

# Notice of Annual General Meeting

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your shares in Melrose Industries PLC (the "Company"), you should send this document, together with the accompanying form of proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

Notice is given that the Annual General Meeting of the Company will be held at Barber-Surgeons' Hall, Monkwell Square, Wood Street, London, EC2Y 5BL at 11.30 a.m. on 11 May 2016 for the purposes set out below. Resolutions 1 to 14 (inclusive) will be proposed as ordinary resolutions and resolutions 15 to 17 (inclusive) as special resolutions.

## Ordinary resolutions

1. To receive the Company's audited financial statements for the financial year ended 31 December 2015, together with the Directors' report, strategic report and the auditor's report on those financial statements.
  2. To approve the Directors' remuneration report (other than the part containing the Directors' remuneration policy) for the year ended 31 December 2015, as set out on pages 64 to 81 (save for pages 76 to 81) of the Company's 2015 Annual Report.
  3. To approve the Directors' remuneration policy, as set out on pages 76 to 81 of the Company's 2015 Annual Report.
  4. To declare a final dividend of 2.6 pence per ordinary share for the year ended 31 December 2015.
  5. To re-elect Christopher Miller as a Director of the Company.
  6. To re-elect David Roper as a Director of the Company.
  7. To re-elect Simon Peckham as a Director of the Company.
  8. To re-elect Geoffrey Martin as a Director of the Company.
  9. To re-elect John Grant as a Director of the Company.
  10. To re-elect Justin Dowley as a Director of the Company.
  11. To re-elect Liz Hewitt as a Director of the Company.
  12. To re-appoint Deloitte LLP as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at which accounts are laid.
  13. To authorise the Audit Committee to determine the remuneration of the auditor of the Company.
  14. That, in accordance with section 551 of the Companies Act 2006 (the "Act"), the directors of the Company (the "Directors") be and are generally and unconditionally authorised to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company ("Rights"):
    - (A) up to an aggregate nominal amount of £3,317,356; and
    - (B) comprising equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £6,634,713 (such amount to be reduced by the aggregate nominal amount of any allotments or grants made under paragraph (A) of this resolution) in connection with an offer by way of a rights issue:
      - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
      - (ii) to holders of other equity securities as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,
 and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of any territory or any other matter,
- such authorities to expire at the conclusion of the Company's next Annual General Meeting after this resolution is passed or, if earlier, at the close of business on 30 June 2017, but, in each case, so that the Company may make offers or agreements before the authority expires which would or might require shares to be allotted or Rights to be granted after the authority expires, and so that the Directors may allot shares or grant Rights in pursuance of any such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

### Special resolutions

15. That, subject to the passing of resolution 14, in accordance with sections 570 and 573 of the Act, the Directors be and are generally empowered to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authorities granted by resolution 14 as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited:

- (A) to the allotment of equity securities in connection with an offer of equity securities (but in the case of an allotment pursuant to the authority granted under paragraph (B) of resolution 14, such power shall be limited to the allotment of equity securities in connection with an offer by way of a rights issue only):
- (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) to holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of any territory or any other matter; and

- (B) to the allotment (otherwise than in the circumstances set out in paragraph (A) of this resolution) of equity securities pursuant to the authority granted by paragraph (A) of resolution 14 up to an aggregate nominal amount of £995,206,

such power to expire at the conclusion of the Company's next Annual General Meeting after this resolution is passed or, if earlier, at the close of business on 30 June 2017, but, in each case, so that the Company may make offers or agreements before the power expires which would or might require equity securities to be allotted after the power expires and so that the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this authority has expired.

16. That the Company be and is generally and unconditionally authorised to make one or more market purchases (within the meaning of section 693 of the Act) of ordinary shares in the capital of the Company provided that:

- (A) the maximum aggregate number of ordinary shares authorised to be purchased is 14,513,435;
- (B) the minimum price which may be paid for an ordinary share is the nominal value of an ordinary share at the time of such purchase;

(C) the maximum price which may be paid for an ordinary share is not more than the higher of:

- (i) 105% of the average of the middle-market quotation for an ordinary share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the ordinary share is purchased; and
- (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out,

in each case, exclusive of expenses;

(D) this authority shall expire at the conclusion of the Company's next Annual General Meeting after this resolution is passed or, if earlier, at the close of business on 30 June 2017;

(E) the Company may make a contract of purchase of ordinary shares under this authority which would or might be executed wholly or partly after the expiry of this authority, and may make a purchase of ordinary shares in pursuance of any such contract; and

(F) any ordinary shares purchased pursuant to this authority may either be held as treasury shares or cancelled by the Company, depending on which course of action is considered by the Directors to be in the best interests of shareholders at the time.

17. That a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

### Recommendation

The Board believes that each of the resolutions to be proposed at the Annual General Meeting is in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that ordinary shareholders vote in favour of all of the resolutions proposed, as the Directors intend to do in respect of their own beneficial holdings.

### By order of the Board



**Adam Westley**  
Company Secretary  
24 March 2016

Registered Office:  
11th Floor Colmore Plaza  
20 Colmore Circus Queensway  
Birmingham  
West Midlands  
B4 6AT

# Notice of Annual General Meeting

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### Explanatory notes to the proposed resolutions

Resolutions 1 to 14 (inclusive) are proposed as ordinary resolutions, which means that for each of those resolutions to be passed, more than half the votes cast must be cast in favour of the resolution. Resolutions 15 to 17 (inclusive) are proposed as special resolutions, which means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be cast in favour of the resolution.

### Resolution 1 – Receipt of 2015 Annual Report and financial statements

The Directors are required to lay the Company's financial statements, the strategic report and the Directors' and auditor's reports on those financial statements (collectively, the "2015 Annual Report") before shareholders each year at the Annual General Meeting ("AGM").

### Resolutions 2 and 3 – Approval of Directors' remuneration report and Directors' remuneration policy

The Directors' remuneration report (the "Directors' Remuneration Report") is presented in three sections:

- the annual statement from the Chairman of the Remuneration Committee;
- the annual report on remuneration; and
- the Directors' remuneration policy (the "Directors' Remuneration Policy").

The annual statement from the Chairman of the Remuneration Committee, set out on pages 64 to 67 of the 2015 Annual Report, summarises, for the year ended 31 December 2015, the major decisions taken on Directors' remuneration, any substantial changes relating to Directors' remuneration made during the year and the context in which those changes occurred and decisions that have been taken.

The annual report on remuneration, set out on pages 68 to 76 of the 2015 Annual Report, provides details of the remuneration paid to Directors in respect of the year ended 31 December 2015, including base salary, taxable benefits, short-term incentives, long-term incentives vested in the year, pension-related benefits, any other items in the nature of remuneration and any sum(s) recovered or withheld during the year in respect of amounts paid in earlier years.

The Directors' Remuneration Policy, set out on pages 76 to 81 of the 2015 Annual Report, provides details of the Company's policy on Directors' remuneration (including the policy on payments for loss of office).

The Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) is subject to an annual advisory shareholder vote by way of an ordinary resolution. Resolution 2 is to approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy).

The Directors' Remuneration Policy is subject to a binding shareholder vote by way of an ordinary resolution at least once every three years. The policy was approved by shareholders at the AGM held on 13 May 2014 in respect of the former holding company of the Melrose Group. However, due to the introduction of a new holding company for the Melrose Group during 2015,

the Company is required to seek shareholder approval for the Directors' Remuneration Policy in respect of the new holding company. The Directors' Remuneration Policy set out on pages 76 to 81 of the 2015 Annual Report reflects the policy approved by shareholders at the AGM held on 13 May 2014 (to the extent that the policy remains applicable going forwards).

All remuneration payments and payments for loss of office made by the Company to the current and any former Directors must be consistent with the Directors' Remuneration Policy or, if inconsistent with the Directors' Remuneration Policy, must have been separately approved by way of an ordinary resolution of the shareholders in accordance with the relevant provisions of the Act.

Resolution 3 is to approve the Directors' Remuneration Policy. The Directors' Remuneration Policy will, subject to shareholder approval, take effect from the conclusion of the AGM.

If the Directors' Remuneration Policy is approved and remains unchanged, it will be valid for up to three years without new shareholder approval. If the Company wishes to change the Directors' Remuneration Policy, it must first seek approval of the amended policy from the shareholders. If the Directors' Remuneration Policy is not approved for any reason, the Company will, if and to the extent permitted by the Act, continue to make payments (including payments for loss of office) to the current and any former Directors in accordance with any existing contractual arrangements and will seek the approval of a proposed revised Directors' Remuneration Policy from the shareholders as soon as practicable.

### Resolution 4 – Declaration of final dividend

The Board is recommending, and shareholders are being asked to approve, the declaration of a final dividend of 2.6 pence per ordinary share for the year ended 31 December 2015. The final dividend will, subject to shareholder approval, be paid on 16 May 2016 to the holders of ordinary shares whose names are recorded on the register of members of the Company at the close of business on 8 April 2016.

### Resolutions 5 to 11 (inclusive) – Re-election of Directors

In accordance with the UK Corporate Governance Code (the "Code") and the Company's articles of association (the "Articles"), every Director (with the exception of the senior non-executive director, Perry Crosthwaite, who will retire at the conclusion of the AGM and will not stand for re-election) will stand for re-election at the AGM. Biographical details of each Director can be found on pages 48 and 49 of the 2015 Annual Report. All of the non-executive Directors standing for re-election are currently considered independent under the Code.

### Resolution 12 – Re-appointment of auditor

The Company is required to appoint auditors at each general meeting at which accounts are laid before shareholders, to hold office until the next such meeting.

The Audit Committee has reviewed the effectiveness, performance, independence and objectivity of the existing external auditor, Deloitte LLP, on behalf of the Board, and concluded that the external auditor was in all respects effective.

This resolution proposes the re-appointment of Deloitte LLP until the conclusion of the next AGM.

### Resolution 13 – Authority to agree auditor's remuneration

This resolution seeks authority for the Audit Committee to determine the level of the auditor's remuneration.

### Resolution 14 – Authority to allot shares

This resolution seeks shareholder approval to grant the Directors the authority to allot shares in the Company, or to grant rights to subscribe for or convert any securities into shares in the Company ("Rights"), pursuant to section 551 of the Act ("Section 551 authority"). The authority contained in paragraph (A) of the resolution will be limited to an aggregate nominal amount of £3,317,356, being approximately one-third of the Company's issued ordinary share capital as at 23 March 2016 (being the last business day prior to the publication of this notice).

In line with guidance issued by the Association of British Insurers, paragraph (B) of this resolution would give the Directors authority to allot shares in the Company or grant Rights in connection with a rights issue up to aggregate nominal amount of £6,634,713, representing approximately two-thirds of the Company's issued ordinary share capital as at 23 March 2016, as reduced by the aggregate nominal amount of any allotments or grants under paragraph (A) of this resolution.

The Company does not hold any shares in treasury.

If approved, the Section 551 authority shall, unless renewed, revoked or varied by the Company, expire at the end of the Company's next AGM after the resolution is passed or, if earlier, at the close of business on 30 June 2017. The exception to this is that the Directors may allot shares or grant Rights after the authority has expired in connection with an offer or agreement made or entered into before the authority expired. The Directors have no present intention to exercise the Section 551 authority.

### Resolution 15 – Partial disapplication of pre-emption rights

This resolution seeks shareholder approval to grant the Directors the power to allot equity securities of the Company pursuant to sections 570 and 573 of the Act (the "Section 570 and 573 power") without first offering them to existing shareholders in proportion to their existing shareholdings.

The power is limited to allotments for cash in connection with pre-emptive offers, subject to any arrangements that the Directors consider appropriate to deal with fractions and overseas requirements and otherwise for cash up to a maximum nominal value of £995,206, representing approximately 10% of the Company's issued ordinary share capital as at 23 March 2016.

The Directors intend to adhere to the guidelines set out in the Pre-Emption Group's Statement of Principles (as updated in March 2015) and not to allot shares for cash on a non pre-emptive basis pursuant to the authority in Resolution 15(B):

- in excess of an amount equal to 5% of the Company's issued ordinary share capital; or

- in excess of an amount equal to 7.5% of the Company's issued ordinary share capital in a rolling three-year period, in each case other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

If approved, the Section 570 and 573 power shall apply until the end of the Company's next AGM after the resolution is passed or, if earlier, until the close of business on 30 June 2017. The exception to this is that the Directors may allot equity securities after the power has expired in connection with an offer or agreement made or entered into before the power expired. The Directors have no present intention to exercise the Section 570 and 573 power.

### Resolution 16 – Authority to purchase own shares

This resolution seeks shareholder approval to grant the Company the authority to purchase its own shares pursuant to sections 693 and 701 of the Act.

This authority is limited to an aggregate maximum number of 14,513,435 ordinary shares, representing 10% of the Company's issued ordinary share capital as at 23 March 2016.

The maximum price which may be paid for an ordinary share will be an amount which is not more than the higher of (i) 5% above the average of the middle market quotation for an ordinary share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the ordinary share is purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out (in each case, exclusive of expenses).

If approved, the authority shall, unless varied, revoked or renewed, expire at the end of the Company's next AGM after the resolution is passed or, if earlier, at the close of business on 30 June 2017. The Directors have no present intention of exercising all or any of the powers conferred by this resolution and will only exercise their authority if it is in the interests of shareholders generally.

### Resolution 17 – Notice period for general meetings other than AGMs

This resolution seeks shareholder approval to allow the Company to continue to call general meetings (other than AGMs) on 14 clear days' notice. In accordance with the Act, as amended by the Companies (Shareholders' Rights) Regulations 2009, the notice period required for general meetings of the Company is 21 days unless shareholders approve a shorter notice period (subject to a minimum period of 14 clear days). In accordance with the Act, the Company must make a means of electronic voting available to all shareholders for that meeting in order to be able to call a general meeting on less than 21 clear days' notice.

The Company intends to only use the shorter notice period where this flexibility is merited by the purpose of the meeting and is considered to be in the interests of shareholders generally, and not as a matter of routine. AGMs will continue to be held on at least 21 clear days' notice.

The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

# Notice of Annual General Meeting

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### Explanatory notes as to the proxy, voting and attendance procedures at the Annual General Meeting (AGM)

1. The holders of ordinary shares in the Company are entitled to attend the AGM and are entitled to vote. A member entitled to attend, speak and vote at the AGM is also entitled to appoint a proxy to exercise all or any of his/her rights to attend, speak and vote at the AGM in his/her place. 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 stated time for holding the meeting (or, in the event of an adjournment, not less than 48 hours before the stated time of the adjourned meeting (excluding any part of a day which is not a working day)). 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 Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she 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 the holders of ordinary shares in the Company.
4. To be entitled to attend and vote at the AGM (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 9 May 2016 (or, in the event of an adjournment, on the date which is two days, excluding any day which is not a working day, 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 23 March 2016 (being the last business day prior to the publication of this notice), the Company's issued share capital consists of 145,134,353 ordinary shares of 48/7 pence each, carrying one vote each.
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 (available at [www.euroclear.com](http://www.euroclear.com)). 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. 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 11.30 a.m. on 9 May 2016. 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/her 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. Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.
12. Any member holding ordinary shares attending the meeting has the right to ask questions. The Company must answer any such questions relating to the business being dealt with at the meeting but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; and/or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
13. Voting at the AGM will be by poll. The Chairman will invite each shareholder, corporate representative and proxy present at the meeting to complete a poll card indicating how they wish to cast their votes in respect of each resolution. In addition, the Chairman will cast the votes for which he has been appointed as proxy. Poll cards will be collected during the meeting. Once the results have been verified by the Company's registrar, Equiniti, they will be notified to the UK Listing Authority, announced through a Regulatory Information Service and will be available to view on the Company's website.
14. A copy of this notice, and other information required by section 311A of the Act, can be found at **[www.melroseplc.net](http://www.melroseplc.net)**
15. You may not use an electronic address provided in either this Notice of AGM or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.
16. The following documents will be available for inspection at the Company's registered office during normal business hours (Saturdays, Sundays and public holidays excepted) from the date of this notice until the date of the AGM and at the place of the AGM for 15 minutes prior to and during the meeting:
  - (A) copies of all service agreements under which Directors of the Company are employed by the Company or any subsidiaries; and
  - (B) a copy of the terms of appointment of the non-executive Directors of the Company.
17. You may register your vote online by visiting Equiniti's website at **[www.sharevote.co.uk](http://www.sharevote.co.uk)**. In order to register your vote online, you will need to enter the Voting ID, Task ID and 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 AGM and voting in person, should you 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](http://www.shareview.co.uk)** and then clicking on the link to vote under their Melrose Industries 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 11.30 a.m. on 9 May 2016.