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FOR IMMEDIATE RELEASE

26 March 2018

Melrose Industries PLC (“Melrose”)

Accept the Melrose Offer by 1.00 p.m. on Thursday 29 March 2018

Ahead of the Thursday acceptance deadline, Melrose sets out below why it strongly believes that its offer is far superior in value terms for GKN shareholders versus the alternative proposed by the GKN Board.

- **Melrose has an exceptional track record of improving businesses and a clear, consistent plan to unlock GKN’s potential – whereas GKN has a history of missed margin targets, recent profit warnings and a panicked defence strategy**
- **Melrose’s offer provides an immediate value of 458 pence per share plus 60% of the upside of both GKN and Melrose**
 - Significant premium of 40% to the GKN share price of 326 pence before the approach
 - Certainty from cash proceeds:
 - immediate 81 pence on completion; plus
 - value to be realised from disposal of Nortek, which would equate to approximately 145 pence assuming proceeds equal to Melrose’s latest market capitalisation
- **Melrose’s objectives for shareholders include more than doubling shareholders’ investment**
 - This would mean creating additional value of over £6.5 billion or approximately 220 pence per GKN share
 - On previous acquisitions, the stock market has given Melrose credit for improving the business ahead of full delivery
 - Melrose’s share price would need to increase by only 12% in order to match the optimistic estimate of the GKN sum-of-the-parts value set by its Board
- **In response, GKN is proposing a confused and rushed sale of 73% of the business within the next 12 to 18 months**
 - Continued dismemberment of GKN by selling Driveline, Powder Metallurgy and Aerostructures
 - Underperforming management team facing monumental challenge of executing a break-up of three quarters of the business whilst trying to improve what they intend to keep
 - Creating, in our view, a real risk of share price languishing to levels before the Melrose Offer
- **Dana’s flawed transaction revised today still substantially undervalues GKN Driveline**
 - A favourable deal for Dana allowing it to gain access to the future eDrive technology at a low valuation
 - Small “tip” of £100 million does not compensate for the approximately 7% reduction in the equity component value of the proposed sale since announcement
 - Overall valuation remains at an approximately £900 million discount to GKN’s own valuation
 - Majority of consideration in a form of a minority Dana stake, shares in which many GKN Shareholders will not be able or, in our view, wish to hold
 - An increased share buy-back by Dana confirms our expectation that the market would be awash with Dana shares

- **Melrose's offer is execution certain**

- Melrose's Final Offer would be declared wholly unconditional by 19 April 2018
- As an alternative, GKN's shareholders will have to wait for:
 - Completion of an uncertain transaction with Dana possibly as late as the end of the year
 - Risk of a parallel sale of Powder Metallurgy
 - Uncertain plan of improving margins in Aerospace by an unknown management team overburdened with pension liabilities

Christopher Miller, Chairman of Melrose, said today:

"The GKN Board's lack of confidence in its own abilities to run the business is a clear indication that it's time for a change. Today's tweak of terms on the sale of Driveline to Dana does not offset the 7% reduction in equity value since the announcement. It is a small recompense for what would be lost potential for GKN shareholders even when compared to GKN's own £900 million higher valuation for the business.

The last-minute attempts of claiming shareholder support that then had to be retracted is a sign of desperation.

We urge shareholders to cast their votes for a proven Melrose team with an outstanding track record and a plan to revitalise GKN, creating tremendous value and outcome for all stakeholders.

The alternative is the reckless dismemberment of a business and needless value destruction for all stakeholders.

We urge GKN shareholders to accept our offer."

The deadline for acceptances of the Final Offer is 1.00 p.m. on Thursday 29 March 2018

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Sources and Bases

In this Announcement:

1. the current implied offer value per GKN Share of 458 pence per GKN Share is calculated by multiplying the number of Melrose Shares to be received per GKN Share held, being 1.69, by the closing price of a Melrose share on 23 March 2018 of 219.2 pence and adding the 81 pence per GKN share to be received in cash and the final dividend of 6.2 pence payable to GKN Shareholders on the register on 6 April 2018;
2. unless otherwise stated, all prices quoted for Melrose Shares and GKN Shares have been derived from the Daily Official List;
3. the calculation of the 40% premium to the price per GKN Share has been calculated by reference to the closing price on 5 January 2018 (being the last Business Day before the approach made by Melrose to the GKN Board in connection with the Acquisition) of 326.3 pence in respect of a GKN Share;
4. the percentage of the ordinary share capital of Melrose that will be owned by former GKN Shareholders of 60% is calculated by dividing the number of New Melrose Shares to be issued to GKN Shareholders (being 1.69 multiplied by the number of issued GKN Shares) by the sum of the total of the number of issued Melrose Shares plus the number of New Melrose Shares to be issued to GKN Shareholders;
5. the maximum number of issued GKN Shares of 1,744,227,243 is based on 1,718,544,164 shares in issue (excluding treasury shares) as announced by GKN on 21 March 2018 plus 25,683,079 of total options as provided by GKN subject to Rule 10, Note 3 of the City Code, and adjusted for share issuances since the latest information provided;
6. the number of issued Melrose Shares is based on 1,941,200,503 shares in issue, as announced by Melrose on 5 March 2018;
7. the approximately 145 pence to be received from sale of Nortek is calculated by multiplying the Melrose market capitalisation on 23 March 2018 (being the Latest Practicable Date) by the percentage stake in Melrose to be owned by GKN Shareholders, being 60%, and dividing by the maximum number of issued GKN Shares;
8. the equity value of approximately £6.5 billion is calculated by multiplying the number of Melrose Shares to be received per GKN Share held, being 1.69, by the closing price of a Melrose share on 23 March 2018 of 219.2 pence, then multiplying by the maximum number of issued GKN Shares;

9. the approximately 220 pence is calculated by multiplying the £6.5 billion of additional equity value by the percentage stake in Melrose to be owned by GKN Shareholders, being 60%, and dividing by the maximum number of issued GKN Shares;
10. the 12% required increase in the Melrose share price is calculated as the implied share price increase needed for the offer to be higher than the sum-of-the part estimate value as per page 23 of GKN's second defence document, released on 12th March 2018;
11. the approximately 73% of the group sales expected to be sold in the 12 – 18 months is calculated based on 2017 reported sales of Driveline of £5,597 million, Powder Metallurgy £1,173 million and non-core Aerospace segments of £836 million, representing a total of 73% of the Group's reported 2017 sales of £10,409 million;
12. the reference to GKN's plans to dispose the Aerostructures business is based on the statement made by Jos Sclater in the article entitled "GKN eyes aero-engine future if it escapes hostile Melrose bid" published by the Financial Times on 20 March 2018;
13. the 7% reduction in the equity value of the sale is calculated based on the Dana share price of \$25.1 and the GBP:USD rate of 1.415, being the closing prices as at 23 March 2018 and comparing it to the equity value based on the Dana share price of \$26.2 and the GBP:USD rate of 1.381 as per GKN's announcement on 9 March 2018;
14. the approximately £900 million valuation gap between the current implied valuation at which GKN has proposed to sell Driveline to Dana of £4.32 billion (being the equity value of \$3.35 billion based on the Dana share price of \$25.1 and new shares issued of 133.4 million, the cash component of \$1.77 billion and pension deficit of \$1.0 billion, then dividing the sum by the GBP:USD rate of 1.415 as at 23 March 2018) and the valuation of £5.23 billion that GKN itself assigned to the Driveline business (calculated by multiplying Driveline EBITDA of £588 million by the 8.9x EV/EBITDA multiple assigned by GKN to the Driveline business as set out on p. 10 of GKN's presentation released on 9 March 2018 and p. 21 of GKN's Response Circular dated 15 February 2018 respectively).

Certain figures have been subject to rounding adjustments.

Important Notices

Capitalised terms used in this announcement but not defined have the meanings given to them in the Final Offer Document.

Financial Advisers

N M Rothschild & Sons Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Melrose and for no one else in connection with the subject matter of this announcement and will not be responsible to anyone other than Melrose for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement.

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Notice to Overseas Shareholders

The release, publication or distribution of this announcement, the Original Offer Document, the First Form of Acceptance, the Original Prospectus Equivalent Document, the Final Offer Document, the Second Form of Acceptance or the New Prospectus Equivalent Document in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe any applicable requirements. In particular, the ability of persons who are not resident in the United Kingdom to accept the Offer or to execute and deliver a Form of Acceptance may be affected by the laws of the relevant jurisdictions in which they are located.

Unless otherwise determined by Melrose or required by the City Code, and permitted by applicable law and regulation, the Offer is not being made, directly or indirectly, in, into or from the United States or any other Restricted Jurisdiction or any other jurisdiction where to do so would violate the laws in that jurisdiction and no person may accept the Offer by any use, means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, the United States or any other Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction, and the Offer may not be capable of acceptance by any such use, means, instrumentality or facilities. Accordingly, copies of this announcement, the Original Offer Document, the First Form of Acceptance, the Original Prospectus Equivalent Document, the Final Offer Document, the Second Form of Acceptance or the New Prospectus Equivalent Document and any accompanying document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from the United States or any other Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction, and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from the United States or any other Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction.

The availability of the Offer to GKN Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Any such person should read paragraph 16 of Part 1 of the Final Offer Document and Section D of Part 2 (if such person holds GKN Shares in certificated form) or Section E of Part 2 (if such person holds GKN Shares in uncertificated form) of the Original Offer Document and inform themselves of, and observe, any applicable legal or regulatory requirements.

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 the business day following the date of this announcement.

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