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FOR IMMEDIATE RELEASE

18 January 2018

Melrose Industries PLC (“Melrose”)

Statement regarding its offer for GKN plc (“GKN”)

Melrose has noted the statement earlier today from GKN.

The real premium for GKN shareholders is reflected in the current share prices of GKN and Melrose, both of which have risen substantially since the announcement of Melrose’s approach by the Board of GKN.

Under the terms of the offer from Melrose, GKN shareholders will collectively have:

- 57% of GKN’s business and the uplift in value which the Melrose management expect to create; and
- 57% of the existing Melrose group and the value uplift which the Melrose management expect to create in those businesses; and
- £1.4 billion in cash which they can invest in existing Melrose shares if they wish to increase further their shareholding in the enlarged group.

Simon Peckham, Chief Executive of Melrose, said:

“In less than a week shareholders have seen 104 pence per share or £1.8 billion added to the value of GKN which shareholders can, if they wish, realise today in the market. Melrose’s actions have done that, not GKN’s management.

Melrose believes that the shareholders of GKN are best placed to judge which management team is better equipped to deliver the greatest value to shareholders of GKN.”

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Sources and Bases

1. GKN Share price increase is calculated as a difference between:
 - the implied value of GKN Share of 430.1 pence, based on the closing price of 234.3 pence per Melrose Share on 16 January 2018 (being the last business day prior to the firm offer announcement); and
 - the closing price of 326.3 pence per GKN share (being the last business day prior to the approach made by Melrose to the GKN Board in connection with the Acquisition)
2. GKN's market capitalisation increase is a difference between:
 - the implied offer value of the share capital of GKN of £7,387 million (based on the implied value of 430.1 pence per GKN Share); and
 - GKN's market capitalisation of £5,604 million based on GKN Share price of 326.3 pence (being the closing price on 5 January 2018, being the last business day prior to the approach made by Melrose to the GKN Board in connection with the Acquisition), using basic shares outstanding (excluding shares held in Treasury) of 1,717,477,744 as announced by GKN on 12 January 2018.

Capitalised terms used in this announcement are as per the Melrose firm offer announcement for GKN on 17 January 2018.

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

10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

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

Rule 26.1 disclosure

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available at www.melroseplc.net by no later than 12 noon (London time) on 19 January 2018.

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

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