

NOTEHOLDER CONSENT SOLICITATION

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GKN Holdings Limited
29 January 2019

THIS ANNOUNCEMENT RELATES TO THE DISCLOSURE OF INFORMATION THAT QUALIFIED OR MAY HAVE QUALIFIED AS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) 596/2014

GKN HOLDINGS LIMITED ANNOUNCES CONSENT SOLICITATIONS

29 January 2019

GKN Holdings Limited (the “**Issuer**”) announces invitations to the holders of each of its £450,000,000 5.375% Notes due 19 September 2022 (Common Code: 083097825; ISIN: XS0830978259) (the “**2022 Notes**”) and £300,000,000 3.375% Notes due 12 May 2032 (Common Code: 161185779; ISIN: XS1611857795) (the “**2032 Notes**”, and together with the 2022 Notes, the “**Notes**”) to consent to the amendment of certain provisions of the Trust Deeds, the terms and conditions of the Notes and other related documents (the “**Consent Solicitations**”). The Consent Solicitations are made on the terms and subject to the conditions set out in a consent solicitation memorandum dated 29 January 2019 (the “**Consent Solicitation Memorandum**”) and prepared by the Issuer. Capitalised terms used herein and not otherwise defined shall have the meanings given to them in the Consent Solicitation Memorandum.

The Consent Solicitations

The purpose of the Consent Solicitations is to approve certain amendments to the Trust Deeds in respect of the 2022 Notes and the 2032 Notes, *inter alia*, to:

- (i) permit the Issuer, in its sole discretion, to transfer the listing of the Notes from the Main Market of the London Stock Exchange to the Professional Securities Market of the London Stock Exchange (“**PSM**”). Upon such transfer, the Issuer shall procure, on a semi-annual basis, that financial information is prepared at the level of Melrose Industries, the parent company, which includes detailed segmental information of the GKN group;
- (ii) make provisions for providing (following the transfer of the listing of the Notes to the PSM) certain guarantees in respect of the Notes, including the accession of Potential Guarantors from time to time, subject to applicable law, receipt of requisite corporate authorisations and any other approvals, such that the Notes will, subject to applicable law and the guarantee limitation principles described in the draft Supplemental Trust Deeds (“**Guarantee Limitation Principles**”), rank equal in right of payment with the Senior Term and Revolving Facilities Agreement and no longer be structurally subordinated to it.

The approval of the Holders is also sought for any other consequential and necessary amendments, including the release of the guarantors in certain circumstances and the addition of an Event of Default (as defined in the Trust Deeds) in the event such guarantees are not in full force and effect; and

- (iii) amend the definitions of “Principal Subsidiaries” and “Adjusted Capital and Reserves”, and certain Events of Default, to refer to the Group and its consolidated financial position in place of the GKN group and its consolidated financial position, and make certain other consequential or related changes to the Trust Deeds and the Conditions in order to give effect to (i) and (ii) above, including but not limited to amending references to the Issuer’s audited consolidated financial statements and preparation of an auditor’s report thereon.

In the event the Issuer decides to proceed with the transfer of the listing of the Notes to the PSM and upon completion of such transfer of listing, subject to applicable law and the Guarantee Limitation Principles, receipt of requisite

corporate authorisations and any other approvals, the Issuer will discontinue the current structural subordination of the Notes to the Senior Term and Revolving Facilities Agreement, by procuring the accession of the Potential Guarantors to the Trust Deeds within 90 days from the date of transfer of listing of both the 2022 Notes and the 2032 Notes to the PSM, as set out in this Consent Solicitation Memorandum. In addition, the Issuer will procure that the intercompany loan made by Melrose PLC to GKN Enterprise Ltd, a subsidiary of the Issuer (the “**Intercompany Loan**”) will be contractually subordinated to the claims of the Holders of Notes and the lenders under the Senior Term and Revolving Facilities Agreement.

Background to and reasons for the Consent Solicitations

Following the acquisition of GKN, a holding company of the Issuer, by Melrose Industries (the “**Acquisition**”), the Issuer continues to explore avenues to improve efficiencies, including simplifying and rationalising its reporting obligations, while continuing to improve the content and presentation of GKN segmental information provided to the Holders on a semi-annual basis. As such the Issuer’s Board believes permitting the transfer of the listing of the Notes to the PSM will (following any such transfer of listing to the PSM):

- benefit the Holders by providing them with more relevant and meaningful information on a semi-annual basis by preparing consolidated accounts at the level of Melrose Industries, which includes detailed segmental information of the GKN group;
- simplify reporting requirements by not requiring the Issuer to prepare consolidated financial statements at the Issuer level but instead, requiring the Issuer to procure that financial information is prepared at the level of Melrose Industries;
- result in the Issuer discontinuing the structural subordination of the Notes to the Senior Term and Revolving Facilities Agreement and rank the Notes equal in right of payment with the Senior Term and Revolving Facilities Agreement by procuring that each entity that is (or becomes in the future) a borrower or guarantor under the Senior Term and Revolving Facilities Agreement will provide guarantees in respect of the Notes, subject to applicable law and the Guarantee Limitation Principles; and
- result in the Issuer discontinuing the subordination of the Notes to the Intercompany Loan by procuring that the Intercompany Loan will be contractually subordinated to the claims of the Holders of the Notes and the lenders under the Senior Term and Revolving Facilities Agreement.

Proposed Consents

The Issuer is requesting consents from the holders of the Notes (the “**Noteholders**”) to pass, at separate meetings of the holders of each of the 2022 Notes and the 2032 Notes (or any adjourned such meeting (the “**Meetings**”), an extraordinary resolution (each an “**Extraordinary Resolution**”) authorising, *inter alia*, the amendments to the Trust Deeds, the Conditions and related documents to make provisions to permit the transfer of the listing of the Notes to the PSM.

The Issuer is also proposing amendments to the Trust Deeds, the Conditions and related documents to make provisions (following any transfer of listing of the Notes to the PSM) for the accession and release of guarantors, subject to applicable law and receipt of requisite corporate authorisations and approvals, and the addition of an Event of Default in the event such guarantees are not in full force and effect.

Further, whether or not the Issuer decides to transfer the listing of the Notes to the PSM, the Supplemental Trust Deeds will provide that the determination of the subsidiaries of the Issuer which will constitute “Principal Subsidiaries” under the Trust Deeds will be made on the basis of the audited consolidated annual accounts of Melrose Industries in place of the audited consolidated financial statements of the Issuer. However, for a transitional period we will provide that the Principal Subsidiaries will still be deemed to be those which are Principal Subsidiaries as of today, i.e. GKN Aero Services Limited, GKN Driveline Deutschland GmbH, GKN Driveline Polska Sp. Zoo, GKN Sinter Metals SpA, Hoeganas Corp, GKN Driveline (Thailand) Limited, GKN Aerospace Norway AS, GKN Aerospace Sweden AB (collectively, the “**Existing Principal Subsidiaries**”), with the determination of Principal Subsidiaries being based

on the audited consolidated annual accounts of Melrose Industries from the publication of Melrose Industries' audited consolidated annual accounts as of 31 December 2019 onwards. The Supplemental Trust Deeds will also provide that (i) the calculation of "Adjusted Capital and Reserves" (which is used, *inter alia*, for determining the threshold amount for the cross-acceleration Event of Default in Condition 9.1(c) of the relevant Conditions) will be based on the audited consolidated annual accounts of Melrose Industries in place of the audited consolidated financial statements of the Issuer, and (ii) the Event of Default in Condition 9.1(f) of the relevant Conditions will refer to the Melrose Group in place of the GKN group.

At each Meeting, the relevant Extraordinary Resolution will be considered by the Holders of the relevant Notes only. However, the implementation of each Extraordinary Resolution is conditional on the passing of both the Extraordinary Resolutions. Accordingly, the Consent Solicitations will not be implemented if both of the Extraordinary Resolutions are not passed by the required majority of the Holders of the relevant Notes.

Further details of the rationale for and the terms of the Consent Solicitations can be found in the Consent Solicitation Memorandum.

The Investment Association

The Consent Solicitations have been considered by a special committee ("**Special Committee**") of The Investment Association at the request of the Issuer. The members of the Special Committee, who hold in aggregate approximately 27.33% of the current principal amount outstanding of the 2022 Notes and approximately 46.15% of the current principal amount outstanding of the 2032 Notes, have examined the Consent Solicitations. They have informed the Issuer that they find the Consent Solicitations acceptable; and that subject to client and other approvals, they intend to vote in favour of the Extraordinary Resolutions in respect of their holdings of the Notes.

The Special Committee has advised the Issuer that this recommendation relates only to the proposals set out in this Consent Solicitation Memorandum with respect to the Notes and not to any future offers or proposals which the Issuer may make.

Key Dates

The Meetings will be held at the offices of Simpson Thacher & Bartlett LLP, Citypoint, One Ropemaker Street, London EC2Y 9HU on 22 February 2019. The initial Meeting (in respect of the 2022 Notes) will commence at 10.00 a.m. (London time), with the subsequent Meeting (in respect of the 2032 Notes) being held at 10.00 a.m. (London time) or as soon thereafter as the preceding Meeting has been concluded. **The deadline for delivery of Consent Instructions will be 10.00 a.m. (London time) on 20 February 2019 (the "Expiration Deadline").**

Early Participation Fee

The Issuer is offering to pay an Early Participation Fee (as defined below) to Holders of the Notes who deliver valid Consent Instructions (whether in favour of, or against, the relevant Extraordinary Resolution) by the Early Instruction Deadline i.e. **5.00 p.m. (London time) on 8 February 2019 (the "Early Instruction Deadline")** (as the same may be extended), subject to certain additional conditions.

Holders that do not deliver a valid Consent Instruction before the Early Instruction Deadline, or who make arrangements for being represented and voting at the relevant Meeting other than pursuant to Consent Instructions, will not be eligible to receive the Early Participation Fee. The Early Participation Fee comprises of cash payment equal to 0.1% of the principal amount of the relevant Notes validly voted pursuant to the Consent Instructions delivered by the Early Instruction Deadline.

Holders may continue to submit Consent Instructions after the Early Instruction Deadline and up to the Expiration Deadline of 10.00 a.m. (London time) on 20 February 2019 but such Holders will not be eligible to receive the Early

Participation Fee. Only Holders who deliver, or arrange to have delivered on their behalf, valid Consent Instructions by the Early Instruction Deadline will be eligible to receive the Early Participation Fee.

Please note that payment of the Early Participation Fee in respect of either the 2022 Notes or the 2032 Notes is conditional on passing of the Extraordinary Resolution in respect of both the 2022 Notes and the 2032 Notes, and certain other conditions described in the Consent Solicitation Memorandum.

Extraordinary Resolutions to be passed without the benefit of the votes of U.S. Persons

Notwithstanding the terms set out in the Consent Solicitation Memorandum, the Issuer will not implement the proposals contained in the Consent Solicitation Memorandum, even if the Extraordinary Resolutions are passed, unless it is content that each Extraordinary Resolution was passed without the benefit of votes cast by U.S. persons (as defined in Regulation S under the Securities Act), persons acting for the account or benefit of U.S. persons, or persons located or resident in the United States, or would still have been passed even if such votes are disregarded. For these purposes, the Issuer will not implement the proposals contained in the Consent Solicitation Memorandum in either of the following circumstances: (a) had such votes by U.S. persons, persons acting for the account or benefit of U.S. persons, or persons located or resident in the United States not been cast, a quorum would not have been present at the relevant Meeting (or any relevant adjourned Meeting); or (b) had such votes by U.S. persons, persons acting for the account or benefit of U.S. persons, or persons located or resident in the United States not been cast, less than three-fourths of the votes cast would have been in favour of the relevant Extraordinary Resolution.

Any holder of Notes who is either a U.S. person or acting for the account or benefit of any U.S. person or is located or resident in the United States must specify such fact in its Consent Instruction, for such Consent Instruction to be considered valid.

Amendment and Termination

The Issuer reserves the right, in its sole and absolute discretion, but subject to applicable laws and the Meeting Provisions in the Trust Deeds, to extend, withdraw, amend or terminate either or both of the Consent Solicitations (other than the terms of the Extraordinary Resolutions) as described in the Consent Solicitation Memorandum.

The Issuer will promptly give oral or written notice (with any oral notice to be promptly confirmed in writing) of any extension, amendment, termination or waiver to the Tabulation Agent, followed by an announcement thereof as promptly as practicable, to the extent required by the Consent Solicitation Memorandum or by law.

Expected Timetable

Date	Number of Calendar Days from and including Launch Date	Action
29 January 2019	Day 1	<i>Announcement of the Consent Solicitations</i> Notices of Meeting delivered to Clearing Systems for communication to Direct Participants and published via the Regulatory News Service of the London Stock Exchange. From this date, Consent Instructions may be delivered by a Holder.
8 February 2019 5:00 p.m., London time	Day 11	<i>Early Instruction Deadline</i> Deadline for delivery of valid Consent Instructions by Holders for such Holders to be eligible to receive the Early Participation Fee (if payable).

20 February 2019 10:00 a.m., London time	Day 23	<i>Expiration Deadline</i> Final deadline for delivery of valid Consent Instructions from Holders for such Holders to be represented at the Meetings. This will also be the deadline for Holders for making any other arrangements to attend or be represented or to vote at the Meetings. However, Holders submitting Consent Instructions after the Early Instruction Deadline or making such other arrangements will not be eligible to receive the Early Participation Fee (if payable).
22 February 2019 From 10.00 a.m., London time	Day 25	<i>Meetings of the Holders of the Notes</i> Meeting of the Holders of the 2022 Notes and the 2032 Notes to be held at the offices of Simpson Thacher & Bartlett LLP at Citypoint, One Ropemaker Street, London EC2Y 9HU.
As soon as reasonably practicable after the Meetings, and in any event in accordance with the Trust Deeds	Day 25	<i>Announcement of Results of the Meetings</i> Announcement of the results of the Meetings delivered to the Clearing Systems for communication to the Direct Participants and published through RNS. In the event the Consent Solicitations succeed and the Extraordinary Resolutions are both approved, the Supplemental Trust Deeds in respect of each of the 2022 Notes and the 2032 Notes will be executed as soon as reasonably practicable.
No later than the second Business Day immediately following the completion of both Meetings at which the Extraordinary Resolutions are passed	Day 29	<i>Payment Date</i> Payment of Early Participation Fee to relevant Holders.

*The above times and dates are subject, where applicable, to the right of the Issuer to extend, amend, waive any condition of and/or terminate either or both of the Consent Solicitations (other than the forms of the Extraordinary Resolutions) and the calling of any adjourned Meeting by the Issuer. Holders are advised to check with any bank, securities broker or other intermediary through which they hold their Notes as to when such intermediary would need to receive instructions from a Holder in order for such Holder to participate in, or (in the limited circumstances in which revocation is permitted) to validly revoke their instruction to participate in, a Consent Solicitation by the deadlines specified in this Consent Solicitation Memorandum. **The deadline set by any intermediary and each Clearing System for the submission and (where permitted) revocation of Consent Instructions will be earlier than the relevant deadlines above.***

Further Information

A complete description of the terms and conditions of the Consent Solicitations is set out in the Consent Solicitation Memorandum. A copy of the Consent Solicitation Memorandum is available to eligible persons upon request from the Tabulation Agent.

Before making a decision with respect to the Consent Solicitations, Noteholders should carefully consider all of the information in the Consent Solicitation Memorandum and, in particular, the risk factors described in the section entitled “Risk Factors and Other Considerations Relating to the Consent Solicitations”.

Further details about the transaction can be obtained from:

The Solicitation Agent

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

Telephone: +44 20 7595 8668
Email: liability.management@bnpparibas.com
Attention: Liability Management

The Tabulation Agent

Lucid Issuer Services Limited
Tankerton Works
12 Argyle Walk
London WC1H 8HA
United Kingdom

Telephone: +44 20 7704 0880
Attention: David Shilson / Alexander Yangaev
Email: gkn@lucid-is.com

This announcement is released by GKN Holdings Limited and contains information that qualified or may have qualified as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (“**MAR**”), encompassing information relating to the Consent Solicitation and the proposed amendments described above. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is made by Garry Barnes, Director at GKN Holdings Limited.

The Solicitation Agent, the Trustee and the Tabulation Agent do not take responsibility for the contents of this announcement and none of the Issuer, the Solicitation Agent, the Trustee, the Tabulation Agent, or any of their respective directors, employees or affiliates makes any representation or recommendation whatsoever regarding the Consent Solicitations. This announcement must be read in conjunction with the Consent Solicitation Memorandum. No offer to acquire any Notes is being made pursuant to this notice. This announcement and the Consent Solicitation Memorandum contain important information, which should be read carefully before any decision is made with respect to the Consent Solicitations. If any holder of Notes is in any doubt as to the action it should take, it is recommended to seek its own advice, including as to any tax consequences, from its broker, bank manager, solicitor, accountant or other independent adviser. Any individual or company whose Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee or intermediary must contact such entity if it wishes to participate in the Consent Solicitations.

Distribution Restrictions

This announcement and the Consent Solicitation Memorandum do not constitute an offer or an invitation to participate in the Consent Solicitations in any jurisdiction in or from which, or to or from any person to or from whom, it is unlawful to make such offer or invitation under applicable securities laws. The distribution of the Consent Solicitation Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession the Consent Solicitation Memorandum comes are required by each of the Issuer, the Solicitation Agent and the Tabulation Agent to inform themselves about, and to observe, any such restrictions.

No action has been or will be taken in any jurisdiction by the Issuer, the Solicitation Agent or the Tabulation Agent in relation to the Consent Solicitations that would permit a public offering of securities.

Any materials relating to the Consent Solicitations do not constitute, and may not be used in connection with, any form of offer or solicitation in any place where such offer or solicitation is not permitted by law.

The Consent Solicitations are not an offer of securities for sale in the United States or to any U.S. person (as defined in Regulation S under the Securities Act). Securities referred to herein may not be offered or sold in the United States absent registration or an exemption from registration. The 2022 Notes and the 2032 Notes have not been, and will not be, registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act and the applicable state or local securities laws.

If a jurisdiction requires that the Consent Solicitations be made by a licensed broker or dealer and the Solicitation Agent or its affiliates are such licensed brokers or dealers in that jurisdiction, the Consent Solicitations shall be deemed to be made by the Solicitation Agent or such affiliates (as the case may be) on behalf of the Issuer in such jurisdiction.