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If you have sold or otherwise transferred or sell or otherwise transfer your entire holding of Ordinary Shares, please forward this document and the accompanying Form of Proxy as soon as possible to the purchaser or transferee or to the agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or transferred only part of your holding of Ordinary Shares please consult the agent through whom the sale or transfer was effected.

Application will be made to the UKLA and the London Stock Exchange respectively for the New Ordinary Shares to be admitted to the Official List and to trading on the market for listed securities of the London Stock Exchange. It is expected that Admission of the New Ordinary Shares will become effective and dealings in them will commence on the London Stock Exchange at 8.00 a.m. on 12 April 2012.

The New Ordinary Shares have not been marketed and are not available to the public, in whole or in part, in connection with Admission.

Melrose PLC

(Incorporated and registered in England and Wales with registered number 4763064)

Crystallisation of Existing Incentive Shares Creation of 2012 Incentive Plan

and

Notice of General Meeting

Notice of a General Meeting of Melrose to be held at the offices of Investec at 2 Gresham Street, London EC2V 7QP at 10.00 a.m. on 11 April 2012 is set out on page 16 of this document.

This document should be read as a whole and in conjunction with the accompanying Form of Proxy. Your attention is drawn to the letter from the Chairman of the Remuneration Committee which is set out in Part I of this document and which contains a recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting.

The Proposals are conditional on the approval of Shareholders at the General Meeting.

A Form of Proxy for use in connection with the Resolutions to be proposed at the General Meeting is enclosed. Whether or not you intend to be at the General Meeting in person, you are requested to complete the Form of Proxy in accordance with the instructions printed on it, and return it as soon as possible, but in any event so as to be received by Equiniti, by hand or by post, at Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, not later than 10.00 a.m. on 5 April 2012.

A summary of the action to be taken by Shareholders is set out on page 5 of this document and in the accompanying notice of the General Meeting. The return of a completed Form of Proxy will not prevent you from attending the General Meeting and voting in person if you so wish and are so entitled.

Rothschild, which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting only for Melrose and no-one else in connection with the Proposals and will not be responsible to anyone other than Melrose for providing the protections afforded to clients of Rothschild nor for providing advice in relation to the Proposals, the contents of this document or any transaction, arrangement or other matter referred to in this document.

Investec, which is regulated and authorised in the United Kingdom by the Financial Services Authority, is acting only for Melrose and no-one else in connection with the Proposals and will not be responsible to anyone other than Melrose for providing the protections afforded to clients of Investec, nor for providing advice in relation to the Proposals, the contents of this document or any transaction, arrangement or other matter referred to in this document.

Certain terms used in this document, including certain capitalised terms and certain technical and other terms, are defined in Part IV.

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EXPECTED TIMETABLE OF EVENTS

2012

Latest time and date for receipt of Form of Proxy for General Meeting	10.00 a.m. on 5 April
Record date for 2011 final dividend	10 April
General Meeting	10.00 a.m. on 11 April
New Ordinary Shares admitted to the Official List and admitted to trading on the London Stock Exchange's market for listed securities	8.00 a.m. on 12 April

N.B. All dates are subject to change.

References to times in this document are to London time. If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on an RIS.

PART I

LETTER FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE OF MELROSE



Registered in England and Wales, Registration No. 4763064

Directors:

Christopher Miller (*Executive Chairman*)
David Roper (*Chief Executive*)
Simon Peckham (*Chief Operating Officer*)
Geoffrey Martin (*Group Finance Director*)
Miles Templeman (*Senior Non-Executive Director*)
Perry Crosthwaite (*Non-Executive Director*)
John Grant (*Non-Executive Director*)
Justin Dowley (*Non-Executive Director*)

Registered office:

Precision House
Arden Road
Alcester
Warwickshire
B49 6HN

23 March 2012

Dear Shareholder,

CRYSTALLISATION OF EXISTING INCENTIVE SHARES AND CREATION OF 2012 INCENTIVE PLAN

1. Introduction

Melrose is proposing to bring forward the maturity date of its existing incentive plan by approximately two months and replace it with a similar plan to appropriately incentivise the management team for the next 5 years.

The existing incentive plan is based on value created since July 2007 and is due to mature on 31 May 2012. The Remuneration Committee is of the opinion that it would be in the best interests of Shareholders to bring forward the maturity date for the current incentive plan from 31 May 2012 to 22 March 2012.

On 7 March 2012, the Company announced a redefining of roles for certain members of the management team, with Simon Peckham becoming Chief Executive and David Roper becoming Executive Vice-Chairman, with effect from the Company's annual general meeting on 9 May 2012. All of the Company's Executive Directors in office at 7 March 2012 are continuing as Executive Directors.

Melrose continues to explore potential significant acquisitions and it is important that the Company is in a position to pursue opportunities as they arise. Consequently, although it does not change the method of calculation of the reward under the existing incentive plan, by bringing forward the maturity date, the Company can ensure that the appropriate incentive arrangements are in place to deliver further value.

During the term of the existing incentive plan, the management team has been extremely successful in generating real returns for Shareholders. Melrose's current market capitalisation is approximately £1.65 billion against a net shareholder investment of approximately £14 million and since July 2007:

- Headline EPS has increased by 120%;
- Dividends to shareholders have increased by 93%; and
- Total shareholder return has been 197% against a return of 15% for the FTSE 350.

In the view of your Board and the Remuneration Committee, this validates the existing incentive plan as being very effective in incentivising management to deliver real value to Shareholders. Substantially all the equity raised to date has now been returned to Shareholders. Accordingly, the Remuneration Committee recommends crystallising the existing incentive plan now and replacing it with a similar incentive plan prior to any further acquisitions, on the terms set out in this document.

2. Summary of the Proposals

The Articles state that a crystallisation of the existing incentive plan will be by way of a dividend, unless the Remuneration Committee determines that a conversion is preferred. The Remuneration Committee has determined that the potential cash cost of a dividend and its impact on distributable reserves mean it is appropriate and preferred to proceed by way of a conversion and has formally notified the Existing Incentive Shareholders as required and the Existing Incentive Shareholders have consented to the early crystallisation of the Existing Incentive Shares.

Accordingly, the Proposals will, if implemented:

- (i) on Admission, sub-divide and redesignate all outstanding Existing Incentive Shares into a portion of the New Ordinary Shares arising on the Existing Incentive Share Crystallisation and effect a bonus issue to Existing Incentive Shareholders for the remainder of the New Ordinary Shares to which the Existing Incentive Shareholders are entitled. The calculation for the Existing Incentive Share Crystallisation has been based on the average price of a Melrose Share for the 40 business days up to and including 21 March 2012, which is 388.4 pence, representing an 8 per cent. discount to the closing middle market price of a Melrose Share on 21 March 2012 of 422.3 pence;
- (ii) amend the Company's Articles so as to establish a new class of 2012 Incentive Shares on a similar economic basis to the Existing Incentive Shares (subject to the changes summarised in paragraph 3 below); and
- (iii) authorise the Directors to grant options over the 2012 Incentive Shares whilst disapplying pre-emption rights.

Your Board and the Remuneration Committee consider that these arrangements are appropriate in the circumstances and are in the best interests of the Company. The Resolutions to effect the Proposals will be put before Shareholders at the General Meeting and the notice of the General Meeting is set out at the end of this document.

The Company has also today announced that the record date for the 2011 final dividend has been brought forward from 13 April 2012 to 10 April 2012 so that the New Ordinary Shares will not be eligible to receive such dividend.

The Executive Directors have no current intention to sell any of the New Ordinary Shares which they will receive following the crystallisation of the Existing Incentive Shares, other than to make adequate provision for any tax liability which may arise in connection with the crystallisation of the Existing Incentive Shares. In any event, the Executive Directors consider that it is appropriate that they, together with members of their immediate families, will hold not less than one half of the resulting balance of such New Ordinary Shares for the foreseeable future.

In connection with the expansion of the number of participants in the new incentive plan, the Board intends to adopt guidelines to encourage participants who are not members of the Board to maintain appropriate holdings of Melrose Shares.

3. Changes in the new incentive plan

It is proposed that the new incentive plan will be based on the same economic principles as the existing incentive plan, subject to the following important modifications:

- (i) while the Remuneration Committee has no wish to discourage management from repeating its exceptional track record of shareholder value creation in the future, it believes that it is appropriate

to reduce the potential reward under the new incentive plan to 7.5 per cent. of the increase in value (rather than 10 per cent., as for the existing incentive plan);

- (ii) the level of initial invested capital which will be subject to the RPI plus 2 per cent. inflation adjustment will be amended (and increased) from the net shareholder investment to the deemed market capitalisation of the Company based on the average share price for the 40 business days up to the business day prior to the “trigger date” for the Existing Incentive Shares so as to also apply the RPI plus 2 per cent. inflation adjustment to all the amounts which have been taken into account in calculating the value arising on crystallisation of prior incentive shares in the Company;
- (iii) the Remuneration Committee believes that it is appropriate to put in place a dilution cap compatible with ABI guidelines and this cap will initially be 5 per cent. One of the key attractions of the Melrose model is that, having made operational improvements to its acquisitions, the Company then disposes of the businesses and returns the proceeds to shareholders, usually involving a share capital consolidation. To ensure management is not penalised in such circumstances, the cap will be equivalent to 5% of the total number of Ordinary Shares in issue as at the date of adoption of the new incentive plan, plus 5% of any new Ordinary Shares issued or created prior to its maturity (including those Ordinary Shares arising as a result of the crystallisation of the Existing Incentive Shares) thus not adjusting for any consolidation of shares in connection with a return of value to Shareholders;
- (iv) a change to the “good leaver” provisions to provide that a holder of 2012 Incentive Shares retiring at normal retirement age would not be deemed to be a good leaver and to introduce the ability of the Remuneration Committee, at its discretion, to require a good leaver (other than on a good leaver’s resignation in connection with a change of control) to transfer such good leaver’s 2012 Incentive Shares, or a portion thereof, based on the time the good leaver first became entitled to acquire 2012 Incentive Shares, to an employee benefit trust or otherwise at the direction of the Board. This will enable the Company to properly incentivise new joiners following the departure of a good leaver;
- (v) the Remuneration Committee believes that it is appropriate to recognise the required growth of the team beyond the Executive Directors necessary to further develop the business. Under the terms of the new incentive plan, the Executive Directors’ participation will be 17% each with 27% being reserved for 7 non-Directors and the remaining 5% being reserved for other employees and future hires. The details of these grants are set out in the table in paragraph 3.2 of Part II of this document;
- (vi) the Remuneration Committee has been given a wider discretion in circumstances where the crystallisation calculation for the new incentive plan would produce an anomalous result;
- (vii) the “trigger date” for crystallisation of the 2012 Incentive Shares will be 31 May 2017 and will reward growth in value from and including the “trigger date” for the Existing Incentive Shares; and
- (viii) rather than 2012 Incentive Shares being issued to the proposed participants in the new incentive plan, options to subscribe for 2012 Incentive Shares will be granted to such participants on the terms set out in paragraph 2.2 of Part II.

4. General Meeting

Your approval is being sought for (i) the Existing Incentive Share Crystallisation and (ii) the creation of and the grant of options over the 2012 Incentive Shares.

A General Meeting, notice of which is set out at the end of this document, has been convened for 10.00 a.m. on 11 April 2012 for this purpose. A Form of Proxy to be used in connection with the General Meeting is enclosed with this document.

At the General Meeting the following special resolutions will be proposed:

- (a) in connection with the proposed Existing Incentive Share Crystallisation, to (i) sub-divide and redesignate, on Admission, all outstanding Existing Incentive Shares into a portion of the New Ordinary Shares arising on crystallisation (with the fractional balances being aggregated and

redesignated as a Deferred Share) and to effect a bonus issue to Existing Incentive Shareholders to issue the remaining New Ordinary Shares; (ii) authorise the Company to purchase the Deferred Share for one penny; and (iii) authorise the Directors to allot the New Ordinary Shares arising from the bonus issue (Resolution 1); and

- (b) in connection with the proposed creation of and the grant of options over the 2012 Incentive Shares, to (i) amend the Articles in order to establish a new share incentive plan by creating a class of 2012 Incentive Shares; (ii) authorise the Directors to grant options over up to 50,000 2012 Incentive Shares; and (iii) disapply pre-emption rights on such grant (Resolutions 2 and 3).

The authorities proposed to be granted to the Directors described in paragraphs (a)(ii), (a)(iii), (b)(ii) and (b)(iii) above will lapse on the earlier of 15 months from the date of the General Meeting or the annual general meeting of the Company to be held in 2013. The Directors intend to use these authorities to allot the New Ordinary Shares and grant options over the 2012 Incentive Shares.

Further details of the Resolutions are set out in Part II of this document. The Resolutions are not inter-conditional.

5. Further information

Your attention is drawn to the remaining parts of this document which contain further information on Melrose and the Proposals.

6. Action to be taken

A Form of Proxy for use at the General Meeting is enclosed. Whether or not you intend to be present at the meeting, you are requested to complete, sign and return the Form of Proxy to Equiniti, by hand or by post, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, as soon as possible but in any event **so as to be received no later than 10.00 a.m. on 5 April 2012.**

The completion and return of a Form of Proxy will not prevent you from attending the meeting and voting in person if you wish to do so.

7. Recommendation

The Board, which has been so advised by Rothschild, considers the Proposals to be fair and reasonable as far as Shareholders are concerned. In providing advice to the Board, Rothschild has taken into account the commercial assessments of the Board.

The Board considers the Proposals to be in the best interests of Shareholders as a whole and recommends that you vote in favour of the Resolutions at the General Meeting.

Christopher Miller, David Roper, Simon Peckham and Geoffrey Martin, who are holders of Existing Incentive Shares and are proposed to be holders of options over 2012 Incentive Shares, have interests in relation to the Proposals and accordingly have not taken part in the Board's consideration of the Proposals.

As interested parties, Christopher Miller, David Roper, Simon Peckham and Geoffrey Martin will not vote on the Resolutions and have each undertaken to take all reasonable steps to ensure that their associates (as defined in the Listing Rules) will not vote on the Resolutions at the General Meeting.

Yours faithfully



Perry Crosthwaite
Chairman of the Remuneration Committee

PART II

DETAILS OF THE PROPOSALS

The following sets out further details of the proposals to (a) require early crystallisation of the Existing Incentive Shares; (b) amend Melrose's Articles in order to create the 2012 Incentive Shares; and (c) grant options over the 2012 Incentive Shares. Shareholders will be asked to approve these proposals by voting in favour of the Resolutions to be proposed at the General Meeting.

1. Crystallisation of the Existing Incentive Shares

Shareholder approval is being sought for the early crystallisation of all the outstanding Existing Incentive Shares into New Ordinary Shares at the General Meeting (as if 22 March 2012 was the "trigger date"), and so prior to the "trigger date" currently set out in the Articles (which is 31 May 2012).

1.1. *The crystallisation calculation*

It is proposed that each Existing Incentive Share will carry an entitlement to 624.96 Ordinary Shares of 1⁴/₅₅ pence each (representing, in aggregate, 7.4 per cent. of the current issued share capital of the Company after the Existing Incentive Share Crystallisation). This ratio has been calculated in accordance with the formula contained in the Existing Incentive Share rights (but as if the "trigger date" is 22 March 2012), that is in accordance with the following formula:

$$\frac{\frac{10}{100} \times [(SP \times N) - IC] \times \frac{1}{SP}}{NBS}$$

Where:

N = the number of Ordinary Shares in issue on 21 March 2012, being 390,961,043 Ordinary Shares

NBS = 50,000

SP = the price certified by Investec Investment Banking to be the average closing middle market quotation (in pounds sterling) of an Ordinary Share as derived from the London Stock Exchange Daily Official List for the 40 Business Days up to and including 21 March 2012 (the last Business Day prior to the "trigger date"), being 388.4 pence per Ordinary Share

IC = the net invested capital in Melrose relating to the Ordinary Shares up to (and including) March 2012, being £128,953,298, representing £47,020,786, being the deemed invested capital at 18 July 2007 (after deducting £220 million in respect of the 2007 return of capital), plus amounts paid to Melrose (whether in cash or otherwise) for Ordinary Shares less all amounts paid by Melrose by way of dividends or other distributions (whether in cash or otherwise) in respect of Ordinary Shares from 18 July 2007 up to and including 21 March 2012 and where each such amount has been adjusted in line with the movement in the RPI (plus 2 per cent. per annum) from the month of payment up to (and including) February 2012, being the latest month prior to the relevant trigger date, plus £175,868,395, being the increase in value of the Company from its admission to AIM on 28 October 2003 to 18 July 2007, which has been taken into account in calculating the value arising on crystallisation of the original incentive shares in the Company.

The calculations set out in Box 1 below have been made in order to establish the increase in shareholder value since 18 July 2007 and to determine the ratio for the Existing Incentive Share Crystallisation. The entitlement of each Existing Incentive Shareholder will be aggregated and any fractional entitlement of any Existing Incentive Shareholder to an Ordinary Share will be rounded up. The net invested capital has been calculated on the basis of the formula set out above, and as set out in Box 2 below.

Box 1

Net shareholder investment (see Box 2 line 1)	£14,324,653
Inflation adjustment to net shareholder investment	£114,628,645
Net shareholder investment as at 21 March 2012 (inflation adjusted) (see Box 2 line 2)	£128,953,298
Increase in value since admission to AIM on 28 October 2003 up to and including 18 July 2007	£175,868,395
Invested Capital	£304,821,693
Number of issued Ordinary Shares on 21 March 2012	390,961,043
Average price of an Ordinary Share ⁽¹⁾ for 40 Business Days up to and including 21 March 2012	388.4 pence
Deemed market capitalisation of Melrose based on the average price of an Ordinary Share ⁽¹⁾ for 40 Business Days up to and including 21 March 2012	£1,518,492,691
Increase in value since 18 July 2007	£1,213,670,998
10% of increase in value	£121,367,100
Number of Ordinary Shares equivalent to 10% increase in value ⁽²⁾	31,247,969
Number of issued Existing Incentive Shares	50,000
Ratio for the Existing Incentive Share Crystallisation (the Conversion Number)	624.96

- (1) Certified by Investec to be the average closing middle market quotation (in pounds sterling) as derived from the London Stock Exchange.
- (2) Based on the aggregated rounded-up entitlements of the Existing Incentive Shareholders.

Box 2

	Initial Invested Capital Oct 03-Jul-07 ⁽¹⁾	Dividend Nov-07	Dividend May-08	New share issues Jul-08	Dividend Nov-08	Dividend May-09	Dividend Nov-09	Dividend Apr-10	Dividend Oct-10	Dividend May-11	ROC Aug-11	Dividend Oct-11	Total: net shareholder investment
Net shareholder investment (non adjusted)	13,979,189	(3,341,626)	(5,680,764)	528,421,947	(13,683,636)	(21,147,438)	(14,430,016)	(23,884,165)	(19,903,471)	(34,831,075)	(373,190,084)	(17,984,208)	14,324,653
Net shareholder investment inflation adjusted to 21 March 2012	59,515,424	(4,170,202)	(6,855,383)	627,530,981	(16,077,754)	(25,310,161)	(16,750,823)	(26,923,173)	(21,769,989)	(36,225,259)	(385,727,680)	(18,282,683)	128,953,298
Implied index adjustment	—	1.248x	1.207x	1.188x	1.175x	1.197x	1.161x	1.127x	1.094x	1.040x	1.034x	1.017x	—

- (1) Represents the £47,020,786 deemed net shareholder investment on an adjusted basis as at 18 July 2007 (including indexation of Ordinary Share Costs and Returns since October 2003 after deducting £220 million for the 2007 return of capital).

A table setting out the entitlement of each Existing Incentive Shareholder is set out in paragraph 3.1 below.

1.2. Details of Resolution 1 to be put to the General Meeting

As set out in paragraph 1.1 above, the total number of Ordinary Shares arising on the Existing Incentive Share Crystallisation is 31,247,969.

- (a) Paragraph (a) of Resolution 1 sub-divides and redesignates, contemporaneously with Admission, each Existing Incentive Share (having a nominal value of £1.00) into 392 New Ordinary Shares (having a nominal value of $\frac{14}{55}$ pence each) such that all the outstanding Existing Incentive Shares shall have been sub-divided and redesignated into a total of 19,600,000 New Ordinary Shares with no member being entitled to a resulting fraction of a 2009 Incentive Share, and with each such fraction of an Existing Incentive Share being aggregated with all other such fractions and redesignated as one deferred share of £109 $\frac{1}{11}$ (the “Deferred Share”), which Deferred Share shall be registered in the name of the Company Secretary and purchased by the Company for one penny.
- (b) Paragraph (b) of Resolution 1 authorises the purchase by the Company of the Deferred Share arising on the Existing Incentive Share Crystallisation for one penny. In accordance with section 694 of the Act, in order for the Company to purchase the Deferred Share in this manner, a contract for such purchase must be approved before any purchase is made pursuant to such contract. A copy of the

Deferred Share Contract will be available for inspection by Shareholders at the General Meeting and at Melrose's registered office and the offices of Simpson Thacher and Bartlett LLP for not less than 15 days prior to the date of the General Meeting. The authority granted to the Directors will expire on the earlier to occur of the conclusion of the annual general meeting of the Company in 2013 or on the date falling 15 months from the date of the passing of the resolution. Paragraph (c) of Resolution 1 cancels the Deferred Share following such purchase and diminishes the issued share capital of the Company accordingly.

- (c) Paragraph (d) of Resolution 1 authorises the Directors to (i) capitalise a sum of £29,649.38 standing to the credit of the Company's capital redemption reserve to pay up in full the remaining 11,647,969 New Ordinary Shares; and (ii) allot and issue the New Ordinary Shares arising on such capitalisation, credited as fully paid, to Existing Incentive Shareholders in accordance with their remaining entitlements. The authority granted to the Directors will expire on the earlier to occur of the conclusion of the annual general meeting of the Company to be held in 2013 or on the date falling 15 months from the date of the passing of the resolution.

As at the date of this document, the Company holds no shares in treasury and there are no warrants or options outstanding to subscribe for Ordinary Shares in the Company.

Following the crystallisation of the Existing Incentive Shares, share certificates in relation to the Existing Incentive Shares will no longer be valid. The new Ordinary Shares will be admitted to listing and trading in the same way as the Ordinary Shares and will be equivalent in all respects to the Ordinary Shares, including their dividend, voting and other rights, save that they will not be entitled to participate in the 2011 final dividend which has a record date prior to the creation of the new Ordinary Shares. New Ordinary Share certificates will be issued to Existing Incentive Shareholders (or, for those Existing Incentive Shareholders who hold their Ordinary Shares through the CREST system, they will not receive any share certificates and their CREST accounts will be credited) according to their entitlements as set out in paragraph 3 below.

The Existing Incentive Share Crystallisation and the creation of and grant of options over the 2012 Incentive Shares are not inter-conditional.

2. Creation of and grant of options over the 2012 Incentive Shares

Following the crystallisation of the Existing Incentive Shares, the Board proposes to create and grant options over a class of 2012 Incentive Shares.

On 31 May 2017, the 2012 Incentive Shares shall crystallise and holders shall be entitled to receive a dividend in respect of the 2012 Incentive Shares held by them on such date or, if the Remuneration Committee so determines, in lieu of some or all of such dividend, to convert such 2012 Incentive Shares into Ordinary Shares, in each case in accordance with the formula to be set out in Melrose's Articles.

The crystallisation formula for the 2012 Incentive Shares is based upon the same economic principles as the current formula for the Existing Incentive Shares, save that: (i) it provides for holders of 2012 Incentive Shares to receive a dividend and/or (if the Remuneration Committee so determines) Ordinary Shares equal in value to 7.5 per cent. of the increase in value (rather than 10 per cent., as with the Existing Incentive Shares) from and including the trigger date for the Existing Incentive Shares to the trigger date for the 2012 Incentive Shares, 31 May 2017, absent a change of control or winding-up; (ii) the level of initial invested capital, against which to measure such increase in value, will be the deemed market capitalisation of the Company as at the Business Day before the trigger date for the Existing Incentive Shares. This figure will be increased by Ordinary Share Costs from and including the trigger date for the Existing Incentive Shares less any Returns (each as defined in and calculated in accordance with the rights to be attached to the 2012 Incentive Shares as set out in articles 6(C)(iii) and 6(C)(iv), respectively) from and including the trigger date for the Existing Incentive Shares, with the amount being increased by RPI plus 2 per cent. to the trigger date for the 2012 Incentive Shares; (iii) the number of new shares to which holders of 2012 Incentive Shares may be entitled, in aggregate, on a future crystallisation will be subject to a cap equivalent to 5 per cent. of the total number of Ordinary Shares in issue on the trigger date for the Existing Incentive Shares, plus 5 per cent. of any new Ordinary Shares issued or created prior to the trigger

date for the 2012 Incentive Shares (including those Ordinary Shares resulting from the Existing Incentive Share Crystallisation).

The rationale for calculating the level of initial invested capital in this way is to ensure that the increase in Shareholder value between 28 October 2003 and the trigger date for the Existing Incentive Shares is fully excluded when calculating the increase in value from and including the trigger date for the Existing Incentive Shares to the trigger date for the crystallisation of the 2012 Incentive Shares and to apply the RPI plus 2 per cent. inflation adjustment to all the amounts which have been taken into account in calculating the value arising on crystallisation of prior incentive shares in the Company in addition to the net shareholder investment.

The 2012 Incentive Shares (as with the Existing Incentive Shares) will also crystallise early on a change of control event or a winding-up of the Company (other than any change of control in relation to a reorganisation or reconstruction of the Company's share capital which results in the Company being controlled by a new company in which at least 90 per cent. of the share capital of the new company is owned by the same persons who immediately before such reorganisation or reconstruction were shareholders in the Company).

The Options have, conditionally on the amendments to the Articles provided for in Resolution 2 coming into effect and the passing of Resolutions 2 and 3, been granted to those employees, including the Executive Directors of Melrose, set out in paragraph 3.2 below. The grant of Options has been approved by the Remuneration Committee and will not be pensionable.

2.1 Details of Resolution 2 to be put to the General Meeting

Resolution 2 amends Melrose's Articles so as to delete the current Articles 4 to 9, which set out the rights and restrictions attaching to the Existing Incentive Shares, and replace them with new Articles setting out the rights and restrictions of the 2012 Incentive Shares. If approved, this amendment will take effect immediately following crystallisation of the Existing Incentive Shares and the rights and restrictions of the 2012 Incentive Shares will be similar to the rights and restrictions of the Existing Incentive Shares, save that: (i) the formula provides for holders of 2012 Incentive Shares to receive a dividend and/or (if the Remuneration Committee so determines) Ordinary Shares equal in value to 7.5 per cent. of the increase in value (rather than 10 per cent., as with the Existing Incentive Shares); (ii) the level of initial invested capital which is subject to the RPI plus 2 per cent. inflation adjustment will be the deemed market capitalisation of the Company as at the Business Day before the trigger date for the Existing Incentive Shares; (iii) the number of new shares to which holders of the 2012 Incentive Shares may be entitled, in aggregate, on future crystallisation of the 2012 Incentive Shares will be subject to a dilution cap, as set out above; (iv) the "good leaver" provisions have been changed to provide that a holder of 2012 Incentive Shares retiring at normal retirement age would not be deemed to be a good leaver and to introduce the ability of the Remuneration Committee, at its discretion, to require a good leaver (other than on a good leaver's resignation in connection with a change of control) to transfer the "unvested portion" of such good leaver's 2012 Incentive Shares to an employee benefit trust or otherwise at the direction of the Board. The "unvested portion" of a good leaver's 2012 Incentive Shares is calculated as the number of full calendar months from the date on which the holder of 2012 Incentive Shares becomes a good leaver up to 31 May 2017 divided by 62 (the total number of months in the full term of the new incentive plan), save that the unvested portion for a good leaver who becomes entitled to acquire 2012 Incentive Shares more than six weeks after the creation of the 2012 Incentive Shares will be the total number of 2012 Incentive Shares held by such good leaver. As a result of this change, the Board has the ability, in its discretion, to approve transfers of 2012 Incentive Shares; (v) the Remuneration Committee has been given a wider discretion in circumstances where the crystallisation calculation for the 2012 Incentive Shares would produce an anomalous result; (vi) the "trigger date" for crystallisation of the 2012 Incentive Shares will be 31 May 2017 and will reward growth in value from and including the "trigger date" for the Existing Incentive Shares; (vii) the Remuneration Committee may determine that, on a "trigger date", the dividend amount to be paid on the 2012 Incentive Shares should be reduced, in whole or in part, and that the 2012 Incentive Shares should be converted into a number of Ordinary Shares in accordance with the Articles save that the number of Ordinary Shares into which the 2012 Incentive Shares so convert shall be reduced to reflect the amount of the dividend per share to be paid; and (viii) a reorganisation or reconstruction of the Company's

share capital to insert a new holding company, as set out above, would not constitute a change of control and no “trigger date” would be deemed to have occurred.

The proposed text of the new Articles 4 to 9 is set out in the notice of the General Meeting at the end of this document.

2.2 *Details of options to subscribe for 2012 Incentive Shares*

Options to subscribe for 2012 Incentive Shares (each an “**Option**” and together the “**Options**”) have, conditional on the amendments to the Articles provided for in Resolution 2 coming into effect and the passing of Resolution 3, been granted to holders as set out in paragraph 3.2 of this Part II. Such Options have been granted for nil consideration and on the following terms (terms used below having the same meaning as in the rights to be attached to the 2012 Incentive Shares as set out in Resolution 2):

- (i) each Option entitles its holder to subscribe for one 2012 Incentive Share at a nominal value of £1 per share;
- (ii) the Board may, from time to time at the recommendation of the Remuneration Committee, grant options to subscribe for an aggregate of up to 50,000 2012 Incentive Shares. If an Option lapses the Board may, on the recommendation of the Remuneration Committee, grant further Options provided that the aggregate number of Options when added to the number of 2012 Incentive Shares in issue does not exceed 50,000. If, immediately prior to the “trigger date”, the full exercise of Options would result in there being fewer than 50,000 2012 Incentive Shares in issue, the Board shall grant (prior to any automatic exercise of Options pursuant to paragraph (iii)) additional Options to the employee benefit trust such that the full exercise of Options will result in 50,000 2012 Incentive Shares being in issue immediately prior to the “trigger date”;
- (iii) Options may be exercised at any time up to and including the “trigger date” and, if not exercised within such time, will be automatically exercised immediately prior to the “trigger date”. On exercise, a 2012 Incentive Share certificate will be issued to the holder of the 2012 Incentive Shares;
- (iv) an Option may be exercised by notification in writing (which may include email) to the secretary to the Remuneration Committee by the holder of such Option of such holder’s exercise of the Option and delivery by such holder of payment in full for the share to be subscribed and, if available, the holder’s Option Certificate. If any such exercise is for less than such holder’s total holding of Options, the Remuneration Committee will determine which Options have been exercised and a new Option certificate will be issued to reflect the balance of any remaining Options held by such holder;
- (v) if any Option is automatically exercised pursuant to paragraphs (iii), (vi) or (vii), to the extent that the consideration payable on such exercise is not immediately paid and in order to enable the 2012 Incentive Share to be issued fully paid, an amount of £1 will become due to the Company by the holder of such Option and it is a term of the grant of each Option that each holder undertakes to pay, cash to the Company, in satisfaction of such amount, on demand and in any event within one month of the automatic exercise of the Option;
- (vi) if the Company becomes aware, in accordance with article 6(M) of the rights to be attached to the 2012 Incentive Shares, of a potential Change of Control and notwithstanding the requirements in paragraph (iv) above, it will:
 - (a) as soon as possible on becoming so aware, provide notice thereof to holders of Options; and
 - (b) at the same time as such notice is required to be given to holders of 2012 Incentive Shares, provide to all holders of Options a copy of the notice required to be given to holders of 2012 Incentive Shareholders in accordance with such article 6(M), whether or not any 2012 Incentive Shares are in issue at that time;

If, for any reason, the Company is not able to or does not comply with sub-paragraphs (a) and (b) of this paragraph, the Options will be automatically exercised immediately prior to the “trigger date” in accordance with paragraph (iii);

- (vii) if, in accordance with article 6(N) of the rights to be attached to the 2012 Incentive Shares, a resolution for voluntary winding up of the Company is passed or a winding up order is made by the

Court, notwithstanding the requirements in paragraph (iv) above, the Options then outstanding will be deemed to have been exercised immediately prior to the conversion of the 2012 Incentive Shares in accordance with such article 6(N);

- (viii) except as set out in paragraph (ix), holders of Options may not transfer, charge, encumber or grant any option over or otherwise dispose of any Option or interest therein;
- (ix) a holder of an Option may at any time transfer an Option:
 - (a) with the prior written consent of the Board (and where such consent is given in relation to a transfer to the trustees of a trust of which the only beneficiaries (and the only people capable of being beneficiaries) are the holder of the Option who established the trust and who is transferring the relevant Options; and/or his spouse; and/or his lineal descendants by blood or adoption, such transferees being “permitted option transferees”); and
 - (b) if a transferee ceases to be a permitted option transferee in relation to the original holder of the Option, to such original holder of the Option;
- (x) unless the Remuneration Committee determines otherwise, if a holder of Options or an original holder of Options transferred pursuant to paragraph (ix) becomes a “bad leaver”, any unexercised Options shall lapse;
- (xi) if a holder of Options or an original holder of Options transferred pursuant to paragraph (ix) becomes a “good leaver”, at the Remuneration Committee’s discretion, some or all of such good leaver’s unexercised Options shall lapse, such number to be no more than that number of Options as would be equal to the Unvested Portion of 2012 Incentive Shares had such holder’s Options been exercised in full prior to the holder becoming a “good leaver” and a new certificate will be issued to reflect the balance of Options held by such good leaver (if any) following such lapse;
- (xii) 2012 Incentive Shares allotted on exercise of Options will have the rights set out in the Company’s Articles as set out in Resolution 2 in the Notice of Meeting at the end of this document;
- (xiii) if any offer is made and is implemented (including any offer implemented by way of a court approved scheme of arrangement under part 26 of the Act) which results in the Company being controlled by a New Company in which at least 90 per cent. of the shares in the New Company are held by substantially the same persons who immediately before the offer was made were shareholders in the Company, the Options will, at the direction of the Remuneration Committee, be automatically exchanged for like options over shares in the New Company on substantially the same terms as the 2012 Incentive Shares and upon such exchange taking effect the existing Options will lapse;
- (xiv) the Remuneration Committee may amend the terms of the Options at any time with the consent of the holders of Options holding not less than three-quarters of the Options then in issue. Prior approval will not be required for any minor alteration made to benefit the administration of the Options, to take account of a change in legislation or to obtain or maintain favourable tax, exchange or regulatory treatment for holders of Options or for any company in the Melrose Group provided that an investment bank of repute shall have confirmed in writing that such alterations are fair and reasonable so far as holders of Melrose Shares are concerned; and
- (xv) if any amendment is made to the terms of the 2012 Incentive Shares the terms of the Options will be amended in such manner as the Remuneration Committee determines to be fair and reasonable to reflect such amendments.

2.3 Details of Resolution 3 to be put to the General Meeting

Resolution 3 is conditional on the passing of Resolution 2. The purpose of Resolution 3 is to facilitate the allotment of the 2012 Incentive Shares as follows:

- (i) paragraph (a) of Resolution 3 authorises the Directors to allot, or grant rights to subscribe for, 2012 Incentive Shares up to an aggregate nominal amount of £50,000; and

- (ii) paragraph (b) of Resolution 3 disapplies the pre-emption provisions set out in section 561 of the Act in connection with the 2012 Incentive Shares.

These authorities will expire on the earlier to occur of the conclusion of the annual general meeting of the Company to be held in 2013 or on the date falling 15 months from the date of the passing of the resolution.

3. Details of Existing Incentive Shareholders and proposed 2012 Incentive Shareholders

3.1 Existing Incentive Shareholders

The table below shows the number of Existing Incentive Shares held by each Existing Incentive Shareholder and the number of Ordinary Shares each Existing Incentive Shareholder will receive upon the Existing Incentive Share Crystallisation.

<u>Existing Incentive Shareholder</u>	<u>Number of Existing Incentive Shares</u>	<u>% Holding of issued Existing Incentive Shares</u>	<u>Number of New Ordinary Shares arising upon crystallisation</u>
Christopher Miller	12,000	24	7,499,512
David Roper	12,000	24	7,499,512
Simon Peckham	12,000	24	7,499,512
Geoffrey Martin	7,500	15	4,687,195
Alistair Peart	3,000	6	1,874,878
Garry Barnes	1,000	2	624,960
Geoffrey Morgan	1,000	2	624,960
Irene Merchant	500	1	312,480
Matthew Richards	500	1	312,480
Ogier Employee Benefit Trustee Limited, as trustee of the Employee Benefit Trust ⁽¹⁾	500	1	312,480

- (1) On 6 March 2012, 250 of these Existing Incentive Shares were allocated to Joff Crawford and 250 were allocated to Jim Slattery.

3.2 Holders of options over 2012 Incentive Shares

The table below shows the proposed beneficiaries under the new incentive plan (each of whom will hold Options over the number of 2012 Incentive Shares set out below).

<u> Holders of options over 2012 Incentive Shares</u>	<u>Number of 2012 Incentive Shares under option</u>	<u>% of 2012 Incentive Shares over which Options held</u>
Christopher Miller	8,500	17
David Roper	8,500	17
Simon Peckham	8,500	17
Geoffrey Martin	8,500	17
Alistair Peart	3,000	6
Jim Slattery	3,000	6
Joff Crawford	2,000	4
Garry Barnes	1,500	3
Geoffrey Morgan	1,500	3
Matthew Richards	1,500	3
Matt Nozemack	1,000	2
Unallocated ⁽¹⁾	2,500	5

- (1) Reserved for the benefit of current and of future employees of the Melrose Group and to be allocated on a basis to be agreed by the Remuneration Committee.

PART III

ADDITIONAL INFORMATION

1. Melrose Directors

The Melrose Directors and their principal functions are as follows:

Christopher Miller	<i>Executive Chairman</i>
David Roper	<i>Chief Executive</i>
Simon Peckham	<i>Chief Operating Officer</i>
Geoffrey Martin	<i>Group Finance Director</i>
Miles Templeman	<i>Senior Non-Executive Director</i>
Perry Crosthwaite	<i>Non-Executive Director</i>
John Grant	<i>Non-Executive Director</i>
Justin Dowley	<i>Non-Executive Director</i>

On 7 March 2012, the Company announced a forthcoming change of roles within the Board, whereby Simon Peckham, currently Chief Operating Officer, will take over as Chief Executive from the Company's annual general meeting on 9 May 2012 with David Roper, whom he succeeds, becoming Executive Vice-Chairman. All of the Melrose Group's Executive Directors in office at 7 March 2012 are continuing as Executive Directors.

2. Consent

Rothschild has given and has not withdrawn its written consent to the issue of this document with the references to its name in the form and context in which they appear.

Investec has given and has not withdrawn its written consent to the issue of this document with the references to its name in the form and context in which they appear.

3. Documents Available for Inspection

Copies of the following documents may be inspected at the offices of Simpson Thacher & Bartlett LLP, CityPoint, One Ropemaker Street London EC2Y 9HU during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document up to and including the date of the General Meeting and at the registered office of the Company from the date of this document up to and including the date of the General Meeting and will also be available for inspection for at least 15 minutes before and during the General Meeting:

- (a) the consent letters referred to in paragraph 2 above;
- (b) the Deferred Share Contract; and
- (c) this document.

Dated: 23 March 2012

PART IV

DEFINITIONS

In this document, the following expressions have the following meanings, unless the context requires otherwise:

“2012 Incentive Shares”	the new class of shares of £1 each in the capital of the Company to be established upon implementation of the amendments to the Articles proposed by Resolution 2
“Act”	the Companies Act 2006 (as amended)
“Admission”	admission of the New Ordinary Shares to the Official List and to trading on the main market of the London Stock Exchange becoming effective in accordance with Listing Rules and the rules of the London Stock Exchange respectively
“AIM”	AIM, a market operated by the London Stock Exchange
“Articles”	the articles of association of the Company
“Board” or “Directors”	the directors of the Company at the date of this document
“Business Day”	any day on which banks are generally open in England and Wales for the transaction of normal banking business other than a Saturday or Sunday or public holiday
“Company”	Melrose PLC
“Daily Official List”	the Daily Official List of the London Stock Exchange
“Deferred Share”	the unlisted deferred share of £109 ¹ / ₁₁ in the capital of the Company, arising as a result of the aggregation of fractions of each Existing Incentive Share in accordance with the Existing Incentive Share Crystallisation
“Deferred Share Contract”	the contract dated 22 March 2012 between the Company and the holder of the Deferred Share for the purchase by the Company of the Deferred Share for a consideration of one penny
“Equiniti”	Equiniti Limited, the registrars of the Company
“Existing Incentive Share(s)”	the 50,000 2009 Incentive Shares of £1 each in the capital of the Company currently in issue
“Existing Incentive Shareholder”	a holder of Existing Incentive Shares
“Existing Incentive Share Crystallisation”	the crystallisation of the Existing Incentive Shares as proposed in Resolution 1
“Form of Proxy”	the form enclosed with this document for use by Shareholders in connection with the General Meeting
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000
“General Meeting”	the general meeting of Melrose convened for 10.00 a.m. on 11 April 2012 to vote on the Resolutions and any adjournment thereof
“Group”	the Company and its subsidiaries
“Headline EPS”	the diluted headline earnings per share calculated using the headline profit after tax of the continuing and discontinued

businesses for the period of the year that they were owned by the Group divided by the weighted average number of Ordinary Shares in issue for the year, including the number of Ordinary Shares expected to be issued or created under the Existing Incentive Share Crystallisation. In this definition “headline” means before exceptional costs, exceptional income, exceptional tax, intangible asset amortisation other than computer software and tax on exceptional costs, exceptional items and intangible asset other than computer software

“Investec”	Investec Investment Banking, a division of Investec Bank plc
“Listing Rules”	the listing rules made by the FSA in exercise of its functions as competent authority pursuant to Part V of FSMA
“London Stock Exchange”	London Stock Exchange plc
“Melrose” or the “Company”	Melrose PLC
“Melrose Board” or “Melrose Directors”	the board of directors of Melrose
“New Ordinary Shares”	the new Ordinary Shares arising from the Existing Incentive Share Crystallisation
“Official List”	the official list maintained by the UK Listing Authority for the purposes of Part V of FSMA
“Options”	options to subscribe for 2012 Incentive Shares, as defined in paragraph 2.2 of Part II of this document
“Ordinary Share(s)” or “Melrose Share(s)”	ordinary shares of 14/55 pence each in the capital of the Company
“Proposals”	the proposed Existing Incentive Share Crystallisation and the creation of and grant of options over the 2012 Incentive Shares
“Resolution 1”	a special resolution to be proposed as the first resolution at the General Meeting (as set out in the notice of General Meeting at the end of this document)
“Resolution 2”	a special resolution to be proposed as the second resolution at the General Meeting (as set out in the notice of General Meeting at the end of this document)
“Resolution 3”	a special resolution to be proposed as the third resolution at the General Meeting (as set out in the notice of General Meeting at the end of this document)
“Resolutions”	Resolution 1, Resolution 2 and Resolution 3
“Rothschild”	N M Rothschild & Sons Limited
“Shareholder(s)” or “Ordinary Shareholder(s)”	(a) holder(s) of Ordinary Shares
“subsidiary” and “subsidiary undertaking”	have the meanings given to them in sections 1159 and 1162 of the Act respectively
“UK Listing Authority” or “UKLA”	the FSA acting in its capacity as the competent authority for listing under Part V of FSMA and in the exercise of its functions in respect of admission to the Official List
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland

All times referred to are London times unless otherwise stated.

Melrose PLC

(Incorporated in England and Wales with registered number 4763064)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Melrose PLC (the “**Company**”) will be held at the offices of Investec at 2 Gresham Street, London EC2V 7QP at 10.00 a.m. on 11 April 2012, for the purpose of considering and, if thought fit, passing the following Resolutions, each of which will be proposed as a special resolution:

Resolution 1

THAT:

- (a) contemporaneously with Admission, each issued 2009 Incentive Share of £1 in the capital of the Company be and is sub-divided and redesignated into 392 ordinary shares of $\frac{14}{55}$ pence each in the capital of the Company, with no member being entitled to the fraction of a 2009 Incentive Share arising as a result of such sub-division and redesignation and with each such fraction being aggregated with all other such fractions into and redesignated as one deferred share of £109 $\frac{1}{11}$ having the rights set out in article 6(K) of the Articles of Association of the Company (the “**Deferred Share**”) and registered in the name of the company secretary. For the purposes of this paragraph (a) and Resolution 2 “**Admission**” means the admission (as defined in the Listing Rules of the Financial Services Authority) and admission to trading on the main market of the London Stock Exchange of the new ordinary shares to be created pursuant to this resolution 1;
- (b) the Company be authorised in accordance with section 694 of the Companies Act 2006 (the “**Act**”) to purchase the Deferred Share pursuant to the terms of a contract dated 22 March 2012 entered into between the Company and the company secretary relating to such purchase and under which the consideration is one penny (the “**Deferred Share Contract**”) and that the terms of the Deferred Share Contract be and are approved, provided that the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2013 or the date that is 15 months from the passing of this resolution, whichever is the earlier;
- (c) upon the purchase of the Deferred Share by the Company, the Deferred Share be cancelled in accordance with section 706 of the Act and the amount of the Company’s issued share capital be diminished accordingly; and
- (d) the Directors be and are authorised:
 - (i) in accordance with article 6(L) of the Articles of Association of the Company, to capitalise a sum of £29,649.38 standing to the credit of the Company’s capital redemption reserve and to apply such sum in paying up in full 11,647,969 ordinary shares of $\frac{14}{55}$ pence each in the capital of the Company; and
 - (ii) to allot and issue such ordinary shares credited as fully paid as follows:

<u>Holder of 2009 Incentive Shares</u>	<u>Number of Ordinary Shares</u>
Christopher Miller	2,795,512
David Roper	2,795,512
Simon Peckham	2,795,512
Geoffrey Martin	1,747,195
Alistair Peart	698,878
Garry Barnes	232,960
Geoffrey Morgan	232,960
Irene Merchant	116,480
Matthew Richards	116,480
Ogier Employee Benefit Trustee Limited, as trustee of the Employee Benefit Trust	116,480

provided that this authority shall: (i) be limited to the allotment of equity securities up to an aggregate nominal amount of £29,649.38; and (ii) unless renewed, varied or revoked by the Company, expire at the conclusion of the annual general meeting of the Company to be held in 2013 or the date that is 15 months from the date of the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired. This authority is in addition to all previous powers conferred on the Directors in accordance with section 80 of the Companies Act 1985 or section 551 of the Act.

Resolution 2

THAT, with effect from Admission or, if Resolution 1 is not passed, with effect from 1 June 2012, the Articles of Association of the Company be amended by deleting the existing articles 4 to 9 (inclusive) in their entirety and substituting for them the following new articles 4 to 9 (inclusive):

4. Share Capital

The ordinary shares and the 2012 Incentive Shares in the capital of the Company are separate classes of shares and carry the respective rights and privileges and are subject to the respective provisions and restrictions set out in these articles.

5. Rights attaching to 2012 Incentive Shares

- (A) The 2012 Incentive Shares have a nominal value of £1 per share. The 2012 Incentive Shares do not confer a right to be paid a dividend, other than in accordance with article 6(A).
- (B) On a return of capital on winding-up (but not otherwise), the holders of the 2012 Incentive Shares shall be entitled to participate in the Company's assets available for distribution among the members in accordance with article 6(N).
- (C) The holders of the 2012 Incentive Shares have the right to receive notice of and to attend general meetings of the Company, but do not have the right to vote thereat.

6. Further rights attaching to 2012 Incentive Shares

- (A) (i) The holders of the 2012 Incentive Shares shall, not later than 20 business days after the trigger date, be paid a dividend which shall be equal to such amount per 2012 Incentive Share (the "**Dividend Amount**") as equals the Conversion Number (as determined in accordance with article 6(C) for the trigger date, except that if the Conversion Number is a fraction it shall not be rounded up) multiplied by SP (as determined in accordance with article 6(C)). To the extent that a dividend is paid in respect of 2012 Incentive Shares in accordance with this article 6(A)(i), those shares shall, with effect from the payment date, be re-designated (and in any event shall have the same rights (and no other rights)) as non-voting deferred shares, having the rights set out in article 6(K).
- (ii) Prior to the trigger date, the remuneration committee of the board may in its absolute discretion determine that the Dividend Amount to be paid on the 2012 Incentive Shares should be reduced in whole or in part. If the Dividend Amount is reduced in whole, the 2012 Incentive Shares shall be converted in accordance with the remaining provisions of this article 6. If the Dividend Amount is reduced in part the 2012 Incentive Shares shall be converted in accordance with the remaining provisions of this article 6 save that the Conversion Number shall be reduced to reflect the amount of the dividend per share to be paid. The Company shall serve a notice on the holders of such 2012 Incentive Shares (a "**conversion notice**") informing such holders of the determination by the remuneration committee of the board and such notice shall be served within five business days of such determination.

- (iii) If the Company is unable (for whatever reason) to pay the full amount of the dividend which is due as provided for in articles 6(A)(i) or 6(A)(ii) or if the Company decides not to pay such a dividend or if the remuneration committee of the board determines in accordance with article 6(A)(ii) that the 2012 Incentive Shares should be converted but the Company fails to convert the 2012 Incentive Shares in accordance with article 6(A)(ii) and the remaining provisions of this article 6, then the Company shall procure that such 2012 Incentive Shares shall be purchased, not later than 25 business days after the trigger date, by an employee benefit trust nominated by the Company for consideration per 2012 Incentive Share equal to the Dividend Amount (as defined in article 6(A)(i)), failing which the Company shall redeem such 2012 Incentive Shares, not later than 25 business days after the trigger date, for a redemption payment per 2012 Incentive Share equal to the Dividend Amount (the Dividend Amount, in each case, to be reduced by the amount of any dividend actually paid on the 2012 Incentive Shares in accordance with article 6(A)(ii)).
- (B) If a conversion notice is served in accordance with article 6(A)(ii), or pursuant to article 6(M) or 6(N), on conversion each 2012 Incentive Share shall convert into such number of fully paid ordinary shares as equals the Conversion Number (save where a dividend has been paid on the 2012 Incentive Shares in accordance with article 6(A)(ii) in which case the Conversion Number shall be reduced to reflect the amount of any dividend per share actually paid).
- (C) Subject to articles 6(G) and 6(M) and subject always to adjustment in accordance with article 6(O) and/or 6(P), the “**Conversion Number**” equals:

$$\frac{\frac{7.5}{100} \times [(SP \times N) - IC] \times \frac{1}{SP}}{NBS}$$

Where:

- N = the number of ordinary shares in issue on the relevant trigger date
- NBS = 50,000
- SP = the price certified by Investec Investment Banking (or other brokers for the time being of the Company) to be the average closing middle market quotation (in pounds sterling) of an ordinary share in the capital of the Company as derived from the Daily Official List for the 40 business days prior to the trigger date
- IC = the invested capital relating to the ordinary shares (in pounds sterling), being the sum of the Indexed Capital for each month in which there is either an Ordinary Share Cost or a Return from (and including), if Resolution 1 proposed at the general meeting of the Company held on 11 April 2012 is passed, March 2012 or, if such resolution is not passed, May 2012 up to (and including) the month in which the relevant trigger date for the 2012 Incentive Shares occurs (and for these purposes the Ordinary Share Cost for March 2012 or May 2012, as the case may be, shall be the deemed market capitalisation of the Company as at, if Resolution 1 proposed at the general meeting of the Company held on 11 April 2012 is passed, 21 March 2012, or, if such resolution is not passed, 30 May 2012 based on the average closing middle market quotation (in pounds sterling) of an ordinary share in the capital of the Company as derived from the Daily Official List for the 40 business days up to and including the relevant date).

and where:

- (i) the “**Indexed Capital**” for a month means the Net Capital for that month multiplied by the relevant Index Adjustment for the period from the commencement of that month until the commencement of the month in which the trigger date falls

- (ii) the “**Net Capital**” for a month means the Ordinary Share Cost in that month or the Returns in that month or, in the event that there is both, the net amount of Ordinary Share Cost minus Returns, and which for the avoidance of doubt may be zero or a negative number
- (iii) “**Ordinary Share Cost**” means the total amount (in pounds sterling) paid up (as to nominal value and any premium) on any allotment of ordinary shares in the period, provided that (I) if any part of such amount paid up on any ordinary share is paid up otherwise than in cash the amount paid up on that share shall be deemed to be the price certified by Investec Investment Banking (or other broker for the time being of the Company) to be the average closing middle market quotation (in pounds sterling) of an ordinary share as derived from the Daily Official List for the 10 business days from and including the date on which the new ordinary shares are admitted to trading, and (II) if any ordinary shares shall be allotted credited as fully paid by way of capitalisation of profits or reserves the amount paid up on such shares shall be excluded from the calculation of Ordinary Share Cost
- (iv) “**Returns**” means the sum of any dividends or distributions of any kind paid or made on or in respect of the ordinary shares, including (I) a purchase of any of the Company’s own shares (whether or not out of the proceeds of any fresh issue of shares or out of unrealised profits), (II) a reduction of share capital by paying off paid up share capital, and (III) any other returns of capital in the period, whether in cash or otherwise and however described, excluding:
- (a) any issue of shares credited as fully paid to shareholders by way of capitalisation of profits or reserves which is to be, or may at the election of the shareholders be, issued instead of the whole or any part of a cash dividend which the shareholders concerned would or could otherwise have received; and
- (b) any issue of shares credited as fully paid to the shareholders (or as they may direct) by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve)
- (v) “**Index Adjustment**” =

$$\left[\left(\frac{\text{RPI}_2}{\text{RPI}_1} \right)^{\frac{12}{t}} + 0.02 \right]^{\frac{t}{12}}$$

Where:

RPI₁ is the RPI for the month immediately preceding the start of the period referred to in (i) above (rounded to one decimal place)

RPI₂ is the RPI for the month immediately preceding the end of the period referred to in (i) above (or, if that has not been published by the close of business on the trigger date, then the RPI for the latest month for which the RPI has been published) (rounded to one decimal place)

“t” is the number of months between the two months used to determine RPI₁ and RPI₂ (and for the avoidance of doubt, there are 12 months between the same months in consecutive years)

“RPI” means the UK Retail Prices Index (all items) published by the Office for National Statistics (or any successor Government department) (January 1987 = 100) or any index which may replace the RPI, as selected by the remuneration committee of the board of the Company

references to a month are to a calendar month.

For the avoidance of doubt, where “IC” is a negative number the formula in this article 6(C) shall continue to be applicable.

In the event that the calculation in this article 6(C) results in a Conversion Number being less than one, the Conversion Number for the purposes of these articles shall be one.

The Conversion Number multiplied by NBS shall not exceed the sum of (i) 5 per cent. of the aggregate number of ordinary shares in issue on, if Resolution 1 proposed at the general meeting of the Company on 11 April 2012 is passed, 22 March 2012 or, if such resolution is not passed, 31 May 2012, plus (ii) 5 per cent. of any additional ordinary shares issued or created after the relevant date (the “Cap”).

- (D) In this article 6, the “**trigger date**” is (except where article 6(M) or 6(N) applies) 31 May 2017. If, however, the Company’s annual accounts for its preceding financial period (or where applicable a summary financial statement derived from the annual accounts) have (or has) not been published by 31 March 2017, the trigger date is 2 months after the date on which the annual accounts (or where applicable the summary financial statement) are (or is) so published. If the Company shall change its accounting reference date from 31 December, there shall be substituted for the said 31 May 2017 the date which is five months after the new accounting date. Other than pursuant to articles 6(M) and 6(N) the trigger date as calculated in accordance with this 6(D) shall not be prior to 31 May 2017.
- (E) The ordinary shares to which a holder is entitled on conversion shall not rank for any dividends or other distributions paid or made on ordinary shares prior to the relevant trigger date but shall rank for any paid or made thereafter, and subject thereto they shall rank pari passu in all respects and form one class with the ordinary shares then in issue.
- (F) If a conversion notice is served in accordance with article 6(A)(ii), within 20 business days after the trigger date (the “**conversion date**”), the board shall convert the 2012 Incentive Shares into the ordinary shares and deferred shares (if any) arising on conversion and, as soon as reasonably practicable thereafter, shall issue to the holders of such ordinary shares without charge certificates for the ordinary shares and deferred shares (if any). In the meantime, transfers of ordinary shares shall be certified against the register.
- (G) Except for the purposes of article 6(A)(i), where the Conversion Number is a fraction, the Conversion Number shall be rounded up to the nearest whole number provided that where a holder of 2012 Incentive Shares converts more than one 2012 Incentive Share at the same time, then for the purposes of determining the number of ordinary shares to which a holder is entitled and whether (and if so what) fraction of an ordinary share arises, the number of ordinary shares arising on the conversion of 2012 Incentive Shares by any one holder shall first be aggregated.
- (H) Where a block admission arrangement is in place with a relevant investment exchange, the Company will use its best endeavours to procure that the aggregate Conversion Number of ordinary shares shall, upon conversion, be admitted to the relevant investment exchange. Where a block admission arrangement is not in place or is insufficient to deal with the aggregate Conversion Number, the Company will apply for admission to the relevant investment exchange for that number of ordinary shares for which there are insufficient ordinary shares available under a block admission arrangement to satisfy the aggregate Conversion Number. The Company shall prepare and use its best endeavours to issue any listing particulars and other documents that may be required to be issued in respect of any ordinary shares arising on conversion pursuant to the rules of any relevant investment exchange.
- (I) The board may in its absolute discretion from time to time decide the manner in which 2012 Incentive Shares are to be converted, subject to the provisions of the articles and the Act, and for the avoidance of doubt may decide to effect conversion of 2012 Incentive Shares partly in one manner and partly in another.
- (J) Without prejudice to article 6(I), the board may, pursuant to the authority given by the adoption of these articles and without the requirement for any further resolution of the Company or of the holders of any class of shares, elect to effect conversion, in whole or in part, by sub-division, in which case each 2012 Incentive Share to be converted shall, pursuant to the authority granted by the adoption of this article, be sub-divided and redesignated into:
 - (i) such number of ordinary shares of the same nominal amount as the ordinary shares of the Company at such time as the board determines, equal to (or no greater than) the Conversion Number; and

- (ii) a non-voting deferred share with a nominal value equal to the balance of such share, having the rights set out in article 6(K) (a “**deferred share**” and, together, the “**deferred shares**”).
- (K) The deferred shares shall not confer the right to be paid a dividend or to receive notice of or to attend or vote at a general meeting. On a winding-up, after the distribution of the first £10,000,000,000 of the assets in accordance with article 5(B), the holders of the deferred shares (if any) shall be entitled to receive an amount equal to the nominal value of such deferred shares pro rata to their respective holdings. The deferred shares shall not, save as referred to in this article 6(K), be transferable. Conversion of a 2012 Incentive Share is deemed to confer irrevocable authority on the board at any time to do all or any of the following without obtaining the sanction of the holder of any or all of the deferred shares:
- (i) to appoint a person to execute on behalf of each holder of deferred shares an instrument of transfer for or an agreement to transfer (or both) all or some of the deferred shares, without making a payment to the holder, to such person as the board may decide, as custodian;
 - (ii) to purchase all or some of the deferred shares (subject to the provisions of the Act) for a price of 1 pence for all the deferred shares purchased, without obtaining the sanction of the holder;
 - (iii) for the purposes of any such purchase, to appoint any person to execute on behalf of the holder of deferred shares a contract for the sale to the Company of any such deferred shares by him or her; and
 - (iv) to cancel all or any of the same so purchased in accordance with the Act.

Pending the transfer or purchase the Company may retain the certificates for the deferred shares.

- (L) Without prejudice to article 6(I), and notwithstanding the provisions of article 129, the board may without the requirement for any further resolution of the Company or of the holders of any class of shares, (I) elect to effect conversion, in whole or in part, by way of the capitalisation of profits or reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution, (II) appropriate the sum to be capitalised to any one or more holders of 2012 Incentive Shares and whether or not in proportion to the nominal amounts of shares held by them, and apply that sum on such holders’ behalf in or towards paying up in full unissued ordinary shares of a nominal amount equal to that sum, and to allot the shares to such holders or as they may direct. Immediately upon such allotment, the 2012 Incentive Shares to be converted at any one time and held by such holder shall, if conversion is effected in whole pursuant to this article 6(L), pursuant to the authority given by the adoption of these articles and without the requirement for any further resolution of the Company, be redesignated as non-voting deferred shares having the rights set out in article 6(K).
- (M) If, prior to the payment of the dividend provided for in articles 6(A)(i) and 6(A)(ii), the conversion of the 2012 Incentive Shares into ordinary shares pursuant to article 6(A)(ii) or the purchase or redemption of the 2012 Incentive Shares pursuant to article 6(A)(iii), as the case may be, the Company becomes aware that, as a result of an offer made to all holders of ordinary shares (or all holders of ordinary shares other than the offeror and any associates of the offeror, as defined in section 988 of the Act) to acquire all or some of the ordinary shares (including any such offer implemented by way of a court approved scheme of arrangement under Part 26 of the Act) the right to cast more than 50 per cent. of the votes that may ordinarily be cast on a poll at a general meeting has or will become vested in the offeror and those associates, the Company shall give notice to all holders of 2012 Incentive Shares forthwith upon it becoming so aware. Subject to article 8(C), the 2012 Incentive Shares shall convert on the third day following the date of the notice in accordance with this article 6 except that for such purposes the “trigger date” shall be the date of, but immediately prior to, the change of control of the Company (the “**Change of Control**”) and “SP” shall be the offer price as calculated on the date of the Change of Control. In the event that part or all of the offer price is not in cash, the remuneration committee shall determine the value of the non-cash element, having been advised by an investment bank of repute that such valuation is fair and reasonable. For the avoidance of doubt, any offer so made (including any offer implemented by way of a court approved scheme of arrangement under Part 26 of the Act) which results in the

Company being controlled by a new company (“**New Company**”) in which at least 90 per cent. of the shares in the New Company are held by substantially the same persons who immediately before the offer was made were shareholders in the Company shall not constitute a Change of Control of the Company and no “trigger date” shall be deemed to have occurred provided that the 2012 Incentive Shares have been exchanged or are exchangeable for new incentive shares in the New Company on substantially the same terms as the 2012 Incentive Shares.

- (N) If, prior to the payment of the dividend provided for in articles 6(A)(i) and 6(A)(ii), the conversion of the 2012 Incentive Shares into ordinary shares pursuant to article 6(A)(ii) or the purchase or redemption of the 2012 Incentive Shares pursuant to article 6(A)(iii), as the case may be, either (I) a resolution for voluntary winding-up of the Company is passed or (II) a winding-up order is made by the court in relation to the Company, subject to article 8(C), the 2012 Incentive Shares shall be treated as if they had converted in accordance with this article 6 on the date of, and with effect immediately prior to, the resolution for the voluntary winding-up of the Company being passed or the date of the winding-up order being made, as the case may be (in either case, the “**operative date**”) except that for such purposes the “trigger date” shall be the operative date. In that event, the holder thereof shall be entitled to be paid, in satisfaction of the amount due in respect of his 2012 Incentive Shares, a sum equal to the amount to which he would have been entitled on a return of capital on a winding-up if he had been the holder of the ordinary shares to which he would have become entitled on such conversion.
- (O) If a doubt or dispute arises concerning the calculation of the Conversion Number or any component part of the formulae for calculating the Conversion Number, the board shall refer the matter to the auditors and their certificate as to such calculation shall be conclusive and binding on all concerned.
- (P) In the event that any provision (or combination of provisions) in this article 6 or any future change to the capital structure of the Company produces, or is likely to produce, a Conversion Number which appears to the remuneration committee to be an anomalous result or there shall be quantified material information known to the remuneration committee in relation to the current financial position of the Company that is not in the public domain that would, in the reasonable opinion of the remuneration committee, produce an anomalous result if such information were in the public domain, the remuneration committee may make such adjustments to the method of calculating the Conversion Number as it considers appropriate to ensure that conversion is fair and reasonable, and as an investment bank of repute shall have confirmed in writing to be fair and reasonable so far as the ordinary shareholders are concerned.

7. Permitted Transfer of 2012 Incentive Shares

- (A) Subject to article 7(B), the holders of the 2012 Incentive Shares may not transfer, charge, encumber, grant any option over or otherwise dispose of any 2012 Incentive Share or any interest therein.
- (B) A holder of a 2012 Incentive Share may at any time transfer a 2012 Incentive Share:
 - (i) with the prior written consent of the board (and where such consent is given in relation to a transfer to the trustees of a trust of which the only beneficiaries (and the only people capable of being beneficiaries) are the holder of the 2012 Incentive Shares who established the trust and who is transferring the relevant shares; and/or his spouse; and/or his lineal descendants by blood or adoption, such transferees being “**permitted transferees**”); or
 - (ii) when required by articles 7(C) or 8(B).
- (C) If a transferee of any shares under article 7(B) shall at any time cease to be a permitted transferee in relation to the original holder of the relevant 2012 Incentive Shares (the “**relevant shares**”), it shall be the duty of the trustees and/or the person holding the relevant shares to notify the board in writing that such event has occurred and the trustees and/or the person shall be bound to execute a stock transfer form and to do such other things as may be necessary to transfer the relevant shares at the price per share (if any) for which they were acquired, to the original holder (who shall be bound to acquire the relevant shares) and, if they or he fails to do so, the directors may authorise any director to execute any stock transfer form and to do such other things as may be necessary or

desirable to transfer the relevant shares on behalf of the trustees and/or the person holding the relevant shares pursuant to this article 7(C).

- (D) The board may require from any person lodging a share transfer such information and evidence as the board thinks fit regarding any matter which they may reasonably deem relevant for the purposes of article 7(B) and may refuse to register the relevant transfer until they have received information and evidence satisfactory to them.

8. Compulsory transfer or conversion

If the holder of any 2012 Incentive Shares or the original holder of any 2012 Incentive Shares transferred pursuant to article 7, if an employee of the Company or any of its subsidiary undertakings, ceases to be an employee, if a director of the Company, ceases to be a director, and if an employee and director, ceases to be both, in each case other than by reason of death, permanent ill health, permanent disability, his resignation in connection with a Change of Control, or the termination of his employment or directorship by the Company without cause, he shall be deemed to be a “**bad leaver**”.

If the holder of any 2012 Incentive Shares or the original holder of any 2012 Incentive Shares transferred pursuant to article 7, if an employee of the Company or any of its subsidiary undertakings, ceases to be an employee, if a director of the Company, ceases to be a director, and if an employee and director, ceases to be both, and such person is not a bad leaver, he shall be deemed to be a “**good leaver**”.

- (A) Unless the remuneration committee shall in its absolute discretion determine otherwise, if the holder of any 2012 Incentive Shares or the original holder of any 2012 Incentive Shares transferred pursuant to article 7 becomes a bad leaver then the provisions of articles 8(A) to 8(C) shall apply in respect of:
 - (i) the bad leaver; and
 - (ii) any permitted transferee of such bad leaver and any subsequent transferee of such shares (together the “**compulsory transferors**”).
- (B) Each 2012 Incentive Share held by the compulsory transferors shall within the period of 20 business days following the bad leaver ceasing to be an employee or director, be transferred to the trustees of an employee share ownership plan trust, or such person as the board may direct, at a price per share equal to the lower of the nominal value per 2012 Incentive Share and the closing middle market quotation of an ordinary share in the capital of the Company as derived from the Daily Official List on the business day prior to the transfer, and the compulsory transferors shall be bound to execute a stock transfer form and to do such other things as may be necessary to transfer the relevant shares and if they fail to do so, the directors may authorise any director to execute any stock transfer form and to do such other things as may be necessary or desirable to transfer the relevant shares on behalf of the compulsory transferors.
- (C) Following a cessation of employment or directorship causing this article 8 to apply to particular 2012 Incentive Shares, those 2012 Incentive Shares may not be transferred pursuant to article 7(B)(i). In the event of a Change of Control between the date of cessation of employment or directorship and the relevant transfer date in article 8(B), those 2012 Incentive Shares shall convert in accordance with article 6(M) except that each such 2012 Incentive Share shall convert into one fully paid ordinary share and one fully paid deferred share with a nominal value equal to the balance of the nominal value of the 2012 Incentive Share (the “**bad leaver conversion rate**”). In the event of either (I) a resolution for a voluntary winding-up of the Company being passed or (II) a winding-up order being made by the court in relation to the Company, in either case between the date of cessation of employment or directorship and the relevant transfer date in article 8(B), those 2012 Incentive Shares shall convert in accordance with article 6(N) except that each such 2012 Incentive Share will convert in accordance with the bad leaver conversion rate.

- (D) Save in circumstances where a holder of 2012 Incentive Shares becomes a good leaver as a result of his resignation in connection with a Change of Control, the remuneration committee may, in its absolute discretion, require that a good leaver and any person to whom such good leaver has transferred 2012 Incentive Shares pursuant to article 7 and any subsequent transferee of such shares shall be deemed to be a compulsory transferor and that the provisions of article 8(B) shall apply to such good leaver or transferee as the case may be, in respect of some or all of the Unvested Portion of the 2012 Incentive Shares held by such good leaver, as they apply to a bad leaver.

Any determination by the remuneration committee in accordance with article 8(D) shall be notified to such good leaver within three months of such person becoming a good leaver.

For the purposes of this article 8(D), “**Unvested Portion**” shall mean the product of (i) the number of full calendar months remaining from the date on which a holder of 2012 Incentive Shares becomes a good leaver up to 31 May 2017 divided by 62 if Resolution 1 proposed at the general meeting of the Company on 11 April 2012 is passed, or 60 if such resolution is not passed and (ii) the total number of 2012 Incentive Shares held by such good leaver; rounded up to the nearest whole number of 2012 Incentive Shares; save that, in the case of a good leaver who becomes entitled to become a holder of 2012 Incentive Shares more than six weeks after this article 8 takes effect the Unvested Portion shall be the total number of 2012 Incentive Shares held by such good leaver.

9. Restrictions

If 2012 Incentive Shares remain capable of being converted into ordinary shares, the Company shall not, except with the consent in writing of the holders of at least three-fourths of the nominal amount of the 2012 Incentive Shares then in issue or with the sanction of a special resolution passed at a separate meeting of the holders of the 2012 Incentive Shares then in issue validly held in accordance with the provisions of these articles (I) create, allot or issue any further 2012 Incentive Shares in the capital of the Company; or (II) pass a resolution varying any of the special rights attached to the 2012 Incentive Shares.

Resolution 3

THAT, subject to and conditional on the passing of Resolution 2:

- (a) the Directors be and are generally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £50,000, provided that the authority hereby conferred is limited to the allotment of or grant of rights to subscribe for, or convert into, 2012 Incentive Shares and shall expire at the conclusion of the annual general meeting of the Company to be held in 2013 or the date that is 15 months from the date of the passing of this resolution, whichever is the earlier but the Company may before such expiry make an offer or agreement which would or might require 2012 Incentive Shares to be allotted or rights to subscribe for, or convert into, 2012 Incentive Shares to be granted after expiry of this authority and the Directors may allot, or grant rights to subscribe for, or convert into 2012 Incentive Shares in pursuance of that offer or agreement as if the authority conferred by this resolution had not expired;
- (b) the Directors be empowered pursuant to section 571 of the Act to allot equity securities for cash pursuant to the authority conferred by paragraph (a) of Resolution 3 as if section 561(1) of the Act did not apply to the allotment, provided that the authority hereby conferred:
- (i) shall expire at the conclusion of the annual general meeting of the Company to be held in 2013 or the date that is 15 months from the date of the passing of this resolution, whichever is the earlier; and
- (ii) is limited to allotments of equity securities in connection with the 2012 Incentive Shares up to an aggregate nominal amount of £50,000.

Registered office:
Precision House
Arden Road
Alcester
Warwickshire B49 6HN

By order of the Board:
Garry Barnes
Company Secretary

23 March 2012

Notes:

1. The holders of Ordinary Shares and 2009 Incentive Shares in the capital of the Company are entitled to attend the General Meeting, but only holders of Ordinary Shares are entitled to vote. The holders of Non-Cumulative Redeemable Preference Shares of 75 pence each and C Deferred Shares of 75 pence each in the capital of the Company shall not be entitled to attend, speak or vote at the General Meeting. A member entitled to attend and vote may appoint a proxy to exercise all or any of its rights to attend, speak and vote at a general meeting of the Company. Such a member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. A proxy need not be a member of the Company.
2. A form of proxy is enclosed with this notice. To be effective, a form of proxy must be completed and returned, together with any power of attorney or authority under which it is completed or a certified copy of such power or authority, so that it is received by the Company's registrars at the address specified on the form of proxy not less than 48 hours (excluding any part of a day that is not a working day) before the time for holding the meeting. Returning a completed form of proxy will not preclude a member from attending the meeting and voting in person.
3. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him and the shareholder by whom he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in paragraphs 1 and 2 can only be exercised by shareholders of the Company.
4. To be entitled to attend and vote at the General Meeting (and for the purposes of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members by 6.00 p.m. on 5 April 2012 (or, in the event of an adjournment, on the date which is two days before the time of the adjourned meeting). Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
5. As at 22 March 2012 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 390,961,043 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 22 March 2012 are 390,961,043.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 10.00 a.m. on 5 April 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
8. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.
10. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
11. Any member holding Ordinary Shares attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
12. A copy of this notice, and other information required by section 311A of the Act, can be found at www.melroseplc.net.
13. You may not use an electronic address provided in either this Notice of General Meeting or any related documents (including the Proxy Form) to communicate with the Company for any purposes other than those expressly stated.

14. You may register your vote online by visiting Equiniti's website at www.sharevote.co.uk. In order to register your vote online, you will need to enter the Voting ID, Task ID and your Shareholder Reference Number which are set out on the enclosed Form of Proxy. The return of the Form of Proxy by post or registering your vote online will not prevent you from attending the General Meeting and voting in person, should you so wish. Alternatively, shareholders who have already registered with Equiniti's online portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at www.shareview.co.uk and then clicking on the link to vote under their Melrose PLC holding details. The on-screen instructions give details on how to complete the appointment process. A proxy appointment made electronically will not be valid if sent to any address other than those provided or if received after 10.00 a.m. on 5 April 2012.

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