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THIS IS AN ANNOUNCEMENT FALLING UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE"). IT DOES NOT CONSTITUTE AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.5 OF THE CODE AND ACCORDINGLY THERE CAN BE NO CERTAINTY THAT ANY OFFER WILL BE MADE.

1 September 2011

Statement re possible offer for Charter International plc

The Board of Melrose PLC ("Melrose") confirms it has made a revised indicative proposal to the Board of Charter International plc ("Charter") indicating that Melrose is prepared, subject as set out below, to increase the value of its possible offer for Charter by 18 pence per share. Melrose's revised proposal is an 850 pence per share offer for Charter (calculated as set out below) and, in addition, allows Charter shareholders to retain the interim dividend of 8 pence per share declared on 26 July 2011, which is payable on 2 September 2011 to Charter shareholders who were on the register on 5 August 2011. Melrose's previous proposal of 14 July 2011 was 840 pence per share assuming that Charter did not declare or pay any future dividends.

The increased proposal comprises 553 pence in Melrose shares (such number of shares to be based on the exchange ratio calculation described in below) and 297 pence in cash for each Charter share. Melrose intends to include a "mix and match" election within its offer structure, allowing Charter shareholders to elect for more cash or more Melrose shares, depending on offsetting elections from other shareholders, and also an unguaranteed loan note alternative to the cash proportion of the offer consideration. Melrose intends to satisfy part of the cash proportion of the offer consideration by an underwritten equity issue on a pre-emptive basis, the details of which will be announced simultaneously with any announcement of a firm intention to make an offer by Melrose for Charter.

The exchange ratio for determining the number of Melrose shares to be issued to Charter shareholders would be calculated by reference to the average of the closing prices of a Melrose share on the Daily Official List of the London Stock Exchange over the period commencing on and including 15 August 2011 and ending on the close of trading on the trading day which is three trading sessions before the announcement by Melrose of a firm intention to make an offer for the Company under Rule 2.5 of the City Code on Takeovers and Mergers but, in any case, no later than 19 September 2011 unless the Company agrees otherwise. The Melrose share prices used to calculate the average Melrose share price will be subject to a daily maximum of 330 pence, and the resulting average price used for calculating the exchange ratio will be subject to a minimum of 301.6 pence and a maximum of 315 pence which will be further adjusted 1) to reflect the whole or part of the discount, if any, in the Melrose underwritten issue and 2) for Melrose's interim dividend of 4.6p which was announced on 24 August 2011, and may be further adjusted in certain circumstances prior to completion of any offer from Melrose pursuant to the principles which have been agreed between the parties.

On the basis of the increased proposal, and in light of the heightened recent economic uncertainty and market volatility, Charter has commenced discussions with Melrose about its proposal and, in the meantime, has agreed to grant Melrose access to company information to allow Melrose to complete its confirmatory due diligence. As announced on 25 July 2011, Melrose confirms that its due diligence exercise in connection with its proposal will be a speedy, focussed confirmatory process. Charter has also agreed with Melrose to seek, in due course, an extension of the current put up or shut up deadline to 21 September 2011, provided, *inter alia*, that in Charter's opinion Melrose is conducting due diligence in a speedy, focussed confirmatory manner.

Consequently, Melrose confirms that the pre-condition relating to access to satisfactory diligence, announced on 25 July 2011, is waived following Charter's announcement of 23 August 2011.

The Board of Charter will give consideration to whether it should recommend to shareholders the terms proposed by Melrose as set out above, should Melrose notify Charter of a firm intention to make an offer on these terms. In the event the Board of Charter does not recommend an offer on these terms, and Melrose wishes to proceed with its offer on the terms above, it would be free to do so (note 1).

A further announcement will be made in due course. In the meantime, Charter and Melrose have agreed that there will be no further comment by either party.

This announcement has been made with the consent of Charter.

Pursuant to Rule 2.4(c) of the Code, Melrose has reserved the right to vary the form and/or mix of the consideration and/or to make an offer for the Company at a lower value, in each case with the agreement of the Charter Board.

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Note 1: Melrose would be able to proceed without a recommendation even if the value of the share component calculated in accordance with the exchange ratio calculation described above is lower than the value that the share component would represent if it had been calculated by reference to the closing price of a Melrose share on the Daily Official List of the London Stock Exchange on the day prior to the date on which the firm intention to make an offer is announced.

The release, distribution or publication of this announcement in jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the UK should inform themselves about and observe any applicable requirements.

A copy of this announcement will be available at www.melroseplc.net.

The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

Dealing Disclosure Requirements

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the

date of the relevant dealing. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4). Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.