



Q&A

12 for 1 Rights Issue of up to 1,741,612,236 New Ordinary Shares at 95 pence per New Ordinary Share

Introduction

On 6 July 2016, the board of Melrose Industries PLC announced that the Company is proposing to raise £1,655 million (before expenses) by way of a Rights Issue of up to 1,741,612,236 New Ordinary Shares at 95 pence per share on the basis of 12 New Ordinary Shares for every 1 Existing Ordinary Share.

The Rights Issue is fully underwritten by the Joint Underwriters, subject to certain customary conditions, on the basis set out in the Underwriting Agreement.

The Rights Issue is conditional upon, among other things:

- Admission of the New Ordinary Shares (nil paid) becoming effective by not later than 8.00 a.m. on 9 August 2016 (or such later time and/or date as the parties to the Underwriting Agreement may agree);
- the Underwriting Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms; and
- Admission having occurred by not later than 8.00 a.m. on 9 August 2016 (or such later time and date as may be agreed between the Joint Bookrunners and the Company in writing).

Timetable of Events

Announcement of the Rights Issue	Thu 6 July 2016
Publication of Prospectus and posting of the Circular	Thu 6 July 2016
Latest time and date for receipt of the Form of Proxy	10.00am. on Thu 21 July 2016
General Meeting	10.00am on Mon 25 July 2016
Record Date for entitlement under the Rights Issue	close of business on Thu 4 July 2016
Dispatch of Provisional Allotment Letter (“PAL”) (to Qualifying Non-CREST Shareholders only) ¹	Mon 8 August 2016
Ex entitlement date for the Rights Issue	8.00 am. on Tue 9 August 2016
Admission and commencement of dealings in New Ordinary Shares, nil paid, on the London Stock Exchange	8.00 am. on Tue 9 August 2016
Stock accounts credited with Nil Paid Rights (for Qualifying CREST Shareholders only)	as soon as practicable after 8.00 am. on Tue 9 August 2016
Nil Paid Rights and Fully Paid Rights enabled in CREST	as soon as practicable after 8.00 am. on Tue 9 August 2016
Recommended latest time and date for requesting withdrawal of Nil Paid Rights or Fully Paid Rights from CREST (i.e. if your Nil Paid Rights or Fully Paid Rights are in CREST and you wish to convert them into certificated form)	4.30 pm. on Wed 17 August 2016
Latest time and date for depositing renounced PALs, nil paid or fully paid, into CREST or for dematerialising Nil Paid Rights or Fully Paid Rights into a CREST stock account (i.e. if your Nil Paid Rights or Fully Paid Rights are represented by a PAL and you wish to convert them to uncertificated form)	3.00 pm. on Thu 18 August 2016
Latest time and date for splitting PALs, nil paid or fully paid	3.00 pm. on Fri 19 August 2016
Latest time and date for acceptance and payment in full and registration of renounced PALs	11.00 am. on Tue 23 August 2016
Results of Rights Issue to be announced through a Regulatory Information Service	by 8.00 am. on Wed 24 August 2016
Commencement of dealings in New Ordinary Shares fully paid on the London Stock Exchange	8.00 am. on Wed 24 August 2016
New Ordinary Shares credited to CREST accounts (for Qualifying CREST Shareholders only)	as soon as practicable after 8.00 am. on Wed 24 August 2016
Dispatch of definitive share certificates for New Ordinary Shares in certificated form (to Qualifying Non-CREST Shareholders only)	by no later than Thu 1 September 2016
If applicable, dispatch of cheques and crediting CREST accounts with proceeds due for payments for shares not taken up	1 September 2016

¹ Subject to certain restrictions relating to Overseas Shareholders. See paragraph 7 of Part IX “Terms and Conditions of the Rights Issue” of the Prospectus.

QUESTIONS – links to the answers to be applied

Background to and Terms of the Rights Issue

- Q1: What is a rights issue?
- Q2: What is the background to the Rights Issue?
- Q3: What are the terms of the Rights Issue?
- Q4: What is the record date?
- Q5: Is the Rights Issue underwritten?
- Q6: What are my choices under the Rights Issue?
- Q7: What is the deadline for accepting/paying/splitting?
- Q8: What will happen to any Fractions of New Shares?
- Q9: Will this affect my Existing Ordinary Shares?
- Q10: What effect will the Rights Issue have on the Melrose Industries PLC share price?
- Q11: Do I have to take up/pay for the rights?
- Q12: If I apply for new shares when can I expect my account to be updated?
- Q13: Can I apply for excess rights?
- Q14: Can the deadline be extended?
- Q15: Can overseas holders take part?
- Q16: How do I pay?
- Q17: What will happen if I allow my rights to lapse?
- Q18: What is the company's dividend policy going forward? Will the New Shares issued under the Rights Issue qualify for dividends?
- Q19: Who do I contact if I have any queries?

ANSWERS

Background to and Terms of the Rights Issue

Q1: What is a rights issue?

A rights issue is a way for companies to raise capital. Melrose is giving its existing ordinary shareholders a right to buy further Ordinary Shares in proportion to their existing shareholdings.

Q2: What is the background to the Rights Issue?

On 6 July 2016, the board of Melrose Industries PLC announced that the Company is proposing to raise £1,655 million (before expenses) by way of a Rights Issue of up to 1,741,612,236 New Ordinary Shares at 95 pence per share on the basis of 12 New Ordinary Shares for every 1 Existing Ordinary Shares.

If completion occurs, the Rights Issue proceeds (net of commissions and expenses) will be applied to fund the acquisition of Nortek Inc.

Q3: What are the terms of the Rights Issue?

Subject to the fulfilment of certain terms and conditions as outlined in Part XI of the Prospectus, the Company will offer up to 1,741,612,236 New Ordinary Shares by way of rights to Qualifying Shareholders at 95 pence per New Ordinary Share, payable in full on acceptance. The Rights Issue will be on the basis of 12 New Shares for every 1 Existing Ordinary Shares held by and registered in the names of Qualifying Shareholders on 4 August 2016, the record date. The Issue Price of 95 pence per New Share, which is payable in full on acceptance by no later than 11.00 am. on 23 August 2016, represents a 76.8% discount to the closing price on the last practicable date for publication of the prospectus.

Q4: What is the record date?

The Record Date is the date on which the Company Registrar closes its records which is Thursday 4 August 2016.

Q5: Is the Rights Issue underwritten?

Yes. The Rights Issue is fully underwritten by the Joint Underwriters, subject to certain customary conditions, on the basis set out in the Underwriting Agreement. The principle terms of the Underwriting Agreement are summarised in Paragraph 14.1.1 in Part XII “Additional Information” of the Prospectus.

Q6: What are my choices under the Rights Issue?

If you are a Qualifying Shareholder you may choose to:

- Take up all of your Rights in full by making a payment.
- Take up some of your Rights and let the balance lapse.
- Sell / transfer all of your Rights.
- Sell / transfer some of your Rights and take up the balance.
- Sell / transfer some of your Rights and let the balance lapse.
- Do nothing / let your rights lapse.

Q7: What is the deadline for accepting/paying/splitting?

Deadline to accept participation and provide full payment in the Rights Issue is 11.00am 23 August 2016. Deadline to split your election is 3.00pm on 19 August 2016.

Q8: What will happen to any Fractions of New Shares?

The offer is for 12 New Melrose Shares for every 1 Existing Melrose Share, as a result no fractional entitlements will arise.

Q9: Will this affect my Existing Ordinary Shares?

No. You will continue to hold your Existing Ordinary Shares, regardless of whether or not you participate in the Rights Issue. If you choose not to take up the rights allocated to you, you will own a smaller proportion of the company than you do now, as there will be more Melrose shares in issue but the number of shares you hold will remain the same.

If you already hold share certificates, these will still remain valid after the Rights Issue.

Q10: What effect will the Rights Issue have on the Melrose Industries PLC share price?

We are not able to speculate on future Melrose share prices, however, the fact that additional Melrose shares will be in issue when the Rights Issue is completed may influence the share price. Any such influence will also depend on market movements during and after the Rights Issue. You can find details of the Melrose share price in the Financial Press or on the Company’s website at www.Melroseplc.net.

The Rights Issue will result in the issue of up to 1,741,612,236 New Ordinary Shares, which will form approximately 92 per cent of the Melrose shares in issue immediately following the Rights Issue.

Q11: Do I have to take up/pay for the rights?

You are under no obligation to take up the rights allocated to you. If you do take up the Rights, either in part or in whole, then funds will be required to support your application.

Q12: If I apply for new shares when can I expect my account to be updated?

Your account should be updated to reflect the new shares that you have taken up on Wednesday 24th August 2016.

Q13: Can I apply for excess rights?

Should you wish to purchase additional rights, you should contact your stockbroker who may be able to acquire additional rights for you in the market. There is no option under the Melrose Rights Issue to do this.

Q14: Can the deadline be extended?

No. The reply date is based on the Company’s timetable to complete the acquisition.

Q15: Can overseas holders take part?

Overseas residents should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in the offer.

Q16: How do I pay?

Uncertificated shares – Please refer to the PAL.

Shares held by a Nominee – If you hold shares within a Nominee, please contact your Nominee for payment instructions. Please note that the Nominee will decide on a different deadline for shareholders to elect by as this is always at least one day before the market deadline, but can be more.

Shares in CREST – Payment is made electronically. When a CREST holder elects on the system, payment will automatically be taken via the CREST system. It is down to the CREST holder to ensure their member account has the money in place before election. Note CREST holders do not receive a PAL.

As always, please remember that investments can fall in value as well as rise and you could get back less than you initially invest. We are unable to provide personal financial advice about the suitability of an account or any investment you hold in Melrose.

Q17: What will happen if I allow my rights to lapse?

If you do nothing and allow your rights to lapse, you may receive a lapsed proceeds payment provided the proceeds of your rights exceed £5, after the event closes, in exchange for your rights however this cannot be guaranteed as the company may not always pay these.

Q18: What is the company's dividend policy going forward? Will the New Shares issued under the Rights Issue qualify for dividends?

The New Ordinary Shares will, when issued and fully paid, rank equally in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions made, paid or declared after the date of issue of the New Ordinary Shares and otherwise *pari passu* with the Existing Ordinary Shares. It is the intention of the Board to maintain a dividend policy going forward which will take into account the bonus element of the rights issue and will be appropriate taking into account the size of the group.

The dividend policy of the Company may be found in the Prospectus.

Q19: Who do I contact if I have any queries?

If you have any queries on the Rights Issue please feel free to contact Equiniti's Corporate Actions Enquiry Team on UK 0333 207 6392. If calling from overseas, please dial +44 121 415 0966. The service is open Monday to Friday from 08:30 to 17:30 starting on 6th July 2016 and ending on 1st September 2016.

Alternatively, please contact Melrose's Company Secretary, Adam Westley, on 020 7647 4500.