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If you have sold or otherwise transferred or sell or otherwise transfer your entire holding of Ordinary Shares, please forward this document and the accompanying Form of Proxy as soon as possible to the purchaser or transferee or to the agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or transferred only part of your holding of Ordinary Shares please consult the agent through whom the sale or transfer was effected.

Melrose

Melrose Industries PLC

(Incorporated and registered in England and Wales with registered number 09800044)

Employee Share Plan Renewal

and

Notice of General Meeting

Notice of a General Meeting of Melrose to be held at the Company's offices at Leconfield House, Curzon Street, London W1J 5JA at 10:00 a.m. on Thursday 21 January 2021 is set out on page 28 of this document.

This document should be read as a whole and in conjunction with the accompanying Form of Proxy. Your attention is drawn to the letter from the Chairman of the Remuneration Committee which is set out in Part I of this document and which contains a recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting.

A Form of Proxy for use in connection with the Resolutions to be proposed at the General Meeting is enclosed. You are requested to complete the Form of Proxy in accordance with the instructions printed on it, and return it as soon as possible, but in any event so as to be received by Equiniti, by hand or by post, at the address specified on the Form of Proxy, not later than 10:00 a.m. on 19 January 2021.

As a result of the current COVID-19 pandemic and the legislative measures and associated guidance introduced by the UK Government in response, for the safety of Shareholders, our employees, our advisers and the general public, the General Meeting will be held as a closed meeting with only Director Shareholders necessary for a quorum in physical attendance. Other Shareholders are not permitted to attend the meeting in person due to current Government restrictions.

We remind Shareholders that voting on Resolutions is on a poll, and votes may be cast by a proxy who can be appointed ahead of the meeting to ensure your vote is counted (as detailed in the explanatory notes starting on page 29). We strongly encourage all Shareholders to make use of proxies to exercise their voting rights and to submit any questions prior to the meeting using the online service we have set up for these purposes (see details below).

Should Shareholders wish to raise any specific questions on the business of the General Meeting, we are providing the opportunity to submit questions to us using the online form that can be accessed from https://www.melroseplc.net/investors/shareholder-information/melrose-gm-2021-questions-form/. Questions must be received by no later than 10:00 am on 19 January 2021. We will upload a response to these questions on our website.

Certain terms used in this document, including certain capitalised terms and certain technical and other terms, are defined in Part V.

CONTENTS

EXPECTED TIMETABLE OF EVENTS

Event	Date
Publication and posting of this document	29 December 2020
Latest time and date for receipt of Form of Proxy for General Meeting	10:00 a.m. on 19 January 2021
Latest time and date for receipt of CREST Proxy instructions for use at the General Meeting	10:00 a.m. on 19 January 2021
Latest time and date for submitting questions in advance of the General Meeting	10:00 a.m. on 19 January 2021
General Meeting	10:00 a.m. on 21 January 2021

N.B. Each of the times and dates in the above timetable is based on current expectations and is subject to change by Melrose Industries PLC. If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on a Regulatory Information Service.

References to times in this document are to London time.

PART I

Letter from the Chairman of the Remuneration Committee

Melrose

Registered in England and Wales, Registration No. 09800044

Directors:
Justin Dowley (*Non-Executive Chairman*)
Christopher Miller (*Executive Vice Chairman*)
David Roper (*Executive Vice Chairman*)
Simon Peckham (*Chief Executive*)
Geoffrey Martin (*Group Finance Director*)
Liz Hewitt (*Senior Non-Executive Director*)
David Lis (*Non-Executive Director*)
Archie G. Kane (*Non-Executive Director*)
Charlotte Twyning (*Non-Executive Director*)
Funmi Adegoke (*Non-Executive Director*)

Registered office:
11th Floor The Colmore Building,
20 Colmore Circus Queensway,
Birmingham,
West Midlands
B4 6AT

29 December 2020

Dear Shareholder

Melrose Employee Share Plan ("Plan" or "2020 Plan") renewal

At the time of finalisation of the 2019 Annual Report it was proposed to include a resolution at the Company's annual general meeting ("AGM") in May to approve the renewal of the Plan, as set out in the 2020 Directors' Remuneration Policy contained in the 2019 Annual Report. As a direct result of the impact of COVID-19 on the Company's short and medium term prospects and therefore the Melrose share price in the immediate aftermath of the start of the pandemic, it was quickly determined that any such renewal of the Plan would need to be deferred to a more appropriate time. While certain of the Group's businesses will continue to feel the effects of the virus over a protracted period, the Board feels it is now appropriate to reinstate an amended 2020 Plan following considerable Shareholder engagement and therefore suitably incentivise management to continue to drive exceptional Shareholder value creation in the coming years. This document contains the proposals for the revised 2020 Plan.

Background to initial proposal

Our long-standing executive remuneration structure is both well understood and well supported, being central to the success delivered for Shareholders, as evidenced by Melrose being the second highest performer of the FTSE350 in terms of Shareholder return over the decade to the end of 2019, a record Melrose is keen to maintain in the years to come as the COVID-19 crisis hopefully subsides. However, we do not take that support for granted. We constantly seek the views of our investors, which becomes particularly important at the time of remuneration renewals. The Company had conducted a comprehensive engagement exercise during January and February 2020 as part of the preparation for the renewal of both the Directors' Remuneration Policy and longer term incentive arrangements. This engagement was constructive and helpful and included numerous discussions with proxy advisers and Shareholders holding in excess of 65% of the Company's register. Feedback received during this initial engagement led to adjustments to the final proposal approved by the Board to be put to Shareholders at the AGM in May. The proposed amendments to the 2020 Directors' Remuneration Policy and the 2020 Plan (as envisaged in the 2019 Annual Report) showed strong continuity to previous policies and schemes, which have been very successful in driving significant value creation and have been strongly supported since Melrose's inception. The proposal for the Plan also incorporated some new features intended to adjust to current Shareholder requirements.

However, just prior to issuing the Notice of AGM, the world was plunged into crisis with the global outbreak of the COVID-19 virus. The speed and scale of COVID-19 was unprecedented and, given the significant uncertainty, volatility and lack of clarity as to its impact on the Company's businesses and the wider economy, the Board determined that it was not appropriate for a resolution to be proposed at the AGM in May in relation to any longer term incentive arrangements. Instead the Notice of AGM put forward the 2020 Directors' Remuneration Policy for approval in line with the successful consultation and stated that a new Plan, continuing from the previous plan, would be separately put forward for Shareholder approval at a later date when appropriate, incorporating any changes deemed necessary by the Board.

Recent trading updates

As set out in the interim results published in September and confirmed in our trading update last month, the action undertaken by the management team since the start of the crisis has been highly successful in addressing the significant immediate challenges, as well as positioning the Melrose Group well to emerge from the crisis in good shape. Although there remains plenty of hard work ahead, the focus has returned squarely on driving the strategic improvements that will generate returns in the future for our Shareholders. While the outlook for the aerospace sector remains difficult to predict with certainty, for so long as governments place widespread restrictions on travel, the end markets of the rest of the Group continue to show encouraging signs.

Further consultation for revised proposal

In the circumstances, we consider that now is the time to make a revised proposal to Shareholders for renewal of the 2020 Plan. Since withdrawing the previous proposal, the 2017 Plan expired in May with no value payable to its participants, despite being on track to generate a reward before the impact of COVID-19. Therefore, on expiry in 2023, this new Plan will be the only Melrose longer term incentive plan for a six-year period. Considering how central the Melrose longer term incentive plan has always been to our success, the Board believes it to be imperative to reinstate a new plan in order to retain and incentivise management. Our conversations with Shareholders throughout the year have made clear that they share this sense of urgency and want this addressed as soon as possible.

We remain firm believers that Melrose's existing remuneration structure is entirely appropriate in supporting our "Buy, Improve, Sell" strategy. Our reward structure has always enjoyed strong support from our investors, including during the consultation earlier this year and as demonstrated most recently by the vote in favour of the 2020 Directors' Remuneration Policy at the AGM, and we propose to stay consistent with it. This means continuing with lower quartile levels of salary, bonus, pension contributions and other benefits compared to our FTSE100 peers, with the opportunity for greater reward weighted heavily to the Plan, which pays for performance and enables management to share in future value creation. It is acknowledged though that the starting point of the new Plan has been adjusted as a result of the impact of COVID-19 on the performance of the Group. It also means retaining the new changes that were to be incorporated as part of the initial proposal, like the introduction of the annual rolling cap and the switch from a variable rate to a flat rate for the annual Shareholder return Charge in the interests of simplicity and transparency.

In further recent consultation with Shareholders holding over 75% of the Company's register for this revised Plan proposal, they reconfirmed their belief in the Melrose remuneration structure and have helped the Remuneration Committee finalise the 2020 Plan proposal. We initially discussed with them implementing a multiple tier scheme, with multiple participation rates. However, over the course of the consultation, we made adjustments in line with their feedback to enable us to put forward this much more simplified and familiar proposal to Shareholders for their formal approval.

Revised proposal for the 2020 Plan

The proposed 2020 Plan remains consistent with previous plans and the approved 2020 Directors' Remuneration Policy, with participants sharing in the value created above an effective Start Price. We are proposing the following three changes necessary to adjust the 2020 Plan for the impact of COVID-19, to make it an effective incentive plan and drive further performance for the benefit of stakeholders.

Effective Start Price of 170 pence per Share[1]

Up until now, Melrose's longer term incentive arrangements have ensured continuity of long-term success and mitigation of temporary market fluctuations by making the exit price for the expiring scheme the same as the entry price for the next scheme. However, the sheer magnitude and unpredictable duration of the COVID-19 impact has made this impracticable. The exit price of the previous 2017 Plan was approximately 94 pence and clearly too low to be the entry price, despite the fundamental shift in world

1 This takes into account the annual Shareholder return Charge but does not take into account any increase or decrease to Invested Capital or any variation of Share capital.

markets, while the impact of COVID-19 on the key aerospace sector in particular is currently forecast to last for longer than the Performance Period of the 2020 Plan.

After much deliberation and discussions with Shareholders, we are proposing to start the 2020 Plan at 170 pence (including the annual Shareholder return Charge). World markets have undergone a fundamental shift with long term effects, which management is working hard to overcome, but this needs to be taken into account. We have reflected on the recent and hopefully permanent improvement in stock markets as the effect of COVID-19 is expected to reduce over the coming months. The Plan represents a stretching target for the management team and, in line with the market, assumes that all sectors other than aerospace recover substantially during the course of the Performance Period.

There are two principal adjusting factors that have been taken into account in setting the effective Start Price, the first being the sales and cash permanently lost to the Group over the Performance Period due to COVID-19, much of it already since May. No matter when each of our end markets recover, there will have been a substantial amount of lost sales and cash which will have an impact. The second is that, whilst we are assuming that all the relevant end markets for our businesses recover during the Performance Period, it is clear that the Aerospace division has been the hardest hit and will not fully recover in the Performance Period of this Plan. Significant travel restrictions imposed by governments continue to apply across the globe, severely impacting flight hours and the demand for planes, which will inevitably be delayed for a period beyond when more normal conditions prevail. The impact on our Aerospace business has been stark, moving from adjusted earnings of £409 million in 2019 to what is expected to be break-even in 2020. This has been taken into account when setting the effective Start Price and assumes that, whilst there will inevitably be some recovery, the Aerospace business will not fully return to pre-COVID-19 levels over the course of the Performance Period of the 2020 Plan. As outlined in more detail below, in the event that an Aerospace recovery is quicker than anticipated, your Board has also introduced a mechanism to effectively increase the Start Price for the Plan so that management does not simply benefit from market recovery.

It is important to remember that the effective Start Price is only the point at which value starts to accrue to the 2020 Plan, with significantly more value required to be created above this level for participants to receive substantial reward. The application of the annual rolling cap (see below) means participants would reach their cap at approximately 260[2] pence after the creation of approximately £4.3 billion in value for shareholders above the Start Price, forfeiting any right to the award of further Shares for any value created above this level. The Board believes this is a very challenging target within the Performance Period of the Plan, requiring significant stretch for management to achieve it. Even if participants receive Shares at the level of the annual rolling cap in every applicable year, this would result in a maximum level of dilution of 2.5%[3].

The proposed Start Price is also higher than the Share price post the 2020 interim results when the consultation started as well as the volume weighted average price of Shares for the three and six month periods prior to publication of this document, and is also higher than the net total equity raised from Shareholders since Melrose was established, even when indexed at the annual Shareholder return Charge. Clearly volatility remains, but the market is recognising the good work done by management already in first six months of the Performance Period and the Board has made an allowance for this elapsed part of the Performance Period in setting the Start Price.

Unforeseen aerospace market recovery protection

It is important to strike the right balance between setting stretching targets for management whilst nonetheless making them attainable and therefore an effective incentive that drives performance for Shareholders. In setting these targets, we have adjusted for the impact of lost trading during the COVID-19 period, as well as our expectation that the aerospace sector does not fully recover in sales terms over the course of the Performance Period. This is wholly in line with the upper end of current market forecasts, but we want to reassure Shareholders that management are being incentivised to outperform rather than just benefit from market recovery.

Therefore, an adjustment mechanism has been included such that, if the sales for the Aerospace division return to substantially 2019 levels (being 85% of 2019 sales) before the end of the Performance Period of the 2020 Plan, there will be an adjustment to the effective Start Price, based on half of the post-tax effect

2 This takes into account the annual Shareholder return Charge but does not take into account any increase or decrease to Invested Capital or any variation of Share capital.

3 This assumes that there has been no corporate event of the Group and no variation of Share capital.

of the additional sales above 85%. This is set out in more detail in Part II. The Board considers that adjusting for only half of the sales improvement is appropriate as management should have an incentive to improve sales. Any adjustment is only one way—to the extent sales do not return to substantially 2019 levels prior to the end of the Performance Period, there will be no adjustment.

We do not think this adjustment will be necessary. In line with the market, we consider such a sales return for the Aerospace division to be extremely optimistic. Nonetheless, we have incorporated the extra protection for Shareholders to provide additional comfort against any potential for windfall gain.

Annual Shareholder return Charge of 5%

Whilst the Remuneration Committee considers it important to retain the simplicity and transparency of a flat rate, given the likely inflationary outlook over the life of this Plan, we consider it necessary to reduce the annual Shareholder return Charge by 1% from the 6% level proposed earlier this year. As stated above, this is only the point at which the Plan starts to accrue value, requiring considerably more value creation to receive greater reward. The previous level of RPI+2% has rarely been above 5% over the history of the incentive arrangements and moving higher in the current climate would in our view be too penal in the light of likely inflation trends.

Apart from that, the new 2020 Plan will continue to be a five year scheme, with a three-year Performance Period expiring in May 2023, be awarded in Shares and be subject to leaver provisions, a two-year holding period and, for executive Directors, malus and clawback provisions. It remains exactly the same as the proposal that was strongly supported by Shareholders at the AGM in May and when we ran the remuneration consultation earlier this year, with two further enhancements to the annual rolling cap as follows and set out in more detail in Part II.

The cap previously applied to all executive Directors equally. It will now be applied to all participants in the 2020 Plan holding above a 1% interest in the Conditional Awards and be pro rata in proportion to the level of their participation compared to the Chief Executive, who continues to be the largest participant with 16% of the Conditional Awards and subject to an annual rolling cap of approximately 6.7 million Shares. In the interest of fairness, but subject at all times to respective aggregate individual caps and provided that no participant can receive more than the Chief Executive in any particular year, participants holding a smaller share of Conditional Awards may receive more of their Award in earlier years following Crystallisation.

We believe this proposal strikes the correct balance between incentivising performance and protecting Shareholders. As stated earlier, Melrose deliberately pitches all other aspects of executive remuneration below market levels as we believe that performance based pay should be prioritised. To the extent the management team delivers the outperformance to create Shareholder value above that 170 pence threshold, the annual rolling cap would be fully achieved at approximately 260 pence per Share, meaning participants would forfeit any further Shares that would otherwise have been awarded. Even if participants receive Shares at the level of the annual rolling cap in every applicable year, this would result in a maximum level of dilution of 2.5%. A simple worked example for our Chief Executive is set out in Part II.

This experienced management team has a track record of delivering for investors against the backdrop of global crises. With the support of our banks and Shareholders, the management team has already taken the decisive action in the current crisis to secure your investment and to have the Group well placed to make the necessary improvements to create value as we emerge from it. We ask for your support in incentivising them to maximise value for Shareholders.

General Meeting

Your approval is being sought for the creation of and implementation of the 2020 Plan. A General Meeting, notice of which is set out at the end of this document, has been convened for 10:00 a.m. on Thursday 21 January 2021 for this purpose. A Form of Proxy to be used in connection with the General Meeting is enclosed with this document. At the General Meeting resolutions in connection with the following matters will be proposed for approval by Shareholders:

- *Resolution 1:* To approve and implement the 2020 Plan as proposed.
- *Resolution 2:* To approve the limited changes to the 2020 Directors' Remuneration Policy as set out in this document, to accommodate the changes made to the 2020 Plan proposal.

Further information

Your attention is drawn to the remaining parts of this document which contain further information on Melrose and the proposals.

Action to be taken

A Form of Proxy for use at the General Meeting is enclosed. As set out on the front page of this document, due to the continuing COVID-19 restrictions, neither Shareholders nor their proxies will be entitled to attend the General Meeting in person other than Director Shareholders necessary for a quorum. You are therefore requested to complete, sign and return the Form of Proxy to Equiniti, by hand or by post, at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, as soon as possible but in any event so as to be received no later than 10:00 a.m. on 19 January 2021. Please submit any questions on the proposals that you wish to be raised at the General Meeting on the dedicated platform provided on the Company's website.

Recommendation

The Board considers that both of the Resolutions set out in the Notice of General Meeting are likely to promote the success of the Company and are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends that you vote in favour of the Resolutions at the General Meeting.

Christopher Miller, David Roper, Simon Peckham and Geoffrey Martin, who are proposed to be holders of Conditional Awards under the 2020 Plan, have interests in relation to the 2020 Plan and accordingly have not taken part in the Board's consideration of the 2020 Plan. As interested parties, Christopher Miller, David Roper, Simon Peckham and Geoffrey Martin (and their respective associates) will not vote on the Resolutions.

Yours sincerely

David Lis

Chairman of the Remuneration Committee

Melrose Industries PLC

PART II

Summary of the Plan

Set out below is a summary of the Plan.

Introduction

The Plan has been designed to incentivise management to deliver exceptional returns for Shareholders over a three-year Performance Period. Under the Plan, participants will receive (delivered in the form of Ordinary Shares in the Company) a proportion of the returns delivered for Shareholders above an annual Shareholder return Charge.

Eligibility

All employees (including executive Directors) of, and any employee share ownership trust created by, the Company or any of its subsidiaries are eligible for selection to participate at the discretion of the Board. In practice, participation in the Plan has been focused on the Company's senior management who are in the best position to influence Shareholder returns. Participation in the Plan by any member of the Company's senior management team will be supervised by the Remuneration Committee.

Awards

Under the Plan, the Board may grant an eligible employee a Conditional Award in the form of a right to receive a proportion of 7.5% of the total excess value created for Shareholders above a 5% annual charge (the "**Charge**"), measured at the end of a three year Performance Period commencing on 31 May 2020 and ending on the Crystallisation Date.

The proportion of such value created to which each participant is entitled, being that participant's "**Participation Rate Percentage**", will be set at the time the Conditional Award is granted.

No Conditional Awards may be granted after the Crystallisation Date, being 31 May 2023 (which date may be accelerated on an exceptional corporate event in accordance with the Plan Rules).

Following the Crystallisation Date, participants holding Conditional Awards will be granted an award over Ordinary Shares (a "**Share Award**") with a value calculated in accordance with the following:

$$\frac{7.5}{100}\ x\ [(SP\ x\ N) - IC]$$

Where:

N	=	the number of Ordinary Shares in issue immediately prior to the Crystallisation Date;
SP	=	the average market value (in pounds sterling) of an Ordinary Share for the 40 Business Days prior to the Crystallisation Date; and
IC	=	the initial invested capital (in pounds sterling) relating to the Ordinary Shares as at 31 May 2020, as increased for any future Ordinary Share Costs and reduced for any Returns, each subject to an index adjustment of 5% p.a.

The initial invested capital for the Plan as at 31 May 2020 will be based on the Entry Price multiplied by the number of Ordinary Shares in issue at that date, giving a figure of £7,134,463,610.

The value calculated in accordance with the above formula may be adjusted if the sales for the Aerospace division return to substantially 2019 levels before the end of the Performance Period of the 2020 Plan (the "**Aerospace Adjustment**"). The amount of the Aerospace Adjustment, should it be necessary, will increase the Start Price by adding an amount to "IC" in the formula above, calculated in accordance with the following:

$$((2022AS - £3{,}274\ \text{million}^{4})\ x\ M\ x\ (1 - GTR)\ x\ PE) \qquad x\ 0.5$$

4 £3,274 million is equal to 85% of the amount of adjusted sales (in pounds sterling) attributable to the Aerospace division, as set out in the audited Group financial statements for the financial year ended 31 December 2019.

Where:

2022AS	=	the amount of adjusted sales (in pounds sterling) attributable to the Aerospace division, as set out in the audited Group financial statements for the financial year ended 31 December 2022[5], re-calculated using average foreign exchange rates applicable for the financial year ended 31 December 2019;
M	=	0.12 (which amount represents a net margin)[6];
PE	=	15 (which amount represents a price to earnings ratio)[7]; and
GTR	=	the effective rate of tax charged on adjusted profit before tax in the audited Group financial statements for the financial year ended 31 December 2022.

The Aerospace Adjustment will increase the Start Price by increasing the amount of Invested Capital and therefore increase the stretching target for participants. It will only be a one way adjustment.

Participation Rate Percentage

The following chart shows the Participation Rate Percentage of participants in Conditional Awards under the Plan:

Participants in the Plan	Participant Rate Percentage
Christopher Miller	14%
David Roper	5%
Simon Peckham	16%
Geoffrey Martin	16%
Peter Dilnot	12%
Others	37%

Cap on Awards

The maximum number of Ordinary Shares which a participant may receive or in respect of which Nil Cost Options may become exercisable in any calendar year for each participant (the "**Maximum Annual Share Entitlement**" or "**Cap**") under the Plan is fixed at: (i) for a participant holding 16% of Conditional Awards, the number given by dividing £10 million by 150 pence, being approximately 6.7 million Ordinary Shares (the "**Maximum Cap**"); and (ii) for each other participant with a Participation Rate Percentage above 1%, such proportion of the Maximum Cap as is equal to that participant's Participation Rate Percentage as a proportion of 16% (the "**Reduced Cap**"), provided that, for any such participant to whom the Reduced Cap applies, Ordinary Shares in respect of which Nil Cost Options would otherwise have become exercisable in the two calendar years following the Crystallisation Date may be issued on the Crystallisation Date, provided that such participant cannot receive more than the Maximum Cap on the Crystallisation Date. The number of Ordinary Shares that are issued (or in respect of which cash settlement proceeds are paid in lieu) on the Crystallisation Date in excess of such participant's Reduced Cap, shall be deducted from the number of Awards to be issued (or the cash settlement proceeds in lieu of receiving such Awards) to that participant in the two calendar years following the Crystallisation Date (starting with the latest calendar year first), such that the participant does not receive more than the aggregate of their Reduced Cap in respect of each calendar year in which Awards are payable.

By way of an illustrative example, a participant holding a Participation Rate Percentage of 8% would have a Reduced Cap equal to half of the Maximum Cap.

Any excess number of Ordinary Shares due to be received above the Cap on the Crystallisation Date are rolled forward in the form of a Nil Cost Option and will become exercisable in years four and five of the Plan (still subject in each case to the Cap). An illustrative worked example of the number of Ordinary Shares that would

5 As set out in the Plan Rules, the crystallisation and renewal of our employee share plan in May has always been based on the approval of our previous year's audited Group financial statements, which are announced in March.

6 A net margin of 12% is above our current margin target for the Aerospace division but reflects the hope for further margin improvement as we progress.

7 A price to earnings ratio of 15 is broadly equivalent to the ratio applicable to Melrose prior to the impact of COVID-19.

be received by the Chief Executive on the Crystallisation Date and in the two subsequent calendar years, based on a range of notional Share Prices as at the Crystallisation Date, is set out below[8].

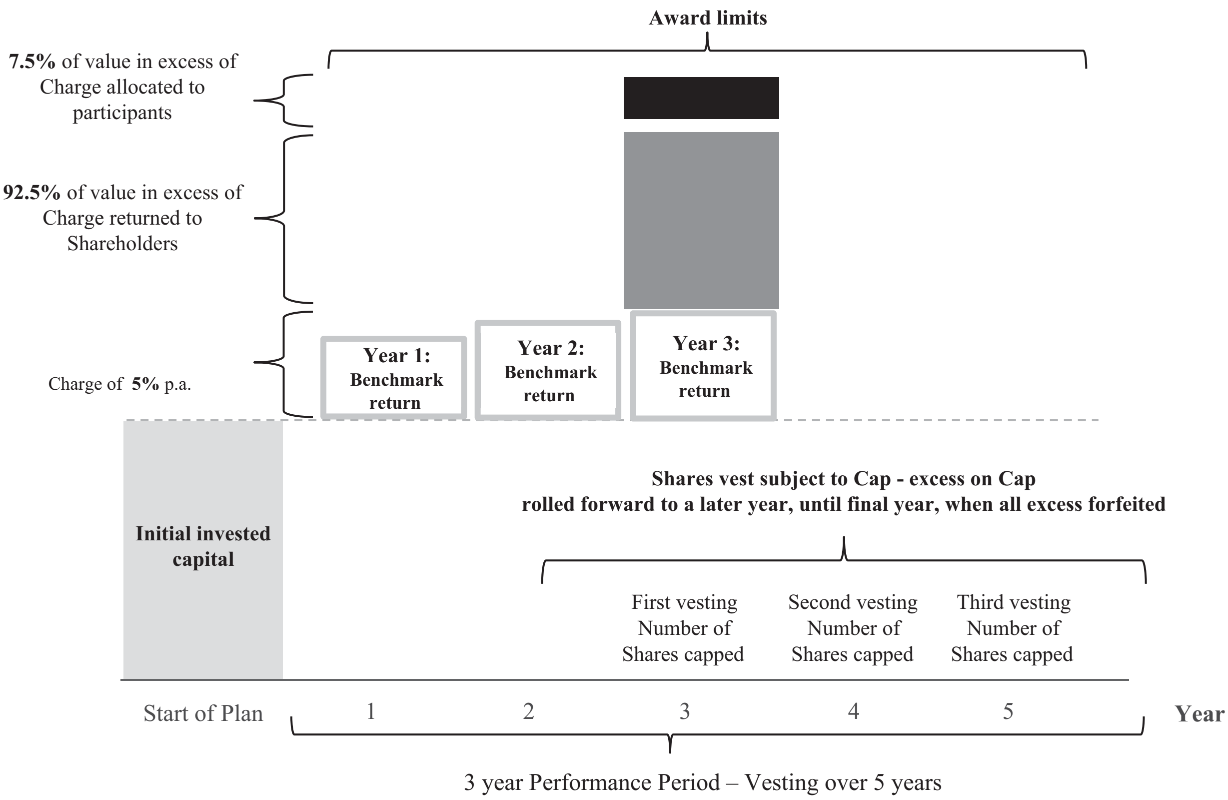
Share Price at Crystallisation Date	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280
Shares awarded 2023 (m)	0	0	0	0	0	3.2	6.1	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
Shares awarded 2024 (m)	0	0	0	0	0	0	0	2.0	4.4	6.5	6.7	6.7	6.7	6.7	6.7	6.7
Shares awarded 2025 (m)	0	0	0	0	0	0	0	0	0	0	1.8	3.6	5.3	6.6	6.6	6.6

Notwithstanding the above provisions, where a participant is resident in the United States for tax purposes, the Cap applicable on the Crystallisation Date shall (where applicable) be increased to a number equal to 50% of such participant's total entitlement to Ordinary Shares on the Crystallisation Date as if all Awards were to vest on that date, or such lesser percentage as shall enable the participant to use the proceeds of the sale of such increased entitlement to the Ordinary Shares (or the cash settlement proceeds in lieu of receiving such Ordinary Shares) to settle any taxes arising in respect of the crystallisation. Where this provision applies, the number of Ordinary Shares that are issued (or in respect of which cash settlement proceeds are paid in lieu) on the Crystallisation Date that are in excess of that participant's Reduced Cap on the Crystallisation Date shall be deducted from the number of Awards to be issued (or the cash settlement proceeds in lieu of receiving such Awards) to that participant in the two calendar years following the Crystallisation Date (starting with the latest calendar year first), such that the participant does not receive more than the aggregate of their Reduced Cap in respect of each calendar year in which Awards are payable.

The actual value of the Ordinary Shares received on the Crystallisation Date and on the dates on which any Nil Cost Options are exercised will depend upon the Share Price on the relevant date.

Operation

The following schematic sets out an overview of the proposed Plan:



Form of Awards

The Board shall deliver Share Awards as Ordinary Shares or, in circumstances where the Cap applies, Nil Cost Options over Ordinary Shares (or equivalent rights). Conditional Awards may not be granted when prevented

8 This assumes that there has been no corporate event of the Group and no variation of Share capital.

by any dealing restrictions. Conditional Awards have been granted on the date of publication of this document, subject to approval by Shareholders of the Resolutions.

Alternative Settlement

At its discretion, the Board may decide to satisfy Share Awards with a payment in cash (subject to any limitation imposed by the Cap).

Dividend Equivalents

Where the Cap applies and a participant holds a Nil Cost Option, Share Awards will include a payment (normally in additional Ordinary Shares but may be in cash) equal in value to any dividends that would have been paid on the Ordinary Shares which vest under a Share Award by reference to the period between the time when the relevant Award crystallised and the time when the relevant Award could be exercised. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie, at the discretion of the Remuneration Committee. The Remuneration Committee has discretion to use a different method to calculate the value of dividends.

Plan Limit

In any period, the number of Ordinary Shares issued under the Plan may be no more than the sum of (i) 5% of the aggregate number of Ordinary Shares in issue on 31 May 2020; and (ii) 5% of any additional Ordinary Shares issued on or after the Commencement Date. As noted in Part I, the effective maximum dilution is less than 5%, being 2.5%[9].

New Joiners

The Plan will allow for grants of Conditional Awards to new joiners as approved by the Remuneration Committee on the same terms as existing participants.

Cessation of Employment

Except in certain circumstances set out below (i) if a participant ceases to hold office or employment with a member of the Group prior to the Crystallisation Date, they will lose their entitlement to any Conditional Award they hold; and (ii) if a participant ceases to hold office or employment with a member of the Group after the Crystallisation Date, they shall be entitled to retain any outstanding Nil Cost Options held by them pursuant to the Plan Rules, which shall become exercisable in accordance with their terms and, in the case of executive Directors, shall remain subject to the malus and clawback provisions.

However, if a participant ceases to hold office or employment because of their death, permanent ill-health or permanent disability, termination of employment or directorship without cause, retirement with the agreement of the Company, retirement following the participant reaching the age of 65, resignation in connection with a change of control of the Company or in other circumstances at the absolute discretion of the Remuneration Committee (a "**Good Leaver Reason**"), the Remuneration Committee may allow the Conditional Award to be retained until the Crystallisation Date and not lapse.

Where a participant ceases to hold office or employment for a Good Leaver Reason before the Crystallisation Date, the Participation Rate Percentage applicable to their Conditional Award may, at the Remuneration Committee's absolute discretion, be pro-rated to reflect the period between 31 May 2020 and the date of cessation of office or employment. Where a participant ceases to hold office or employment for a Good Leaver Reason after the Crystallisation Date, they shall be entitled to retain any outstanding Nil Cost Options held by them pursuant to the rules of the Plan, which shall become exercisable in accordance with their terms and, in the case of executive Directors, shall remain subject to the malus and clawback provisions.

The Remuneration Committee has the following elements of discretion:

- to determine that a participant is a Good Leaver. It is the Remuneration Committee's intention to only use this discretion in circumstances where there is an appropriate business case which, where such discretion has been used in relation to an executive Director, will be explained in full to Shareholders;
- to measure performance over the Performance Period or at the date of cessation. The Remuneration Committee will make this determination depending on the type of Good Leaver Reason resulting in the cessation;

9 This assumes that there has been no corporate event of the Group and no variation of Share capital.

- to vest the Award on the scheduled vesting dates or at the date of cessation. The Remuneration Committee will make this determination depending on the type of Good Leaver Reason resulting in the cessation; and
- to determine whether to pro-rate the participant's Participation Rate Percentage to the time from the date of grant of the Conditional Award to the date of cessation.

Corporate Events

In the event of a change of control, scheme of arrangement or winding up of the Company (or, at the discretion of the Remuneration Committee, a demerger, distribution or other corporate event of the Group):

1. the Remuneration Committee will determine the value of any outstanding award using as "SP" the value of the offer consideration per Ordinary Share in connection with the change of control or scheme of arrangement (or, where relevant, an equivalent value applicable on a demerger, distribution or other corporate event), or in the case of a winding up, the proceeds per Ordinary Share on the winding up and, in each case, the Aerospace Adjustment shall not apply;
2. the date of the event shall be the Crystallisation Date and the Conditional Award will convert on this date, immediately prior to the event, and the holding period shall not apply; and
3. where the event occurs after the Crystallisation Date, any Nil Cost Option will become immediately exercisable and may be exercised for a period determined by the Board, and the holding period shall not apply.

Where an offer is made to all of the Company's Shareholders to acquire all or some of their Shares which results in the Company being controlled by a new company in which at least 90% of the shares in such new company are held by substantially the same persons who immediately before the offer became wholly unconditional (or the court approved the scheme of arrangement) were Shareholders in the Company, then at the direction of the Board, the Conditional Awards (or, where the offer is made after the Crystallisation Date and there are Nil Cost Options outstanding, the Nil Cost Options) shall be automatically exchanged for conditional awards (or nil cost options, as applicable) in the new company on equivalent terms.

Amendments

The Board may, at any time, amend the provisions of the Plan in any respect. The prior approval of the Company's Shareholders will be obtained in the case of any amendments to the basis of determining a participant's entitlement to Share Awards, the persons to whom Conditional Awards may be made, the Cap, the anti-dilution limit and the rule relating to this prior approval. There are however exceptions from this requirement to obtain Shareholder approval for any minor amendment to benefit the administration of the Plan, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any participant or member of the Group.

Non-transferability

Conditional Awards and Nil Cost Options are not transferable other than (A) with the prior written consent of the Board or (B) where prior written consent of the Board is given, where the transfer is to (i) a trustee on behalf of the participant; (ii) a company under the voting control of the participant; (iii) the participant's spouse; and/or (iv) the participant's lineal descendants by blood or adoption ("**permitted transferrees**"), with an obligation to re-transfer if that person ceases to be a permitted transferee. Conditional Awards and Nil Cost Options will also lapse on the participant's bankruptcy, unless the Board determines otherwise.

Variation of Capital

If there is a corporate event of the Group or variation of Share capital of the Company (whether by rights issue, open offer, consolidation, subdivision, demerger, reduction of capital or otherwise), the Remuneration Committee may make such adjustments as it determines to be fair and appropriate to the number or description of Ordinary Shares subject to an Award (including with respect to the application of the Cap).

Adjustment of Awards

The Remuneration Committee has discretion to adjust Awards under the Plan (including the application of the Cap and the Aerospace Adjustment) when any corporate event of the Group or future change to the capital structure of the Company produces, or is likely to produce, a value on conversion which appears to the Remuneration Committee to be an anomalous result or there shall be quantified material information known to the Remuneration Committee in relation to the current financial position of the Company that is not in the public domain that would, in the reasonable opinion of the Remuneration Committee, produce an anomalous result if such information were in the public domain, to ensure that the grant of awards is fair and reasonable. This part of the proposed Plan supports Provision 37 of the UK Corporate Governance Code.

Malus and Clawback

Market practice malus and clawback provisions apply to executive Directors. Trigger events will be, in respect of both malus and clawback:

- material misstatement of financial results that, in the reasonable opinion of the Remuneration Committee, has a material negative effect;
- gross misconduct by the relevant executive Director;
- events or behaviour of an executive Director that have led to the censure of the Company by a significant regulatory authority or have had a significant detrimental impact on the reputation of the Company; provided that the Remuneration Committee is satisfied that the relevant executive Director was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to them; and
- the Company becoming insolvent or otherwise suffering a corporate failure so that the value of the Company's Ordinary Shares is materially reduced; provided that the Remuneration Committee determines, following an appropriate review of accountability, that the executive Director should be held responsible (in whole or in part) for that insolvency or corporate failure;

and, in respect of clawback only:

- material miscalculation of any performance measure on which the crystallisation of Awards was based.

Malus will operate throughout the Performance Period to the Crystallisation Date and to unvested Nil Cost Options during the holding period. Clawback will apply from the Crystallisation Date for the duration of the holding period.

Rights Attaching to Ordinary Shares

Any Ordinary Shares issued or transferred in connection with the Plan will normally rank equally with the Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their issue or transfer).

Benefits Not Pensionable

The benefits received under the Plan are not pensionable.

PART III

Amendments to the 2020 Directors' Remuneration Policy

The table below sets out the proposed amendments to the 2020 Directors' Remuneration Policy, as set out on pages 103 to 111 of the 2019 Annual Report, and which was approved by Shareholders at the AGM on 7 May 2020. These proposed amendments relate to the sections pertaining to the Cap, the annual Shareholder return Charge and the Invested Capital contained in the 2020 Directors' Remuneration Policy. Shareholder approval is being sought for these proposed amendments, in order to make the 2020 Directors' Remuneration Policy consistent with the Plan. These amendments are further described in Part II.

Sections of the 2020 Directors' Remuneration Policy not set out below are not proposed to be amended and shall remain in full force and effect until the renewal of the 2020 Directors' Remuneration Policy at the annual general meeting of the Company in 2023. References in the 2020 Directors' Remuneration Policy to "2020 Incentive Plan" shall be changed to "2020 Employee Share Plan" and references to "Scheme Rules" shall be changed to "Plan Rules".

Column (1) **Relevant section of the 2020 Directors' Remuneration Policy (as approved by Shareholders at the AGM on 7 May 2020)**	Column (2) **Proposed amendment**
2017 Incentive Plan	**2017 Incentive Plan**
The 2017 Incentive Plan takes the form of options granted in 2017, 2018 and 2019, following approval by a special resolution of shareholders on 11 May 2017. In the event that management have generated sufficient value creation over a three-year performance period from 31 May 2017 to 31 May 2020, those options will be exercised in exchange for 2017 Incentive Shares (or cancelled in exchange for a cash payment). Although no further options will be granted to executive Directors under the 2017 Incentive Plan, the Company may, under this policy, satisfy the exercise of any option to acquire 2017 Incentive Shares (or cancel any such option in exchange for a cash payment as described in the shareholder circular dated 7 April 2017 and approved in May 2017 available at www.melroseplc.net/media/1728/21347274-_-1-_circular.pdf) and may deliver value to any holder of 2017 Incentive Shares in accordance with the Company's Articles of Association that are in effect as at the date that such value is to be delivered.	No amendment proposed.
2020 Incentive Plan	**2020 Employee Share Plan**
Subject to the approval of shareholders at the 2020 AGM, the 2020 Incentive Plan will commence on 31 May 2020, being the crystallisation date of the 2017 Incentive Plan, and shall be governed by the scheme rules tabled at the 2020 AGM (the "Scheme Rules"). Although it is now a contractual plan, rather than contained within the Articles of Association, the 2020 Incentive Plan is a continuation of the long-term incentive arrangements for executive Directors that have applied since the Company was established in 2003. It incentivises executive Directors over the longer-term and aligns their interests with those of shareholders by linking the level of reward to the value delivered to shareholders.	Subject to the approval of shareholders at the General Meeting scheduled for 21 January 2021 (the "Plan GM"), the 2020 Employee Share Plan will be deemed to commence on 31 May 2020, being the crystallisation date of the 2017 Incentive Plan, and shall be governed by the plan rules tabled at the Plan GM (the "Plan Rules"). Although it is now a contractual plan, rather than contained within the Articles of Association, the 2020 Employee Share Plan is a continuation of the long-term incentive arrangements for executive Directors that have applied since the Company was established in 2003. It incentivises executive Directors over the longer-term and aligns their interests with those of shareholders by linking the level of reward to the value delivered to shareholders.

Column (1)	Column (2)
Purpose and link to strategy	**Purpose and link to strategy**
Incentivises executive Directors over the longer term and drives the Company's value creation strategy. It aligns the interests of executive Directors with those of shareholders by linking the level of reward to the value delivered. Incentive plans are regularly renewed on consistent terms to provide continuity and to incentivise long-term performance.	No amendment proposed.
Operation **Awards**	**Operation** **Awards**
Conditional awards under the 2020 Incentive Plan ("Conditional Awards") are to be granted on the commencement date of 31 May 2020 (the "Commencement Date") and performance will be measured by the increase in value of invested capital over a three-year period to the crystallisation date (the "Crystallisation Date") on 31 May 2023 or, where an exceptional corporate event affecting the Company occurs prior to that event (such as a change of control or winding up), an earlier date as determined in accordance with the Scheme Rules (the "Performance Period").	Conditional awards under the 2020 Employee Share Plan ("Conditional Awards") are to be granted on the deemed commencement date of 31 May 2020 (the "Commencement Date"), subject to shareholder approval at the Plan GM, and performance will be measured by the increase in value of deemed invested capital over a three-year period to the crystallisation date (the "Crystallisation Date") on 31 May 2023 or, where an exceptional corporate event affecting the Company occurs prior to that event (such as a change of control or winding up), an earlier date as determined in accordance with the Plan Rules (the "Performance Period"). The deemed invested capital at the Commencement Date will be based on a deemed share price at the Commencement Date ("Entry Price") of 146.85 pence multiplied by the number of Ordinary Shares in issue, giving a figure of £7,134,463,610.
On the Crystallisation Date, the Conditional Awards will convert into a share award (a "Share Award") with an entitlement to ordinary shares in the Company ("Ordinary Shares") and, in circumstances where the cap based on the Maximum Annual Share Entitlement (as defined below) applies (the "Cap"), an option or options carrying a right to acquire Ordinary Shares for no payment shall be issued in addition to the Share Award, which option or options shall also be subject to the Cap (a "Nil Cost Option").	No amendment proposed.
To determine the application of the Cap, on the Commencement Date, the Remuneration Committee shall calculate the maximum number of Ordinary Shares (subject to adjustment in accordance with the Scheme Rules) that an executive Director is able to receive in any calendar year under the 2020 Incentive Plan, by dividing £10 million by the average closing mid-market price of an Ordinary Share for the 40 business days prior to the Commencement Date, such resulting number being the "Maximum Annual Share Entitlement" or the "MASE".	To determine the application of the Cap, on the Commencement Date, the Remuneration Committee shall calculate the maximum number of Ordinary Shares (subject to adjustment in accordance with the Plan Rules) that an executive Director is able to receive in any calendar year under the 2020 Employee Share Plan, by (i) in the case of an executive Director holding 16% of Conditional Awards, dividing £10 million by 150 pence, being approximately 6.7 million Ordinary Shares (the "Maximum Cap"); and (ii) for each other executive Director holding above 1% of Conditional Awards, calculating such lower number as reflects a pro rata reduction to the Maximum Cap, based on the number of Conditional Awards held by that executive Director (the "Reduced Cap"), such resulting number in each case being the "Maximum Annual Share Entitlement" or the "MASE".
If, on the Crystallisation Date, the calculation to convert the Conditional Award would result in an executive Director becoming entitled to receive a Share Award for more Ordinary Shares than the	If, on the Crystallisation Date, the calculation to convert the Conditional Award would result in an executive Director becoming entitled to receive a Share Award for more Ordinary Shares than the

Column (1)	Column (2)
Maximum Annual Share Entitlement, then his entitlement to receive Ordinary Shares in respect of the conversion shall be reduced to the MASE, and the executive Director shall be issued with a Nil Cost Option exercisable in the first calendar year following the Crystallisation Date or at any time thereafter during the period of 10 years from the Crystallisation Date for the balance of his entitlement under the Share Award, PROVIDED THAT if the number of Ordinary Shares the subject of the Nil Cost Option exceeds the MASE, then such number of Ordinary Shares shall be reduced to the MASE and the executive Director will be issued with a second Nil Cost Option on the Crystallisation Date for the balance of his entitlement to Share Award, such second Nil Cost Option being exercisable in the second calendar year following the Crystallisation Date or at any time thereafter during the period of 10 years from the Crystallisation Date, PROVIDED FURTHER THAT that if the number of Ordinary Shares the subject of the second Nil Cost Option exceeds the MASE, then such number of shares shall be reduced to the MASE and the executive Director shall not be entitled to any further shares to which he would otherwise have been entitled under the Share Award on the Crystallisation Date, which entitlement shall be permanently cancelled.	Maximum Cap, then his entitlement to receive Ordinary Shares in respect of the conversion shall be reduced to the Maximum Cap, and the executive Director shall be issued with a Nil Cost Option exercisable in the first calendar year following the Crystallisation Date or at any time thereafter during the period of 10 years from the Crystallisation Date for the balance of his entitlement under the Share Award, PROVIDED THAT if the number of Ordinary Shares the subject of the Nil Cost Option exceeds that executive Director's MASE, then such number of Ordinary Shares shall be reduced to that executive Director's MASE and the executive Director will be issued with a second Nil Cost Option on the Crystallisation Date for the balance of his entitlement to Share Awards, such second Nil Cost Option being exercisable in the second calendar year following the Crystallisation Date or at any time thereafter during the period of 10 years from the Crystallisation Date, PROVIDED FURTHER THAT if the number of Ordinary Shares the subject of the second Nil Cost Option exceeds that executive Director's MASE, then such number of shares shall be reduced to that executive Director's MASE and the executive Director shall not be entitled to any further shares to which he would otherwise have been entitled under the Share Award on the Crystallisation Date, which entitlement shall be permanently cancelled, PROVIDED FURTHER THAT, for any executive Director to whom the Reduced Cap applies, Ordinary Shares in respect of which Nil Cost Options would otherwise have become exercisable in the two calendar years following the Crystallisation Date may be issued on the Crystallisation Date, provided that such executive Director cannot receive more than the Maximum Cap on the Crystallisation Date. The number of Ordinary Shares that are issued (or in respect of which cash settlement proceeds are paid in lieu) on the Crystallisation Date in excess of such executive Director's Reduced Cap, shall be deducted from the number of Awards to be issued (or the cash settlement proceeds in lieu of receiving such Awards) to that executive Director in the two calendar years following the Crystallisation Date (starting with the latest calendar year first), such that the executive Director does not receive more than the aggregate of their Reduced Cap in respect of each calendar year in which Awards are payable.
At each date when shares subject to awards under the 2020 Incentive Plan are capable of vesting and becoming exercisable, the Remuneration Committee shall conduct a performance assessment to ensure that the number of shares vesting and becoming exercisable does not appear anomalous or where there is quantified material information known to the Remuneration Committee in relation to the current financial position of the Company that is not in the public domain, the result would not be anomalous if the information were in the public domain. The Remuneration Committee will disclose its assessment in the relevant Annual Report on Remuneration covering the period which includes the date when	No amendment proposed.

Column (1)	Column (2)
the shares subject to awards vest and become exercisable.	
Notwithstanding the above provisions, where the executive Director is resident in the United States for tax purposes the MASE applicable on the Crystallisation Date shall (where applicable) be increased by the Remuneration Committee to a number equal to 50% of such executive Director's total entitlement to the Company's Ordinary Shares on crystallisation as if the Cap did not apply or such lesser percentage as shall enable the executive Director to use the proceeds of the sale of an increased entitlement to the Company's Ordinary Shares (or the cash settlement proceeds in lieu of receiving such shares) to settle any taxes arising in respect of the crystallisation. Where this provision applies, the MASE applicable in the first and, if relevant, second calendar year following the Crystallisation Date shall be reduced by an amount equal to the amount by which the MASE applicable on the Crystallisation Date was increased.	Notwithstanding the above provisions, where the executive Director is resident in the United States for tax purposes the MASE applicable on the Crystallisation Date shall (where applicable) be increased by the Remuneration Committee to a number equal to 50% of such executive Director's total entitlement to the Company's Ordinary Shares on crystallisation as if all Awards were to vest on that date or such lesser percentage as shall enable the executive Director to use the proceeds of the sale of such increased entitlement to the Company's Ordinary Shares (or the cash settlement proceeds in lieu of receiving such shares) to settle any taxes arising in respect of the crystallisation. Where this provision applies, the number of Ordinary Shares that are issued (or in respect of which cash settlement proceeds are paid in lieu) on the Crystallisation Date that are in excess of that participant's Reduced Cap on the Crystallisation Date shall be deducted from the number of Awards to be issued (or the cash settlement proceeds in lieu of receiving such Ordinary Shares) to that participant in the two calendar years following the Crystallisation Date (starting with the latest calendar year first), such that the participant does not receive more than the aggregate of their Reduced Cap in respect of each calendar year in which Awards are payable.
The above provisions related to the Cap are without prejudice to the Company's ability to settle any entitlement to Ordinary Shares under the Share Award or a Nil Cost Option by way of a cash payment calculated in accordance with the Scheme Rules, to the provisions of the Scheme Rules permitting the early exercise of the Nil Cost Options in the circumstances specified in those rules, and to the provisions of the Scheme Rules giving the Remuneration Committee the power to adjust the number of shares the subject of the Nil Cost Options.	No amendment proposed.
The Remuneration Committee recognises that corporate events that are rare for other companies are a standard and regular part of the Company's "Buy, Improve, Sell" model, and that executive Directors should not be penalised for them. Therefore, if there is any variation of the share capital of the Company (whether by rights issue, open offer, consolidation, subdivision, demerger, reduction of capital or otherwise), the Remuneration Committee shall adjust the application of the Cap in the manner that it considers to be fair and reasonable.	The Remuneration Committee recognises that corporate events that are rare for other companies are a standard and regular part of the Company's "Buy, Improve, Sell" model, and that executive Directors should not be penalised for them. Therefore, if there is a corporate event of the Group or any variation of the share capital of the Company (whether by rights issue, open offer, consolidation, subdivision, demerger, reduction of capital or otherwise), the Remuneration Committee shall adjust the application of the Cap in the manner that it considers to be fair and reasonable.
Holding Period	**Holding Period**
Any Ordinary Shares awarded pursuant to the 2020 Incentive Plan, excluding any sold to fund the amount of tax payable in respect of the receipt of such shares, must be held by executive Directors for two years after the Crystallisation Date (the "Holding Period").	No amendment proposed.

Column (1)	Column (2)
Malus	**Malus**
In the event of (1) material misstatement of financial results that, in the reasonable opinion of the Remuneration Committee, has a material negative effect; (2) gross misconduct by the relevant executive Director; (3) events or behaviour of an executive Director that have led to the censure of the Company by a significant regulatory authority or have had a significant detrimental impact on the reputation of the Company, provided that the Remuneration Committee is satisfied that the relevant executive Director was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to them; and/or (4) the Company becoming insolvent or otherwise suffering a corporate failure so that the value of the Company's Ordinary Shares is materially reduced, provided that the Remuneration Committee determines, following an appropriate review of accountability, that the executive Director should be held responsible (in whole or in part) for that insolvency or corporate failure prior to the Crystallisation Date, the Conditional Awards held by the executive Director may be cancelled in whole or in part for nil consideration.	No amendment proposed.
Clawback	**Clawback**
In the event of (1) material misstatement of financial results that, in the reasonable opinion of the Remuneration Committee, has a material negative effect; (2) material miscalculation of any performance measure on which the crystallisation of the Conditional Awards was based; (3) gross misconduct by the relevant executive Director; (4) events or behaviour of an executive Director that have led to the censure of the Company by a significant regulatory authority or have had a significant detrimental impact on the reputation of the Company, provided that the Remuneration Committee is satisfied that the relevant executive Director was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to them; and/or (5) the Company becoming insolvent or otherwise suffering a corporate failure so that the value of the Company's Ordinary Shares is materially reduced, provided that the Remuneration Committee determines, following an appropriate review of accountability, that the executive Director should be held responsible (in whole or in part) for that insolvency or corporate failure, following the Crystallisation Date but prior to 31 May 2025, the executive Director may be required to transfer (for nil consideration) the number of Ordinary Shares arising from the crystallisation, less the number of Ordinary Shares sold to fund the tax liability arising from crystallisation, and/or to pay to the Company the amount of any cash received on or following crystallisation less the amount of any tax paid in relation to that cash, and any Nil Cost Options held by such executive Director may be cancelled in whole or in part for no payment to the executive Director.	No amendment proposed.

Column (1)	Column (2)
The Scheme Rules provide that the Remuneration Committee may, with the agreement of the executive Director, cash settle all or part of the participant's entitlement to Ordinary Shares on the conversion of a Conditional Award or the exercise of a Nil Cost Option in full and final settlement of the executive Director's rights under the relevant Award.	No amendment proposed.
The treatment of an executive Director's participation in the 2020 Incentive Plan if he is a 'leaver' is described on page 110.	No amendment proposed.
The other operative provisions of the 2020 Incentive Plan are set out in the Scheme Rules and will be available for inspection at the 2020 AGM.	No amendment proposed.
Opportunity	**Opportunity**
Participants in the 2020 Incentive Plan share in 7.5% of the increase in invested capital between the Commencement Date and the Crystallisation Date in excess of a 6% annual charge, calculated in accordance with the Scheme Rules.	Participants in the 2020 Employee Share Plan share in 7.5% of the increase in deemed invested capital between the Commencement Date and the Crystallisation Date in excess of a 5% annual charge, calculated in accordance with the Plan Rules. The deemed invested capital at the Commencement Date will be based on a deemed share price at the Commencement Date ("Entry Price") of 146.85 pence multiplied by the number of Ordinary Shares in issue, giving a figure of £7,134,463,610. If the sales for the Aerospace division return to substantially 2019 levels before 31 May 2023, there will be an adjustment by increasing the effective Start Price through adding an amount to Invested Capital, based on half of the post-tax effect of these additional sales as set out below. The amount of any adjustment, should it be necessary, will equal half of the figure reached by calculating Audited 2022 Aerospace Sales (re-calculated using average foreign exchange rates applicable for the financial year ended 31 December 2019) minus £3,274 million (being 85% of the Audited 2019 Aerospace Sales), multiplied by a net margin of 12%, net of tax at our Group rate, multiplied by a price to earnings ratio of 15x. For this purpose: "Start Price" means the minimum Share Price of the Company's Ordinary Shares which is required to be met on the Crystallisation Date in order for Awards to be granted under the 2020 Employee Share Plan, being 170 pence, adjusted to take into account any dividend, distribution, capital return or reduction, share repurchase, bonus issue, subdivision or consolidation of the Ordinary Shares, rights issue, demerger or any other variation of share capital; and "Share Price" means the average market value (in pounds sterling) of an Ordinary Share for the 40 Business Days prior to the Crystallisation Date.
Each individual's Conditional Awards granted in respect of the 2020 Incentive Plan shall be determined by reference to a percentage entitlement to the overall available amount (which shall be subject to adjustment in accordance with the	Each individual's Conditional Awards granted in respect of the 2020 Employee Share Plan shall be determined by reference to a percentage entitlement to the overall available amount (which shall be subject to adjustment in accordance with the Plan Rules).

Column (1)	Column (2)
Scheme Rules). Initial Conditional Awards with the following percentage entitlements shall be granted to the executive Directors on the Commencement Date: • Christopher Miller: 15.5% of total • Simon Peckham: 17% of total • Geoffrey Martin: 17% of total For the avoidance of doubt, David Roper will not be eligible to receive a Conditional Award given his imminent retirement.	Initial Conditional Awards with the following percentage entitlements shall be granted to the executive Directors on the Commencement Date: • Christopher Miller: 14% of total • Simon Peckham: 16% of total • Geoffrey Martin: 16% of total • Peter Dilnot: 12% of total • David Roper: 5% of total
The maximum number of new Ordinary Shares in the Company that may be issued in relation to the 2020 Incentive Plan is 5% of the aggregate number of Ordinary Shares in issue on 31 May 2020, plus 5% of any additional Ordinary Shares issued or created by the Company after that date and prior to the Crystallisation Date. However, this limit will not apply in the event of a change of control or winding up of the Company, as provided for in the Scheme Rules. Further, to the extent it would be exceeded on crystallisation, the excess shall be paid to participants in cash, subject always to the Cap.	No amendment proposed.
Performance metric	**Performance metric**
The value that may be delivered under the 2020 Incentive Plan will be determined by reference to the growth in value of the Company from and including the Commencement Date of 31 May 2020 to and excluding the Crystallisation Date of 31 May 2023 (or an earlier date in the event of acceleration because of an exceptional corporate event affecting the Company), calculated in accordance with the Scheme Rules.	The value that may be delivered under the 2020 Employee Share Plan will be determined by reference to the deemed growth in value of the Company from and including the Commencement Date of 31 May 2020 (based on the Entry Price of 146.85 pence) to and excluding the Crystallisation Date of 31 May 2023 (or an earlier date in the event of acceleration because of an exceptional corporate event affecting the Company), calculated in accordance with the Plan Rules.
Discretion	**Discretion**
The Committee may make such adjustments as it deems to be fair and reasonable so far as the holders of Ordinary Shares are concerned (having taken such advice that it deems appropriate in the circumstances, including from an investment bank of repute) to the calculation of the number of Ordinary Shares and/or cash to which the holders of Conditional Awards or Nil Cost Options shall be entitled in certain circumstances where the application of a provision of the Scheme Rules produces, or is likely to produce, an anomalous result or where there is quantified material information known to the Remuneration Committee in relation to the current financial position of the Company that is not in the public domain that would, in the reasonable opinion of the Remuneration Committee, produce an anomalous result if such information were in the public domain.	No amendment proposed.
Illustration of the application of the 2020 Directors' Remuneration Policy	**Illustration of the application of the 2020 Directors' Remuneration Policy**
In illustrating the potential reward under the 2020 Directors' Remuneration Policy, the following assumptions have been made: • **Minimum performance:** fixed elements of remuneration only (base salary effective from 1 January 2020, benefits as set out in the single	No amendment proposed.

Column (1)	Column (2)

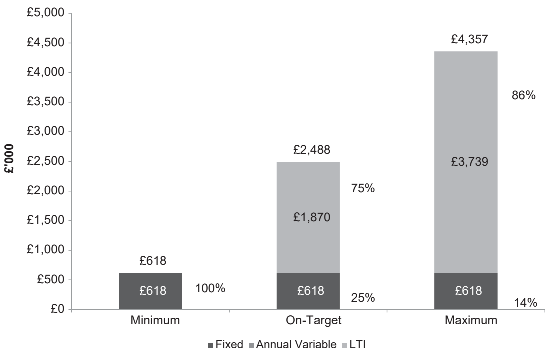
figure table in the Company's Directors' Remuneration Report for that year, and a pension contribution of 15% of base salary).

- **Performance in line with expectations:** fixed elements of remuneration as above, plus bonus of 50% of salary (other than in the case of Christopher Miller, who does not participate in the annual bonus arrangements), plus an amount in relation to the executive Directors' entitlements under the 2020 Incentive Plan, as described below.
- **Maximum performance:** fixed elements of remuneration as above, plus bonus of 100% of salary (other than in the case of Christopher Miller, who does not participate in the annual bonus arrangements), plus an amount in relation to the executive Directors' entitlements under the 2020 Incentive Plan, as described below.
- **Maximum performance +50% share price growth:** fixed elements of remuneration as above, plus bonus of 100% of salary (other than in the case of Christopher Miller, who does not participate in the annual bonus arrangements), plus an amount in relation to the executive Directors' entitlements under the 2020 Incentive Plan, as described below. This is no different from the maximum performance scenario because the 2020 Incentive Plan is based on shareholder returns and therefore share price growth is inbuilt in its value for any given level of performance.

The executive Directors' Conditional Awards under the 2020 Incentive Plan will deliver to them part of the growth in value of the Company from May 2020 to May 2023 (or an earlier trigger date determined in accordance with the Scheme Rules). Accordingly, the value of participation in the 2020 Incentive Plan cannot be expressed as a multiple of salary. Therefore, for each executive Director below we have included a value based on the annualised estimated Black Scholes option pricing model value per Conditional Award granted (as at the last practical date before the finalisation of the policy). For "performance in line with expectations", 50% of this value is shown. For "maximum performance", 100% of this value is shown.

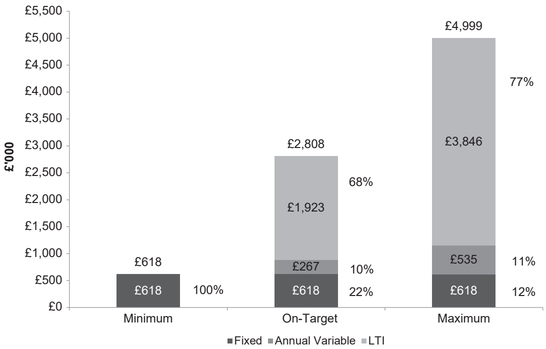
Total remuneration

Christopher Miller

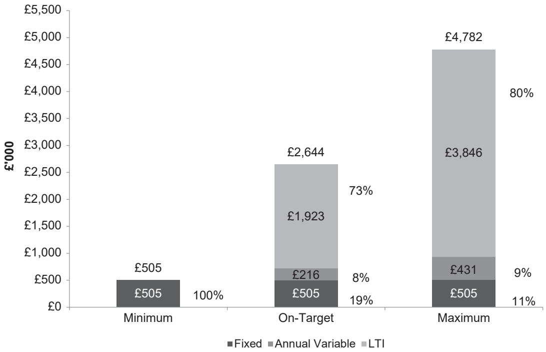


Column (1)	Column (2)

Simon Peckham



Geoffrey Martin



Column (1)	Column (2)
2020 Incentive Plan	**2020 Employee Share Plan**
If an executive Director ceases to be employed by the Company before the Crystallisation Date, the treatment of the Conditional Awards held by such executive Director will be determined depending on their classification as a 'Good Leaver' or a 'Bad Leaver' as defined and summarised above and below.	No amendment proposed.
Good Leavers	**Good Leavers**
If an executive Director holding Conditional Awards ceases employment in circumstances where he is a 'Good Leaver' before the Crystallisation Date, unless the Remuneration Committee decides otherwise, the participation percentage under his Conditional Award shall be reduced on a pro-rata basis to reflect the period from 31 May 2020 to the date on which he ceased employment as a proportion of the Performance Period, and the Remuneration Committee may award such amount to other eligible employees in accordance with the Scheme Rules.	No amendment proposed.
Bad Leavers	**Bad Leavers**
If an executive Director holding Conditional Awards ceases employment in circumstances where he is a 'Bad Leaver' before the Crystallisation Date, every Conditional Award he holds shall lapse and, thereafter may be awarded to other eligible employees in accordance with the Scheme Rules.	No amendment proposed.
If an executive Director ceases to be employed by the Company after the Crystallisation Date for whatever reason, they shall be entitled to retain any outstanding Nil Cost Options held by them pursuant to the Scheme Rules, which shall become exercisable in accordance with their terms and remain subject to the recovery provisions set out on pages 106 to 107.	No amendment proposed.

Column (1)	Column (2)
Predictability	**Predictability**
Fixed remuneration for the executive Directors is set below the lower quartile of FTSE peers to limit fixed costs for the Group, to provide certainty and to incentivise executive Directors.	No amendment proposed.
Variable remuneration is limited to the annual bonus, which is capped at 100% and performance-driven based on financial growth and strategic factors, and the 2020 Incentive Plan. The Remuneration Committee sets out the possible values that may be earned under the 2020 Incentive Plan upon approval of the plan by shareholders, and updates this every year.	No amendment proposed.
The method of calculation, limits and discretions under the 2020 Directors' Remuneration Policy are clearly set out. For the 2020 Incentive Plan, the two proposed changes will lead to greater certainty for investors: • The annual charge rate will be increased from RPI+2% to a fixed rate of 6%. • A rolling annual cap will be introduced, which will cap the award that an executive Director can receive under the 2020 Incentive Plan on crystallisation to a number of shares equivalent to £10 million divided by the share price on the commencement date in May of this year.	The method of calculation, limits and discretions under the 2020 Directors' Remuneration Policy are clearly set out. For the 2020 Employee Share Plan, there are two proposed changes which will lead to greater certainty for investors: • The annual charge rate will be increased from RPI+2% to a fixed rate of 5%. • A rolling annual cap will be introduced, which will cap the award that an executive Director can receive under the 2020 Employee Share Plan on crystallisation to a number of Ordinary Shares (subject to adjustment in accordance with the Plan Rules) equivalent to (i) in the case of an executive Director holding 16% of Conditional Awards, £10 million divided by 150 pence, being approximately 6.7 million Ordinary Shares (the "Maximum Cap"); and (ii) for each other executive Director holding above 1% of Conditional Awards, such lower number as reflects a pro rata reduction to the Maximum Cap, based on the number of Conditional Awards held by that executive Director (the "Reduced Cap").
Differences between the Company's policy on Directors' remuneration and its policy on remuneration for other employees	**Differences between the Company's policy on Directors' remuneration and its policy on remuneration for other employees**
Remuneration arrangements throughout the Group are determined based on the same principle that rewards should be sufficient as is necessary to attract and retain high calibre talent, without paying more than is necessary and should be achieved for delivery of the Company's strategy.	No amendment proposed.
The Company has operations in various countries, with Group employees of differing levels of seniority. Accordingly, though based on the over-arching principle above, reward policies vary to take account of these factors.	No amendment proposed.
The Company has also implemented divisional long-term incentive plans for senior managers of businesses within the Group to incentivise them to create value for the Company and its shareholders.	No amendment proposed.
As with the 2017 Incentive Plan, the Remuneration Committee considers it appropriate for participation in the 2020 Incentive Plan to be extended to those members of senior management beyond the executive Directors necessary to develop the business further.	No amendment proposed.

PART IV

Additional Information

1. Melrose Directors

The Melrose Directors and their principal functions are as follows:

Justin Dowley	*Non-Executive Chairman*
Christopher Miller	*Executive Vice Chairman*
David Roper	*Executive Vice Chairman*
Simon Peckham	*Chief Executive*
Geoffrey Martin	*Group Finance Director*
Peter Dilnot (*from 1 January 2021*)	*Chief Operating Officer*
Liz Hewitt	*Senior Non-Executive Director*
David Lis	*Non-Executive Director*
Archie G. Kane	*Non-Executive Director*
Charlotte Twyning	*Non-Executive Director*
Funmi Adegoke	*Non-Executive Director*

2. Documents Available for Inspection

Copies of the following documents may be inspected at the offices of Simpson Thacher & Bartlett LLP, CityPoint, One Ropemaker Street, London EC2Y 9HU and at the registered office of the Company, in each case upon request during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document up to and including the date of the General Meeting and will also be available for inspection for 15 minutes before and during the General Meeting:

(i) copies of all service agreements under which Directors of the Company are employed by the Company or any subsidiaries;

(ii) a copy of the terms of appointment of the non-executive Directors of the Company;

(iii) the Plan Rules; and

(iv) this document.

Inspection of these documents may only take place in accordance with measures imposed by the UK Government in connection with the COVID-19 pandemic. Please contact Secretary@melroseplc.net to request to inspect copies of any of the above-listed documents.

Dated:

29 December 2020

PART V

Definitions

"**2017 Plan"** means the employee share plan of the Company which was approved by Shareholders in 2017 and which expired on 31 May 2020.

"**2019 Annual Report**" means the Company's Annual Report for the year ended 31 December 2019.

"**2020 Directors' Remuneration Policy**" means the current Directors' Remuneration Policy, as set out on pages 103 to 111 of the 2019 Annual Report and approved by Shareholders on 7 May 2020.

"**Act**" means the Companies Act 2006 (as amended).

"**Aerospace Adjustment**" has the meaning given on page 9.

"**AGM**" means annual general meeting.

"**Award**" means a Share Award or a Nil Cost Option granted under the Plan.

"**Bad Leaver**" means a participant who ceases employment for any reason other than a Good Leaver Reason.

"**Board**" or "**Directors**" means the directors of the Company.

"**Business Day**" means any day on which banks are generally open in England and Wales for the transaction of normal banking business other than a Saturday or Sunday or public holiday.

"**Cap**" has the meaning given on page 10.

"**Charge**" has the meaning given on page 9.

"**Commencement Date**" means 31 May 2020.

"**Company**" means Melrose Industries PLC.

"**Conditional Award**" means a contingent right to be granted an Award on the Crystallisation Date.

"**Conditional Award Date**" means the date on which a Conditional Award is made.

"**CREST Proxy Instruction**" has the meaning given on page 30.

"**Crystallisation Date**" means 31 May 2023 or such earlier date as may be provided for under the Plan.

"**Daily Official List**" means the Daily Official List of the London Stock Exchange.

"**Entry Price**" means the Start Price, less the Charge and prior to any adjustment in accordance with the Plan, being 146.85 pence.

"**Equiniti**" means Equiniti Limited, the registrars of the Company.

"**Form of Proxy**" means the form enclosed with this document for use by Shareholders in connection with the General Meeting.

"**General Meeting**" or "**GM**" means the general meeting of the Company convened for 10:00 a.m. on Thursday 21 January 2021 to vote on the Resolutions and any adjournment thereof.

"**Good Leaver**" means a participant who ceases employment for a Good Leaver Reason.

"**Good Leaver Reason**" has the meaning given on page 12.

"**Group**" or "**Melrose Group**" means the Company and its subsidiaries.

"**Invested Capital**" means the initial invested capital (in pounds sterling) relating to the Ordinary Shares as increased for any future Ordinary Share Costs and reduced for any Returns, each subject to an index adjustment of 5% p.a..

"**London Stock Exchange**" means London Stock Exchange plc.

"**Maximum Annual Share Entitlement**" or "**MASE**" means the Cap.

"**Maximum Cap**" has the meaning given on page 10.

"**Nil Cost Option**" means a right to acquire Shares for no payment granted under the Plan.

"**Ordinary Share Cost**" means the total amount (in pounds sterling) paid up (as to nominal value and any premium) on any allotment of Ordinary Shares in the period, provided that (I) if any part of such amount paid up on any Ordinary Share is paid up otherwise than in cash the amount paid up on that Ordinary Share shall be deemed to be the price certified by a broker for the time being of the Company to be the average closing middle market quotation (in pounds sterling) of an Ordinary Share as derived from the Daily Official List for the ten business days immediately preceding the announcement of a transaction, where the terms of the transaction are agreed at the time of such announcement (and would require an announcement to be made pursuant to Chapter 10 of the Listing Rules were such Chapter to be applicable) or where the announcement constitutes an announcement of a firm intention to make an offer, pursuant to Rule 2.7 of the Takeover Code (or its equivalent in other jurisdictions), and (II) if any Ordinary Shares shall be allotted credited as fully paid by way of capitalisation of profits or reserves the amount paid up on such Ordinary Shares shall be excluded from the calculation of Ordinary Share Cost.

"**Participation Rate Percentage**" means such percentage or percentages set by the Board at the Conditional Award Date for a Conditional Award to a participant and which in respect of all then current participants in aggregate shall not exceed 100 per cent.

"**Performance Period**" means the date beginning on the Commencement Date and ending on the Crystallisation Date.

"**Plan**" or "**2020 Plan**" means the proposed new Melrose employee share plan, as described in Part II of this document.

"**Plan Rules**" means the rules of the Plan.

"**Reduced Cap**" has the meaning given on page 10.

"**Remuneration Committee**" means the remuneration committee of the Company.

"**Resolutions**" means the resolutions to be proposed at the General Meeting (as set out in the Notice of General Meeting at the end of this document).

"**Returns**" means the sum of any dividends or distributions of any kind paid or made on or in respect of the Ordinary Shares, including (I) a purchase of any of the Company's own shares (whether or not out of the proceeds of any fresh issue of shares or out of unrealised profits), (II) a reduction of Share capital by repaying paid up Share capital, and (III) any other returns of capital in the period, whether in cash or otherwise and however described, excluding:

(a) any issue of shares credited as fully paid to Shareholders by way of capitalisation of profits or reserves which is to be, or may at the election of the Shareholders be, issued instead of the whole or any part of a cash dividend which the Shareholders concerned would or could otherwise have received; and

(b) any issue of Shares credited as fully paid to the Shareholders (or as they may direct) by way of capitalisation of profits or reserves (including any Share premium account or capital redemption reserve).

"**RPI**" means the UK Retail Prices Index (all items) published by the Office for National Statistics (or any successor Government department) (January 1987 = 100).

"**Share Award**" has the meaning given on page 9.

"**Shareholder(s)**" or "**Ordinary Shareholder(s)**" means a holder(s) of Ordinary Shares.

"**Share Price**" shall mean the average market value (in pounds sterling) of an Ordinary Share for the 40 Business Days prior to the Crystallisation Date.

"**Shares**" or "**Ordinary Shares**" means the ordinary shares in the Company.

"**Start Price**" means the minimum Share Price of the Company's Ordinary Shares which is required to be met on the Crystallisation Date in order for Awards to be granted under the Plan, being 170 pence, which amount may be adjusted pursuant to the Aerospace Adjustment.

"**subsidiary**" and "**subsidiary undertaking**" have the meanings given to them in Sections 1159 and 1162 of the Act respectively.

"**United Kingdom**" or "**UK**" means the United Kingdom of Great Britain and Northern Ireland.

All times referred to are London times unless otherwise stated.

Notice of General Meeting of Melrose Industries PLC

(Incorporated in England and Wales with registered number 09800044)

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, 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 or sell or otherwise transfer all of your Shares in Melrose Industries PLC (the "**Company**"), please send this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

Notice is given that a General Meeting ("**GM**") of the Company will be held at the Company's offices at Leconfield House, Curzon Street, London W1J 5JA at 10:00 am on Thursday 21 January 2021 for the purposes set out below. Resolutions 1 and 2 will both be proposed as ordinary resolutions.

Ordinary Resolutions

1. To approve the 2020 Melrose employee share plan (the "**Plan**"), the principal terms of which are summarised in Part II of the Circular to Shareholders accompanying this Notice of General Meeting and the rules of which will be produced at the meeting and for the purposes of identification initialled by the Chairman and to authorise the Board to do all such acts and things necessary or desirable to establish and implement the Plan, and to establish such further plans based on the Plan or schedules to the Plan as the Board considers necessary or desirable but which have been modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any Shares made available under such further plans or schedules are treated as counting against any limits on individual or overall participation in the Plan.
2. To approve amendments to the 2020 Directors' Remuneration Policy, set out on pages 103 to 111 (inclusive) of the Company's 2019 Annual Report, such that the sections relating to the Plan in column 1 of the table set out in Part III of the Circular to Shareholders accompanying this Notice of General Meeting shall be replaced by the sections set out in column 2 of the table set out in Part III of the Circular to Shareholders accompanying this Notice of General Meeting, other than where column 2 states "No amendment proposed".

By order of the Board

Jonathon Crawford
Company Secretary

29 December 2020

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

Notice of General Meeting of Melrose Industries PLC

Explanatory notes to the proposed Resolutions

Resolutions 1 and 2 are proposed as ordinary resolutions, which means that for each of those Resolutions to be passed, more than half of the votes cast must be cast in favour of the Resolution.

Resolution 1—Approval of the Plan

The Company is seeking shareholder approval for the Plan, which is proposed to succeed the 2017 Plan that expired in May 2020 with no value payable to its participants.

A summary of the principal terms of the Plan is set out in Part II of the Circular to Shareholders accompanying this Notice of General Meeting.

A copy of the Plan Rules will be available for inspection at the Company's registered office, upon request, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document up to and including the date of the General Meeting and will also be available for inspection for 15 minutes before and during the General Meeting. Inspection of the Plan Rules may only take place in accordance with measures imposed by the UK Government in connection with the COVID-19 pandemic. Please contact Secretary@melroseplc.net to request to inspect a copy of the Plan Rules.

Resolution 2—Approval of amendments to the 2020 Directors' remuneration policy

The current Directors' remuneration policy (the "**2020 Directors' Remuneration Policy**") is set out in full on pages 103 to 111 of the 2019 Annual Report. The annual statement from the Chairman of the Remuneration Committee, set out on pages 90 to 91 of the 2019 Annual Report, explains in more detail the background and rationale for the 2020 Directors' Remuneration Policy.

The 2020 Directors' Remuneration Policy was approved by Shareholders at the AGM on 7 May 2020 and took effect immediately after the close of that meeting. All payments by the Company to the Directors and any former Directors must be made in accordance with the 2020 Directors' Remuneration Policy (unless a payment has been separately approved by a Shareholder resolution).

Accordingly, Shareholders' approval is now being sought to the amendments set out in Part III of the Circular to Shareholders accompanying this Notice of General Meeting, and further described in Part II of the Circular to Shareholders accompanying this Notice of General Meeting.

Explanatory notes as to the proxy, voting and attendance procedures at the General Meeting

1. As a result of the current COVID-19 pandemic and the legislative measures and associated guidance introduced by the UK Government in response, for the safety of Shareholders, our employees, our advisers and the general public, the General Meeting will be held as a closed meeting with only Director Shareholders necessary for a quorum in physical attendance. Attendance by other Shareholders at the General Meeting in person will not be possible and Shareholders or their appointed proxies (other than the Chairman of the General Meeting) will not be permitted entry to the General Meeting.

2. The holders of Ordinary Shares in the Company are entitled to vote. A member entitled to vote at the GM is also entitled to appoint a proxy to exercise all or any of his/her rights to vote at the GM in his/her place.

3. Shareholders are entitled to appoint a proxy to vote on their behalf at the General Meeting. The appointment of a person other than the Chairman of the General Meeting as your proxy will not be valid, as that person will also not be permitted to attend the meeting in person in order to vote on your behalf. Accordingly, in order to ensure your votes are counted, the Board encourages Shareholders to appoint the Chairman of the General Meeting as your proxy with your voting instructions. A Form of Proxy which may be used to appoint the Chairman and give proxy instructions for use at the General Meeting 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)).

4. 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 GM. 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 notes 2 and 3 above does not apply to Nominated Persons. The rights described in paragraphs 2 and 3 can only be exercised by the holders of Ordinary Shares in the Company. Notwithstanding any right of the Nominated Person to be appointed as proxy, as stated above, the appointment of a person other than the Chairman of the General Meeting will be invalid, as that person will not be permitted to attend the meeting in person in order to vote on behalf of the Nominated Person.

5. To be entitled to vote at the GM (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 6.30 pm on 19 January 2021 (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 vote at the meeting.

6. As at 24 December 2020 (being the last Business Day prior to the publication of this notice), the Company's issued Ordinary Share capital consists of 4,858,254,963 Ordinary Shares of 48/7p each, carrying one vote each.

7. 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). 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.

8. 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 10:00 am on 19 January 2021. 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.

9. 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.

10. 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.

11. 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.

12. The Company will offer an opportunity for Shareholders to engage in advance of the meeting through a facility to submit questions by email. If Shareholders have any questions for the Board in relation to the business being dealt with at the General Meeting, these can be submitted using the online service that can be accessed from https://www.melroseplc.net/investors/shareholder-information/melrose-gm-2021-questions-form/. The Board will endeavour to answer the key themes of these questions as soon as practicable. 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 GM will be by poll. All valid proxy votes, whether submitted electronically or in hard copy form, will be included in the poll to be taken at the meeting. In addition, the Chairman of the General Meeting will cast the votes for which he has been appointed as proxy. Once the results have been verified by the Company's registrar, Equiniti, they will be notified to the Financial Conduct 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.

15. You may not use an electronic address provided in either this Notice of General Meeting 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 upon request at the Company's registered office and the London offices of Simpson Thacher & Bartlett LLP during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice up to and including the date of the GM and at the place of the GM 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;

    (B) a copy of the terms of appointment of the non-executive Directors of the Company;

    (C) the Plan Rules; and

    (D) the Circular to Shareholders accompanying this Notice of General Meeting.

    Inspection of these documents may only take place in accordance with measures imposed by the UK Government in connection with the COVID-19 pandemic. Please contact Secretary@melroseplc.net to request to inspect copies of any of the above-listed documents.

17. You may register your vote online by visiting Equiniti's website at 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. 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 using your usual user ID and password. Once logged in simply click "View" on the "My Investments" page, click on the link to vote then follow the on screen instructions. A proxy appointment made electronically will not be valid if sent to any address other than those provided or if received after 10:00 a.m. on 19 January 2021.

Toppan Merrill, London
20-33958-1