Offer Undertaking in paragraph 2(a);
- **"IFRS"** means International Financial Reporting Standards as adopted by the European Union;

- **"Interim Expenditure Period"** has the meaning set out in the Post-Offer Undertaking in paragraph 2(b);
- **"Mission Systems UK"** means:
 - (a) Cobham Mission Systems Wimborne Limited, a company incorporated in England and Wales with registered number 293529 ("**Mission Systems Wimborne**"); and
 - (b) any other undertaking(s) to which all or part of the business of Mission Systems Wimborne has been transferred after the Effective Date, in each case which, from time to time, are Controlled by Advent and/or any of its Affiliates;
- **"Panel"** means the Panel on Takeovers and Mergers, or any successor to it;
- **"person"** includes an individual, corporation, partnership, undertaking and any unincorporated body of persons;
- **"procure"** includes taking, continuing to take and preserving the ability to take steps to secure a relevant outcome (provided that this shall not be construed as restricting Advent or its Affiliates' freedom to cease to Control any undertaking, business or activity of UK Communications & Connectivity, Mission Systems UK, Aviation Services UK, Communications & Connectivity, the UK Cobham Group or the Cobham Group, but without prejudice to the Post-Offer Undertaking in paragraph 4);
- **"Research and Development Spend"** means "Private Venture" or "PV" investment as defined in Cobham's group accounting manual as at 31 December 2018, as recognised in accordance with Cobham's accounting policies and accounting practices in force as at 31 December 2018, applied on a consistent basis, regardless of whether or not it is expensed to the income statement or capitalised;
- **"Sales"** means the aggregate standalone revenues of the relevant undertakings, as recognised in accordance with IFRS and as determined in accordance with Cobham's accounting policies and accounting practices in force as at 31 December 2018 applied on a consistent basis;
- **"subsidiary undertaking"** and **"undertaking"** shall have the meaning given to such terms in the Companies Act 2006;
- **"Supervisor"** means RSM Corporate Finance LLP, a limited liability partnership incorporated in England and Wales with registered number OC325347;
- **"Topco"** means AI Convoy Topco & Cy S.C.A., a *société en commandite par actions* incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 2-4 Rue Beck, L-1222 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under number B236607;
- **"UK Cobham Group"** means those members of the Cobham Group which are incorporated in the United Kingdom from time to time;
- **"UK Communications & Connectivity"** means:
 - (a) Chelton Limited, a company incorporated in England and Wales with registered number 896823 ("**Chelton**");
 - (b) Axell Wireless Limited, a company incorporated in England and Wales with registered number 4042808 ("**Axell Wireless**"); and
 - (c) any other undertaking(s) to which all or part of the business of Chelton and/or Axell Wireless has been transferred after the Effective Date, in each case which, from time to time, are Controlled by Advent and/or any of its Affiliates;
- **"Undertaking Period"** means the period from the Effective Date until the fifth anniversary of the Effective Date; and

- **"United Kingdom" or "UK"** means the United Kingdom of Great Britain and Northern Ireland.

[1] Note (1): The aggregate amount of Sales of UK Communications & Connectivity and Mission Systems UK for the financial year ended 31 December 2018 was £204.9 million.

Note (2): Note that the Post-Offer Undertakings contain no restriction on the disposal of businesses or undertakings out of UK Communications & Connectivity or Mission Systems UK or on the re-domiciliation of businesses or undertakings. The extent of the businesses and undertakings that are included within UK Communications & Connectivity and Mission Systems UK may therefore be reduced during the period of the Post-Offer Undertakings.