

Dear Member

ADS – The Merger of the DMA, APPSS, and the SBAC – Update

The process for merging the DMA, APPSS and the SBAC into a single entity continues apace. The new entity will be called ADS, with a strap line “Representing the UK Aerospace, Defence and Security industries”. It will be incorporated as ADS Group Limited, and will stand up on 1 October 2009.

The pertinent next steps, as outlined in the Merger White Paper, are described below and summarised on the attached time line:

- In September, the two outgoing Councils will approve the appointment of an Interim ADS Council of approximately 50 companies, an interim Operating Board of 17, a Finance Committee of nine and a Membership Committee of eight. Numbers will be confirmed by Council. In the next few days, letters will be sent by the SBAC President and DMA Chairman to the respective Councils with a proposed composition of the interim Council and interim Operating Board, after which each company appointed to Council will nominate a single, senior representative. Individuals will also be invited to join the Operating Board. The last Council meetings of the SBAC and the DMA will take place on 17 September and 23 September respectively, and the first Operating Board and Council meeting of ADS will take place during November 2009.
- The outgoing Councils will approve the appointment of the interim Presidency arrangements. A letter from the SBAC Officers and from the DMA Finance and General Purposes Committee will be sent to Council Members by 26 August proposing the interim ADS President and four ADS Vice Presidents, one for each sector: Civil Aviation, Space, Defence, and Security.
- The outgoing Councils will also approve at their respective Council meetings in September, the new Vision and Mission statements for ADS.
- New interim Boards for the Civil Aviation, Defence and Security sectors will be proposed and approved by the new Vice Presidents by 1 October 2009. A new Small Company Committee, focussed on the needs of small businesses, is being created and will also be in place by 1 October. Space Board representation will not change, at least for the time being.
- The British Aviation Group (BAG) brand, membership and governance structure will remain unchanged as will the separate Trade Association, UK Space, both of which ADS will support in the same way as SBAC supported them in the past.
- The Aerospace Members Committee, Special Interest Groups and cross-cutting Boards will remain in place in the current format and each Chairperson will be tasked after 1 October 2009 to see whether there is any benefit in changing any of their terms of reference or scope, in the light of the new ADS objectives and sectors served.
- The new executive and organisation of ADS will be finalised in the next two weeks and a new organisation chart will be prepared by 15 September 2009.

The organisation will function as a single entity as of the 1 October 2009, operating from three sites, Salamanca Square, Marlborough House and Farnborough, under a single structure. Ian Godden will become Executive Chairman of ADS and Non-executive Chairman of the wholly owned subsidiary, Farnborough International (FIL). Reporting to him will be Rees Ward, Chief Executive Officer of ADS and Shaun Ormrod, Chief Executive Officer, FIL, and Robert Sayers, Group Finance Director of ADS, covering ADS and FIL. The other non-executive Board members of FIL will be Norman Barber, Robin Southwell and Vic Lockwood.

- The name will change to ADS (plus ADS Scotland, ADS Northern Ireland) on the 1 October 2009. It is proposed that the SBAC Toulouse name will also change to ADS Toulouse, but as a wholly-owned subsidiary, this must first be agreed at the next meeting of the ADS Toulouse board on 25 September. The old brand names will no longer be used from that date. However, there will be a three-month process to ensure that all stakeholders worldwide are aware of the changes from DMA, SBAC and APPSS to ADS. Beyond this period old brand names will only be used at specific events in specific locations where the transition to ADS has yet to be communicated. The name changes will be trailed at all possible relevant events prior to 1 October, eg DSEi, SBAC Toulouse 10-year anniversary, Political Party Conferences. Farnborough International's (FIL's) name will stay the same. For fiscal and tax purposes, the old entities, SBAC Limited and DMA Limited, will remain with certain excluded assets which will be hived up to ADS sometime in 2010. The SBAC and the DMA will remain as dormant companies.
- All Members will be formally invited during September to transfer their Memberships from the previous organisations to ADS for the rest of calendar year 2009. In the cases where a company is a Member of both organisations, their two fees will not be altered for the rest of 2009.
- An ADS black tie dinner will be held on the 26 January 2010 to replace the dinners that used to be held by the SBAC and the DMA respectively, and to celebrate the formation of the new entity.
- The democratic election of the new President and Vice Presidents, Council, Operating Board and Sector Boards, will be conducted sometime in the first half of 2010, most likely in April 2010, to be able to stand up the new organisation, fully elected in time for the General Election and a new Government.
- A new Membership fee structure for 2010, using the guidelines contained in the Merger White Paper, will be approved by the ADS Council in November 2009.

Yours Sincerely,



Ian Godden
CEO SBAC



Rees Ward
DG DMA