Form **8937**
(December 2017)
Department of the Treasury
Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

OMB No. 1545-0123

Part I Reporting Issuer

1 Issuer's name	2 Issuer's employer identification number (EIN)
Melrose Industries PLC	FOREIGNUS

3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact

6 Number and street (or P.O. box if mail is not delivered to street address) of contact	7 City, town, or post office, state, and ZIP code of contact
11th Floor, The Colmore Building, 20 Colmore Circus Queensway	Birmingham, West Midlands. B4 6AT

8 Date of action	9 Classification and description
April 20, 2023	Melrose Industries PLC common stock; the demerger of Dowlais Group PLC

10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
ISIN: GB00BNGDN821		MRO (London stock exchange)	

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ See attachment

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ See attachment

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See attachment

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attachment

18 Can any resulting loss be recognized? ▶ See attachment

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attachment

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ _____ Date ▶ 04/07/2023

Print your name ▶ WARREN FERNANDEZ Title ▶ COMPANY SECRETARY

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

Line 14:

Melrose Industries PLC ("Melrose" or the "Company") is a publicly traded UK company classified as a corporation for US federal income tax purposes. On January 13, 2023, Melrose formed a new PLC, Dowlais Group plc ("Dowlais") for the purposes of executing a demerger. On February 28, 2023, Melrose transferred the GKN Automotive, GKN Powder Metallurgy and GKN Hydrogen businesses to Dowlais in exchange for additional shares in Dowlais (the, "Contribution"). After 6:00 p.m. but prior to 8:00 am April 19, 2023 (London time), Melrose undertook a 1 for 3 reverse stock split (the "Consolidation"). Following the Consolidation but prior to 8:00 am April 20, 2023 (London time), Melrose distributed 97% of the issued and outstanding shares of Dowlais to its public shareholders on a pro rata basis (the "Distribution" collectively with the Contribution, the "Demerger"). For every one Melrose share held following the Consolidation, investors received one Dowlais share.

Line 15:

The Consolidation

The Consolidation resulted in a reverse 1-for-3 stock split in which every 3 ordinary shares issued and outstanding at the time of the Consolidation were surrendered and exchanged for a single ordinary share. No fractional shares were issued. If as a result of the reverse stock split, a shareholder would otherwise have been entitled to a fractional share such shareholder instead received a cash payment equal to the fraction of which such shareholder would otherwise have been entitled multiplied by the price-per-share of an ordinary share immediately following the Consolidation.

Melrose intends to treat the Consolidation as a tax-free reorganization pursuant to Section 368(a). Accordingly, a shareholder's tax basis in one ordinary share immediately after the Consolidation (but prior to the Demerger) equaled such shareholder's tax basis in 3 ordinary shares immediately prior to the Consolidation surrendered in exchange therefor (subject to certain de minimis exceptions for specific shareholders that receive cash in lieu of fractional shares and the receipt of such cash in lieu of fractional shares is treated as a Section 1001 exchange described below). Further, a shareholder's total tax basis in that shareholder's post Consolidation (but pre-Demerger) ordinary shares should equal that shareholders total tax basis in that shareholder's pre-Consolidation ordinary shares (subject to the certain de minimis exceptions with respect to a Section 1001 exchange treatment described below).

To the extent cash was received (or donated to charity on investors' behalf) in respect of fractional entitlements, each shareholder will be treated as surrendering such shares for the cash received in lieu of fractional entitlements. Pursuant to Section 302, shares of a corporation transferred by a shareholder to the issuing corporation in exchange for property is treated as either an exchange pursuant to Section 1001 or as a Section 301 distribution of property. Whether the receipt of cash in lieu of fractional entitlements in the Consolidation is treated as a Section 1001 exchange or a Section 301 distribution is dependent upon the specific facts and circumstances of the individual shareholder receiving the cash in lieu of fractional entitlements. The receipt of cash in lieu of fractional shares may qualify for sale/exchange treatment under Section 302(b) for some shareholders and as a distribution under Section 301 for other shareholders. It should be

emphasized that the analysis required under Section 302 is applied on a shareholder-by-shareholder basis. It should additionally be noted that certain attribution rules must be considered in applying these rules. Shareholders should consult a tax advisor with respect to the specific application of Section 302 with respect to receiving cash in lieu of fractional shares.

The Demerger

While Melrose has not received professional advice regarding the U.S. tax consequences of the Demerger, Melrose intends to treat the Demerger as a tax-free reorganization pursuant to Section 368(a)(1)(D) and Section 355 of the Internal Revenue Code of 1986, as amended (the "IRC"). Alternatively, in the event the Demerger does not qualify as a tax-free reorganization, Melrose intends to treat the Distribution as a taxable distribution pursuant to Section 301.

Intended outcome:

To the extent the Demerger is treated as a tax-free reorganization pursuant to Section 368(a)(1)(D), the aggregate tax basis in the Melrose shares held immediately prior to the Distribution by a person will be allocated among the Dowlais shares received by such person in the Distribution and the Melrose shares held by such person immediately after the Distribution. This allocation must be made in proportion to the relative fair-market value of the shares of Melrose and Dowlais issued and outstanding at the time of the Distribution.

Alternative outcome:

If the demerger is not treated as a tax-free reorganization pursuant to Section 368(a)(1)(D), the consequences of the Distribution to the shareholders of Melrose are anticipated to be as follows:

1.) The Distribution would be treated as a dividend to the extent of Melrose current and accumulated earnings and profits (as determined for US federal income tax purposes);

2.) To the extent the amount of the Distribution exceeds Melrose's current and accumulated earnings and profits at the time of the Distribution, such excess would reduce a Melrose shareholder's basis in its Melrose shares of stock; and

3.) Any residual portion of the distribution received by a shareholder (i.e., any portion of the Distribution that is in excess of Melrose's current and accumulated earnings and profits and in excess of a shareholder's basis in its Melrose stock) would be treated as capital gain from the sale or exchange of a capital asset.

Melrose does not compute its earning and profits for US federal income tax purposes. As such, it is possible that the full amount of the Distribution could be characterized as a dividend.

In the event the Distribution is a taxable distribution, it is anticipated that the shareholders of Melrose will take a fair-market value basis in the shares in Dowlais received in the Distribution.

Line 16

The Consolidation

Pursuant to the Consolidation, every 3 shares of issued and outstanding ordinary shares were converted into one ordinary share. Accordingly, each shareholder's tax basis in one share of common stock in Melrose after the Consolidation should equal such shareholder's tax basis in three ordinary shares exchanged in the Consolidation (subject to de minimis exceptions with regards to fractional shares surrendered in exchange for cash that is treated as a Section 301(c)(1) distribution). As such, each shareholder's basis per share was impacted by the Consolidation but such shareholder's aggregate basis in its ordinary shares of Melrose remained unchanged (subject to certain de minimis exceptions regarding shareholders that received cash in lieu of fractional shares and the receipt of such cash was treated as a Section 1001 exchange).

Shareholders with blocks of pre-Consolidation ordinary shares that cannot be divided by 3 which reflect pre-Consolidation shares acquired at different times or different prices must replicate such blocks in the ordinary shares received in the Consolidation to the greatest extent possible and consistent with applicable treasury regulations. Shareholders with multiple blocks of stock should consult a tax advisor with respect to the specific application of the treasury regulations with respect to the re-creation of the pre-Consolidation blocks of stock in the ordinary shares received in the Consolidation.

The Demerger

At the time of the Distribution there were 1,351,475,321 ordinary shares of Melrose stock outstanding, with each share having an immediate post-Demerger opening value of 360 pence per share for a value of £4,865,311,155 ($6,052,447,077 USD). At the time of the Distribution, Dowlais had 1,393,273,527 shares outstanding. Melrose distributed 1,351,475,321 Dowlais shares to shareholders, on a one for one basis, being 97% of the outstanding stock of Dowlais. Dowlais had an initial listed price of 146 pence per share, resulting in Dowlais stock with a value of £1,913,959,350 ($2,380,965,431 USD) being distributed in the Distribution. Thus, to the extent the Demerger is treated as a tax-free reorganization, US resident shareholders of Melrose should allocate their stock basis in their Melrose shares at the time of the Distribution as follows: 71.8% to their shares of Melrose and 28.2% to their shares of Dowlais received in the Distribution.

To the extent the Distribution is not a tax-free distribution pursuant to Section 355, the shareholders in Melrose would take a fair-market value basis in the shares of Dowlais received. The Melrose shareholders would also be required to adjust their basis in the stock of Melrose consistent with the consequences outlined in Question 15.

Line 17:

Sections 301, 302, 316, 318, 351, 354, 355, 356, 358, 361, 362, and 368

Line 18:

No loss may be recognized by a holder of Melrose shares or by Melrose as a result of the Consolidation or the Demerger.

Line 19:

For a holder of Melrose shares whose tax year is the calendar year, the reportable tax year is the year ending December 31, 2023.

The information in this document is intended to comply with IRC Section 6045B. However, the information in this document does not constitute tax advice and is not intended or written for the purpose of avoiding penalties under the IRC. It does not purport to be complete or to describe the consequences that apply to particular categories of Melrose shareholders (e.g., it does not address Melrose shareholders that acquired blocks of Melrose shares at different times and prices). Melrose shareholders are encouraged to consult with their tax advisors for questions on their own specific tax position.