

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the Final Offer or the contents of this Document or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or an independent financial adviser duly authorised under the FSMA if you are located in the United Kingdom or, if you are located outside the United Kingdom, an appropriately authorised independent financial adviser.

This Document and any documents incorporated into it by reference should be read in conjunction with the Original Offer Document sent to GKN Shareholders on 1 February 2018 and the accompanying Second Form of Acceptance (if you hold GKN Shares in certificated form). If you hold GKN Shares in uncertificated form and you are a CREST sponsored member you should contact your CREST sponsor.

This Document should also be read in conjunction with the New Prospectus Equivalent Document, available to Eligible GKN Shareholders at www.melroseplc.net. The New Prospectus Equivalent Document has been prepared in accordance with paragraph 1.2.2(2) and 1.2.3(3) of the Prospectus Rules and contains information which is regarded by the UKLA as being equivalent to that of a prospectus. Accordingly, the New Prospectus Equivalent Document has been filed with the UKLA and has been made available, free of charge, to the public in accordance with Rule 3.2 of the Prospectus Rules. The New Prospectus Equivalent Document is being published in connection with the Final Offer and replaces the Original Prospectus Equivalent Document.

If you have sold or otherwise transferred all of your GKN Shares, please send this Document and the Original Offer Document, together with the accompanying reply-paid envelope (for use in the UK only), but not the personalised Forms of Acceptance, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. **However, the foregoing documents, the Original Prospectus Equivalent Document and the New Prospectus Equivalent Document must not be distributed, forwarded or transmitted (including by custodians, nominees and trustees) in or into the United States or any other Restricted Jurisdiction.** If you have sold or otherwise transferred some of your GKN Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected. If you have recently purchased or otherwise acquired GKN Shares in certificated form, notwithstanding receipt of this Document and any accompanying documents from the seller or transferor or the stockbroker, bank or other agent through whom the purchase or transfer was effected, you should contact the Receiving Agent, Equiniti Limited, to obtain a personalised Second Form of Acceptance.



Increased and Final Offer for GKN plc by Melrose Industries PLC

Copies of this Document and of the New Prospectus Equivalent Document will be made available to Eligible GKN Shareholders on Melrose's website at www.melroseplc.net until the end of the Offer.

GKN SHAREHOLDERS WHO HAVE PREVIOUSLY ACCEPTED THE ORIGINAL OFFER WILL AUTOMATICALLY BE DEEMED TO HAVE ACCEPTED THE TERMS OF THE FINAL OFFER BY VIRTUE OF THEIR PRIOR ACCEPTANCES AND ANY MIX AND MATCH ELECTIONS MADE IN SUCH ACCEPTANCES SHALL REMAIN VALID AND THEREFORE SUCH SHAREHOLDERS NEED NOT TAKE ANY FURTHER ACTION.

The procedure for acceptance of the Final Offer is set out on pages 20 to 25 of this Document and, in respect of GKN Shares held in certificated form, in the accompanying Second Form of Acceptance. To accept the Final Offer in respect of GKN Shares held in certificated form, you must complete and return the accompanying Second Form of Acceptance as soon as possible and, in any event, so as to be received by the Receiving Agent **by no later than 1.00 p.m. (London time) on 29 March 2018**. Acceptances of the Final Offer in respect of GKN Shares held in uncertificated form should be made electronically through CREST so that the TTE instruction settles **by no later than 1.00 p.m. (London time) on 29 March 2018**. If you are a CREST sponsored member, you should contact your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to Euroclear.

If you have any questions about this Document or are in any doubt as to how to complete the accompanying Second Form of Acceptance (if you hold GKN Shares in certificated form), or how to make an Electronic Acceptance (if you hold GKN Shares in uncertificated form), or if you want to request a hard copy of the New Prospectus Equivalent Document or a further copy of this Document or a copy of the Original Offer Document (and/or any information incorporated into it by reference to another source) please contact the Receiving Agent, Equiniti Limited, on 0333 207 6524 or, if calling from outside the United Kingdom, +44 121 415 0909. Lines are open 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (excluding English and Welsh public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

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LETTER TO GKN SHAREHOLDERS FROM THE CHAIRMAN OF MELROSE



(a public limited company incorporated and registered in England and Wales with registration no. 9800044)

Directors

Christopher Miller (*Chairman*)
David Roper (*Vice-Chairman*)
Simon Peckham (*Chief Executive*)
Geoffrey Martin (*Group Finance Director*)
Justin Dowley (*Non-executive Director*)
Elizabeth Hewitt (*Non-executive Director*)
David Lis (*Non-executive Director*)
Archie G. Kane (*Non-executive Director*)

Registered Office:

11th Floor
The Colmore Building
20 Colmore Circus Queensway
Birmingham
B4 6AT

13 March 2018

To: GKN Shareholders and, for information only, to persons with information rights and participants in the GKN Share Schemes

Dear Shareholder

Much has been said and written since 12 January 2018 when the GKN Board made our approach public. We are nearing the end of the customary offer timetable and it is now time for you to decide.

On the one hand you can join us on a journey of value creation by investing in a UK listed manufacturing powerhouse worth over £10 billion today and receiving £1.4 billion of cash.

On the other hand your Board is attempting a hasty fire-sale of GKN businesses before they have been given a chance to reach their potential and with damaging consequences, we believe, for all stakeholders.

The potential transaction with Dana, if it is allowed to go ahead in the last quarter of this year, would leave you with a minority stake in a foreign listed group run by a Dana management team based in Ohio. Many of you may not be able to hold the shares being offered by Dana as part of the consideration as they will not be listed in the UK. It is surprising that the GKN Board would recommend such a transaction knowing that it is likely to require a forced sale of Dana shares, a fact that will be anticipated by the US markets. Private UK shareholders should also be aware that they would be liable to income tax on the value of any new Dana shares they receive. This transaction would involve a lengthy and uncertain completion process, including anti-trust clearances in the EU, US and China, as well as Dana's shareholder approval, which is not expected until the last quarter of 2018.

The outcome of the Disposals would leave behind a GKN Aerospace business burdened by a disproportionate, and very substantial, amount of gross pension liabilities, inappropriate for the size of the underlying business. We believe this transaction poses real risks for GKN pensioners and employees in both Driveline and Aerospace and would be a bad outcome for UK Industrial Strategy.

The GKN Board has admitted their failure to manage your businesses, most recently evidenced by its full year 2017 performance which fell short of (already lowered) consensus expectations, delivering only £1 million of additional profit despite an increase in sales of approximately £1 billion.

The GKN Board has had four conflicting strategies for GKN in the last two months:

- Their initial “4Ps” strategy (1 February 2018); abruptly abandoned without as much as a backward glance
- Within approximately two weeks they announced the details of Project Boost to improve margins by 2020 and including the hasty sale of Powder Metallurgy, previously referred to as “a gem”
- This was then followed by plans for a formal demerger to take place in 2019
- Finally they announced a proposed sale of Driveline to a foreign buyer, scheduled for the fourth quarter of 2018

As recently as January this year, the GKN Board urged shareholders to retain the full benefits of the “clear upside potential” in GKN—instead, it is now recommending a hasty sale of two of its three largest businesses.

We continue to believe that Melrose has the right team to deliver the fundamental cultural change that GKN so desperately needs, maximising the benefit for GKN’s shareholders, employees, customers and pensioners, and for UK industry as a whole. We have a clear plan; GKN does not. We note that the GKN management team has adopted many of the ideas that we set out in our initial approach in terms of its strategy for the only business it is not scrambling to sell.

From the very beginning, our preference has been to reach an agreement rather than carrying out a public debate. We have recently made attempts to engage in constructive discussion with the GKN Board with a view to agreeing the terms of a recommended offer. Your Board has unequivocally declined each time to enter into any such discussions with us and, as recently as Friday 9 March, was unwilling to even enquire on your behalf as to the terms of any revised proposal, a decision that no doubt you will find both surprising and disappointing.

Instead of £1.4 billion in cash and a majority investment in a stronger combined Melrose / GKN business, it appears the GKN Board prefers a minority stake in a foreign business (Dana) with no GKN management involvement. The GKN Board is suggesting this is the best option for shareholders, employees, pensioners and other stakeholders.

In the interests of decisively resolving the future of GKN, we are pleased to set out the terms of an increased and final offer which would give GKN Shareholders 60 per cent of the Enlarged Group and £1.4 billion in cash.

Under the terms of our Final Offer, as a GKN shareholder you will receive:

81 pence in cash	For each GKN Share you hold
and 1.69 New Melrose Shares	

In addition, GKN Shareholders on the register on 6 April 2018 will be entitled to receive the final dividend of 6.2 pence per GKN share as announced by the GKN Board on 27 February 2018 (the “Announced Dividend”).

Based on Melrose’s Closing Price of 224.7 pence per Melrose Share on 9 March 2018 (being the last practicable date before the date of this Document), the Final Offer, together with the Announced Dividend:

- values each GKN Share at **467 pence**;
- values the entire issued and to be issued ordinary share capital of GKN at approximately £8.1 billion; and
- represents an attractive immediate premium of approximately 43 per cent to the Closing Price of 326.3 pence per GKN Share on 5 January 2018 (being the last Business Day prior to the approach made by Melrose to the GKN Board in connection with the Offer).

We are more convinced than ever that the Melrose team, who have decades of experience in successfully transforming businesses, are the only real choice of team to re-energise and re-focus GKN to unlock its full potential.

GKN's transaction with Dana: a bad deal for shareholders

On 9 March 2018, the GKN Board announced the proposed sale of GKN Driveline to Dana. In that announcement your Chairman, Mike Turner, stated that “this is a great deal for shareholders”. Melrose believes the opposite is true.

The Dana transaction:

- Sells the majority of the potential of GKN Driveline before any of the improvement that all parties agree is achievable
- Forces GKN shareholders, if they are so able, to accept shares in a foreign listed company, managed and controlled outside the UK. Many GKN Shareholders will have no alternative but to sell these shares
- Forces individual, UK tax-paying GKN shareholders to pay tax on receipt of Dana shares without any cash payment to fund it
- Leaves the remaining GKN Group with approximately £3.0 billion of gross pension liabilities. Post the hasty sale of Powder Metallurgy this could result in these gross pension liabilities being over 10 times the size of the Aerospace management profits, a ratio three times the average for the FTSE 100, prior to implementing more controversial methods to incentivise pension scheme members to give up some of their benefits
- Commits GKN to a lengthy and uncertain process in relation to anti-trust, a controversial and increasingly regulated US tax inversion and other conditions. We note that Dana shareholders have an option to “walk away” at a cost of only \$54 million if they decide not to approve the transaction in the last quarter of 2018

Melrose believes that this hasty and ill-thought-through transaction is prejudicial to GKN's shareholders.

Melrose creates: a UK publicly listed £10 billion manufacturing powerhouse

GKN: plans to sell all but one of its businesses prior to any improvement

We are confident GKN shareholders will benefit from creating a new £10 billion UK manufacturing powerhouse listed on the London Stock Exchange and managed under the successful Melrose operating model.

We believe this is a very exciting opportunity and will create a world leading company run by a proven team which will deliver opportunities for substantial business improvement for the benefit of all stakeholders.

Melrose delivers: record improvement achieved at Nortek

GKN: consistent misses of margin performance targets

Following the previous three successful acquisitions that Melrose has made, which have on average increased shareholders' investment by 2.7x, our latest acquisition, Nortek, is shaping up to be our fastest ever improvement.

With the announcement of our full year results for 2017, we reached another milestone with Nortek, achieving a faster rate of delivery of improvement than any of our previous acquisitions, exceeding even our own expectations of the pace of margin uplift and cash generation.

Nortek remains a great example of Melrose's strategy in action; we are creating substantial long-term value through our significant investment in increased productivity, new technology, new products and operations, alongside a divisional management team freed from a bureaucratic, centralised culture.

GKN Shareholders can benefit from further value accretion of these businesses (current value £4.4 billion); a fact that your Board has chosen to ignore.

Melrose invests: investment is at the heart of our strategy

GKN: expensed R&D spend approximately half of Melrose's

We invest significantly in our businesses, as if we were to own them forever, to ensure that they remain leaders in their markets and at the forefront of innovation, making them stronger and therefore more valuable.

We welcome investment proposals from all areas of our businesses, regardless of where they are in their respective improvement or ownership cycles. We analyse proposals on a case by case basis (there is no central "investment pot" that the businesses must compete for) and as long as the expected returns are adequate, we will make the necessary capital available. Indeed, we have never refused a request from any of our businesses for investment that met our return criteria.

On average Melrose spends a third again of its original equity purchase price on capital expenditure and business improvement. We equip our businesses for the future, with our development plans for them ranging well beyond our typical investment horizon to position them for long-term success.

Further, it is the Melrose philosophy to invest in research and development; at Elster and Nortek this has meant an R&D investment of approximately 4% of sales, fully expensed, over the last five years, equating to over £230 million. This is investment for the long-term.

Melrose empowers: giving authority back to operational management

GKN: inefficiently controlling from the centre, demotivating operational management

The success of the Melrose operating model includes freeing up the front line operators, the people who run the businesses on a day to day basis, to do their jobs, unconstrained by the burden of excessive central control. The managers of businesses owned by Melrose are able to devote more time to their customers, employees and suppliers, ensuring that the businesses are run to the best of their potential. We prefer to work with and strengthen incumbent management and indeed three out of four Nortek businesses are still run by the same management teams that were in place when we bought the company.

We improve the performance of the businesses we acquire through a time-tested approach of concentrating on operational efficiencies followed by production optimisation and a focused investment programme. Once improved, we pride ourselves on timing any exits of the businesses under our ownership very carefully, taking into account the interests of all stakeholders.

Melrose protects: an impeccable steward of pension schemes

GKN: increasing the risks for pensioners and the remaining pension scheme members

The deal signed with Dana means that over two thirds of the Group's gross pension liabilities, including approximately 85% of the gross UK pension liabilities, will remain with the GKN group following the sale even though less than half of the profits of the Group are retained. This brings a material increase in risk to the remaining group.

As a result of this transaction and the expected hasty sale of the Powder Metallurgy business, the ratio of total gross pension liabilities to management trading profits could double from over 5 times to over 10 times, approximately 3 times the average ratio of companies in the FTSE 100, which will burden the remaining Aerospace company significantly more than it is today.

To try to overcome this issue GKN are relying on two more controversial exercises which require individual pension members to give up some of their benefits for an upfront incentive. The Pensions Regulator, and other bodies, have previously warned about the risks and responsibilities of doing such exercises, namely:

- an enhanced transfer value exercise—whereby UK scheme members are incentivised to give up the future security provided by their defined benefit pension scheme by transferring out of the scheme
- pension increase exchanges—whereby UK pensioners are incentivised to give up the future inflation protection provided by their defined benefit pension scheme in return for a one-off increase in their annual pension payment

A more appropriate use of the \$1.6 billion cash transaction proceeds would have been to better fund the scheme and to increase the ongoing contributions to improve the position for the scheme members.

It is our view that it is irresponsible of the GKN Board to proclaim a value maximising strategy whilst overburdening its only remaining business with liabilities of this nature. Shareholders should be concerned that the future GKN Aerospace business may be hampered in its ability to compete and invest on the global stage.

By contrast, Melrose has been an impeccable steward of the pension schemes of the companies it has owned and is committed to looking after all stakeholders. We have strengthened every single pension scheme we have acquired.

We are pleased to confirm that we are in constructive talks with the GKN Pension Scheme Trustees. We have already committed to make annual payments to the GKN pension schemes at a level greater than that which GKN pays into the schemes today, over and above the substantial voluntary cash contribution of £150 million that we announced previously.

Melrose's model: consistently creating high shareholder returns

GKN: Melrose's final offer is significantly above the highest price that GKN has traded in the past 10 years

Our primary objectives are to transform the companies we own and in doing so create material value for shareholders. Since our first acquisition in 2005, we have generated a total net shareholder value increase of £4.9 billion and have returned £4.3 billion of cash to shareholders. The Melrose Board believes that the acquisition of GKN will meet our strict criteria for investment returns.

Shareholders who invested £1 with us on our first acquisition and participated in subsequent capital raisings, would now have approximately £18. Over the same period, we have achieved a total shareholder return of over 3,000%, compared to an average of approximately 230% across the FTSE 350 constituents, making us the third best performer in the index.

We have always put our faith in public markets and financed our transactions mostly using equity. Unlike private equity companies, we do not rely on debt to boost returns and use only modest and prudent levels of leverage, well within UK industrial norms.

Our Final Offer: a deliverable and valuable proposition

Under our Offer there exists today a real opportunity to build a better, stronger, more valuable GKN, giving you the shareholders the opportunity to participate in the success of a UK listed manufacturing powerhouse with very significant future potential.

Our Final Offer is deliverable; we have already received clearance in respect of US, Canadian and European anti-trust as well as Melrose shareholder approval. There is no further shareholder approval required to make and implement the Final Offer. All remaining required regulatory approval processes, including CFIUS, have been initiated and are progressing well. We remain highly confident that we will obtain these approvals within the parameters of the offer timetable.

Melrose's approach has already created £1.9 billion for GKN shareholders. We are the best team to realise GKN's full potential and would welcome the opportunity to deliver this value for you.

We invite you to accept our Final Offer without delay and in any event by no later than 1.00 p.m. on Thursday, 29 March 2018.

Yours sincerely

Christopher Miller

PROCEDURE TO ACCEPT THE FINAL OFFER AND TO MAKE A MIX AND MATCH ELECTION

If you have already validly accepted the Original Offer, you will automatically be deemed to have accepted the terms of the Final Offer by virtue of your prior acceptance and, if applicable, to have made a Mix and Match Election in the same manner as indicated in such prior acceptance, and therefore you need not take any further action, and you do not need to complete or return the accompanying Second Form of Acceptance or make a further Electronic Acceptance.

If you hold your GKN Shares, or any of them, in certificated form (that is, NOT in CREST):

To accept the Final Offer in respect of some or all of those GKN Shares, you should complete, sign and return the enclosed Second Form of Acceptance, along with your valid share certificate(s) and/or any other relevant documents of title as soon as possible and, in any event, so as to be received by post or by hand (during normal business hours) by the Receiving Agent, Equiniti Limited, at Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing BN99 6DA **by no later than 1.00 p.m. (London time) on 29 March 2018⁽¹⁾**. Further details on the procedures for acceptance of the Final Offer or to make a Mix and Match Election if you hold any of your GKN Shares in certificated form are set out in paragraph 6(a) of Part 1 of this Document, paragraph (c) of Section D of Part 2 of the Original Offer Document and in the accompanying Second Form of Acceptance. A reply-paid envelope for use within the UK only is enclosed for your convenience and may be used by holders of GKN Shares in certificated form in the UK for returning their Second Form of Acceptance;

If you hold your GKN Shares, or any of them, in uncertificated form (that is, in CREST):

To accept the Final Offer in respect of some or all of those GKN Shares, you should follow the procedure for Electronic Acceptance through CREST so that the TTE instruction settles as soon as possible and, in any event, **by no later than 1.00 p.m. (London time) on 29 March 2018⁽¹⁾**. If you hold any of your GKN Shares through a CREST sponsored member, you should contact your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to Euroclear. Further details on the procedures for acceptance of the Final Offer or to make a Mix and Match Election if you hold any of your GKN Shares in uncertificated form are set out in paragraph 6(b) of Part 1 of this Document and in Section E of Part 2 of the Original Offer Document.

ACCEPTANCES OF THE FINAL OFFER MUST BE RECEIVED BY 1.00 P.M. (LONDON TIME) ON 29 MARCH 2018⁽¹⁾

You are advised to read the whole of this Document, the Original Offer Document and the New Prospectus Equivalent Document carefully.

Helpline

If you have any questions relating to this Document or the Original Offer Document or the completion and return of the Second Form of Acceptance or the making of an Electronic Acceptance (as the case may be) please telephone the Receiving Agent, Equiniti Limited, on 0333 207 6524, or if calling from outside the United Kingdom +44 121 415 0909.

Lines are open from 8.30 a.m. until 5.30 p.m. Monday to Friday (excluding English and Welsh public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

All references in this Document and in the Second Form of Acceptance are to London time.

Please note that, for legal reasons, the Receiving Agent will only be able to provide you with information contained in this Document and will be unable to give advice on the merits of the Offer or to provide legal, financial or taxation advice on the contents of this Document.

(1) The deadline for acceptances of the Final Offer will not be extended, save that Melrose reserves the right to extend this deadline if GKN consents to such extension for the purposes of gaining CFIUS approval only (as GKN said it would be willing to consider doing in its announcement of 9 February 2018).

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change. References to a time of day are to London time.

Publication and posting of this Document and the Second Form of Acceptance	13 March 2018
Publication of the New Prospectus Equivalent Document	13 March 2018
Latest time by which GKN Shareholders can accept the Final Offer (unless extended) ⁽¹⁾⁽²⁾⁽³⁾	1.00 p.m. on 29 March 2018
Latest date on which the Final Offer may become or be declared wholly unconditional (unless extended) ⁽⁴⁾	19 April 2018
Admission of, and dealings (for normal settlement) commence in, New Melrose Shares on the London Stock Exchange	8.00 a.m. on the Effective Date
New Melrose Shares credited to CREST accounts	As soon as possible after 8.00 a.m. on the Effective Date
Despatch of share certificates in respect of New Melrose Shares and cheques in respect of fractional entitlements to New Melrose Shares (where applicable) and payment of cash consideration due to GKN Shareholders pursuant to the terms of the Final Offer	No later than 14 calendar days after the Effective Date

Notes:

- (1) The deadline for acceptances of the Final Offer will not be extended, save that Melrose reserves the right to extend this deadline if GKN consents to such extension for the purposes of gaining CFIUS approval only (as GKN said it would be willing to consider doing in its announcement of 9 February 2018).
- (2) If the Offer becomes or is declared unconditional as to acceptances, Melrose has agreed to keep the Offer open for acceptances for at least 14 days following such date.
- (3) Melrose reserves the right to close the Mix and Match Facility at 1:00 p.m. (London time) on 29 March 2018 without further notice.
- (4) Except with the consent of the Panel, all Conditions must be fulfilled (or waived (if so permitted)) or the Offer must lapse within 21 days of the date the Offer becomes or is declared unconditional as to acceptances.

IMPORTANT NOTICES

Important notices relating to financial advisers

Rothschild, which is authorised by and regulated by the FCA in the UK, is acting exclusively for Melrose and no one else in connection with the Offer and will not be responsible to anyone other than Melrose for providing the protections afforded to its clients or for providing advice in relation to the Offer or any other matters referred to in this Document.

Investec, which is authorised by the PRA and regulated by the FCA and the PRA in the UK, is acting exclusively for Melrose and no one else in connection with the Offer and will not be responsible to anyone other than Melrose for providing the protections afforded to its clients or for providing advice in relation to the Offer or any other matters referred to in this Document.

RBC Europe Limited, which is authorised by the PRA and regulated by the FCA and the PRA in the UK, is acting exclusively for Melrose and no one else in connection with the Offer and will not be responsible to anyone other than Melrose for providing the protections afforded to its clients or for providing advice in relation to the Offer or any other matters referred to in this Document.

Notice to Overseas Shareholders

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

This Document has been prepared for the purpose of complying with English law and the City Code, and the information disclosed may not be the same as that which would have been disclosed if this Document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

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

The availability of the Offer to GKN Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Any such person should read paragraph 15 of Part 1 of this Document and paragraph (c), Section D of Part 2 of the Original Offer Document (if such person holds GKN Shares in certificated form) or paragraph (c), Section E of Part 2 of the Original Offer Document (if such person holds GKN Shares in uncertificated form) of this Document and inform themselves of, and observe, any applicable legal or regulatory requirements.

Notice relating to the United States of America

The Offer relates to the shares of an English company and is subject to UK procedural and disclosure requirements that are different from certain of those of the US. Any financial statements or other financial information included in this Document may have been prepared in accordance with non-US accounting standards that may not be comparable to the financial statements of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. It may

be difficult for US holders of shares to enforce their rights and any claims they may have arising under the US federal securities laws in connection with the Acquisition, since Melrose and GKN are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the United States. US holders of shares in Melrose or GKN may not be able to sue Melrose, GKN or their respective officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel Melrose, GKN and their respective affiliates to subject themselves to the jurisdiction or judgment of a US court.

None of the New Melrose Shares, the Original Prospectus Equivalent Document, the New Prospectus Equivalent Document, the Original Offer Document, this Document, the First Form of Acceptance or the Second Form of Acceptance or any other document relating to the offering of New Melrose Shares has been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of the information contained in the Original Offer Document or this Document and the merits of the Offer. Any representation to the contrary is a criminal offence in the United States.

In addition, until 40 days after the New Melrose Shares are issued in connection with the Offer, an offer, sale or transfer of the New Melrose Shares within the United States by a dealer (whether or not participating in the Acquisition) may violate the registration requirements of the US Securities Act if such offer, sale or transfer is made otherwise than in accordance with Rule 144A or another exemption from registration under the US Securities Act.

It is intended that the Offer will be implemented by way of a takeover offer within the meaning of the Companies Act. However, Melrose reserves the right to elect, with the consent of the Panel (where necessary), to implement the Acquisition by way of a Court-sanctioned scheme of arrangement in accordance with Part 26 of the Companies Act. A Scheme is not subject to the tender offer rules under the US Exchange Act and therefore would be subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement which differ from the disclosure requirements of the US tender offer rules. If the Acquisition is implemented by way of a scheme of arrangement, the New Melrose Shares would be expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) of the US Securities Act. Section 3(a)(10) exempts securities issued in exchange for one or more outstanding securities from the general requirements of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court, after a hearing on the fairness of the terms and conditions of the issuance and exchange at which all persons to whom such securities will be issued have the right to appear and be heard. The Court would hold a hearing on the Scheme's fairness to GKN Shareholders, at which hearing all such shareholders would be entitled to attend in person or through counsel. If the Acquisition is implemented by way of the Scheme, a person who receives New Melrose Shares pursuant to the Scheme and who is an affiliate of Melrose may not resell such securities without registration under the US Securities Act or pursuant to the applicable resale provisions of Rule 144 under the US Securities Act or another applicable exemption from registration or in a transaction not subject to registration (including a transaction that satisfies the applicable requirements of Regulation S under the US Securities Act). Whether a person is an affiliate of a company for the purposes of the US Securities Act depends on the circumstances, but affiliates can include certain officers, directors and significant shareholders. Persons who believe that they may be affiliates of Melrose should consult their own legal advisers prior to any sale of securities received pursuant to the Scheme.

No document relating to the Offer or the Acquisition will be posted into the US, but a "Qualified Institutional Buyer" (as such expression is used in Rule 144A under the US Securities Act) or an "Accredited Investor" (as such expression is used in Rule 501(a) under the US Securities Act) may be permitted to participate in the Offer upon establishing its eligibility to receive New Melrose Shares by completing an eligibility questionnaire available on www.melroseplc.net and returning any required supporting documentation. The Offer will qualify for "Tier II" exemptions from the tender offer rules included in Regulation 14E under the US Exchange Act. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that may be different from those applicable under US domestic tender offer procedures and law. A person who receives New Melrose Shares pursuant to the Offer may not resell such securities without (i) effective registration under the US Securities Act or (ii) an applicable exemption from registration or in a transaction not subject to registration requirements of the US Securities Act and, in each case, in compliance with any applicable securities laws of any state or other jurisdiction of the United States (including a transaction that satisfies the applicable requirements of Rule 144A or Regulation S under the US Securities Act).

The Original Offer Document and this Document do not constitute a public offer of securities for sale in the US or a public offer to acquire or exchange securities in the US. Securities may not be offered or sold in the US absent registration or an exemption from registration. No offer to acquire securities or to exchange securities for other securities has been made, or will be made, directly or indirectly, in or into, or by use of the mails, any means or instrumentality of interstate or foreign commerce or any facilities of a national securities exchange of, the US or any other country in which such offer may not be made other than (i) in accordance with the US Securities Act, as amended, or the securities laws of such other country, as the case may be, or (ii) pursuant to an available exemption from such requirements. In particular, New Melrose Shares will only be made available in the United States to qualified institutional buyers (as defined in Rule 144A under the US Securities Act) or accredited investors (as defined in Rule 501(a) under the US Securities Act) in transactions that are exempt from the registration requirements of the US Securities Act. Such shareholders will be required to make such acknowledgements and representations to, and agreements with, Melrose as Melrose may require to establish that they are entitled to receive New Melrose Shares.

Nothing in the Original Offer Document or this Document shall be deemed an acknowledgement that any SEC filing is required or that an offer requiring registration under the US Securities Act may ever occur in connection with the Offer.

The New Melrose Shares have not been, and will not be, registered under the securities laws of any state or jurisdiction in the United States and, accordingly, will only be issued to the extent that exemptions from the registration or qualification requirements of state “blue sky” securities laws are available or such registration or qualification requirements have been complied with. US investors should closely read paragraph 15 of Part 1 of this Document, as well as paragraphs 8 and 9 of Section C of Part 2 of the Original Offer Document, for further details. In particular, US investors should note that once the Offer is declared unconditional in all respects, Melrose will accept all GKN Shares that have by that time been validly tendered (or deemed to have been validly tendered) in acceptance of the Offer and will, in accordance with the City Code, settle the relevant consideration for all such accepted GKN Shares within 14 calendar days of such date, rather than the three trading days that US investors may be accustomed to in US domestic tender offers. Similarly, if the Offer is terminated or withdrawn, all documents of title will be returned to shareholders within 14 calendar days of such termination or withdrawal.

The receipt of cash pursuant to the Offer by a US GKN Shareholder may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each GKN Shareholder is urged to consult his independent professional adviser immediately regarding the tax consequences of accepting the Offer.

In accordance with, and to the extent permitted by, the City Code, normal UK market practice and Rule 14e-5 under the US Exchange Act, RBC Europe Limited, Investec and their respective affiliates may continue to act as exempt principal traders in GKN Shares on the London Stock Exchange and will engage in certain other purchasing activities consistent with their respective normal and usual practice and applicable law, including Rule 14e-5 under the US Exchange Act. To the extent required to be disclosed in accordance with applicable regulatory requirements, information about any such purchases will be disclosed to the Panel by no later than 12 noon on the next “business day”, as such term is defined in the City Code, and will be available from any Regulatory Information Service, including the Regulatory News Service on the London Stock Exchange website, www.londonstockexchange.com, and will also be available on Melrose’s website www.melroseplc.net. To the extent that such information is required to be publicly disclosed in the United Kingdom in accordance with applicable regulatory requirements, this information will, as applicable, also be publicly disclosed in the United States.

New Melrose Shares

The New Melrose Shares have not been, and will not be, listed on any stock exchange other than London Stock Exchange and have not been, and will not be, registered under the US Securities Act or under any laws of any state, district or other jurisdiction, of the United States, nor have clearances been, nor will they be, obtained from the securities commission or similar authority of any province or territory of Canada and no prospectus has been, or will be, filed, or registration made, under any securities law of any province or territory of Canada, nor has a prospectus in relation to the New Melrose Shares been, nor will one be, lodged with, or registered by, the Australian Securities and Investments Commission, nor have any steps been taken, nor will any steps be taken, to enable the New Melrose Shares to be offered in compliance with applicable securities laws of Japan and no regulatory clearances in respect of the New Melrose Shares have been, or will be, applied for in any other jurisdiction.

The New Prospectus Equivalent Document relating to the issuance of New Melrose Shares pursuant to the Final Offer has been published on and is available to Eligible GKN Shareholders on Melrose's website at www.melroseplc.net. The New Prospectus Equivalent Document is being published in connection with the Final Offer and replaces the Original Prospectus Equivalent Document. Please note, however, that certain information on Melrose's website may not be accessible to persons in the United States or any other Restricted Jurisdiction. The Original Prospectus Equivalent Document and the New Prospectus Equivalent Document have not been and will not be submitted for approval to any market supervisory authority other than the competent authority of the UK, the FCA. Consequently, no steps may be taken that would constitute or that would result in an offer to the public of New Melrose Shares outside of the UK. The distribution of the Original Prospectus Equivalent Document and the New Prospectus Equivalent Document may, in certain jurisdictions, be restricted by law, and the Original Prospectus Equivalent Document and the New Prospectus Equivalent Document may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase or subscribe for New Melrose Shares, or possess or distribute the Original Prospectus Equivalent Document, the New Prospectus Equivalent Document, the Original Offer Document, this Document, the First Form of Acceptance or the Second Form of Acceptance, and must obtain any consent, approval or permission required for the purchase, offer or sale of New Melrose Shares under the applicable laws and regulations in force in any jurisdiction in which any such purchase, offer or sale is made. Melrose is not making an offer to sell the New Melrose Shares or soliciting an offer to purchase any of the New Melrose Shares to any person in any jurisdiction in which such an offer or such solicitation is not permitted.

Cautionary note regarding forward looking statements

This Document contains certain forward looking statements with respect to the financial condition, results of operations and businesses of Melrose and GKN and their respective groups, and certain plans and objectives of Melrose with respect to the Enlarged Group. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements. Forward looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward looking statements include, among other things, statements concerning the potential exposure of Melrose, the Melrose Group, GKN, the GKN Group and/or the Enlarged Group to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions, including as to future potential cost savings, synergies, earnings, cash flow, return on average capital employed, production and prospects. These forward looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "seek", "should", "target", "will" and similar terms and phrases.

There are a number of factors that could affect the future operations of Melrose, the Melrose Group, GKN, the GKN Group and/or the Enlarged Group and that could cause results to differ materially from those expressed in the forward looking statements included in this Document, including (without limitation): (a) changes in demand for Melrose's and/or GKN's products; (b) currency fluctuations; (c) loss of market share and industry competition; (d) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; and (e) changes in trading conditions.

All forward looking statements contained in this Document are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward looking statements. For a discussion of important factors which could cause actual results to differ from forward looking statements in relation to the Melrose Group or the GKN Group, refer to the annual report and accounts of the Melrose Group for the financial year ended 31 December 2016 and of the GKN Group for the financial year ended 31 December 2016, respectively, as well as the section entitled "Risk Factors" in the New Prospectus Equivalent Document.

Unless otherwise specified, each forward looking statement speaks only as of the date of this Document. Neither Melrose nor the Melrose Group undertakes any obligation to publicly update or revise any forward looking statement as a result of new information, future events or otherwise, except to the extent legally required, including without limitation pursuant to the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulations. In light of these risks, results could

differ materially from those stated, implied or inferred from the forward looking statements contained in this Document.

Rounding

Certain figures included in this Document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables or forms may vary slightly and figures shown as totals in certain tables or forms may not be an arithmetic aggregation of the figures that precede them.

No forecasts or estimates

No statement in this Document (including any statement of estimated synergies) is intended as a profit forecast, estimate or quantified financial benefits statement for any period and no statement in this Document should be interpreted to mean that cash flow from operations, free cash flow, earnings or earnings per share for Melrose, GKN or the Enlarged Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published cash flow from operations, free cash flow, earnings or earnings per share for Melrose or GKN as appropriate.

Disclosure requirements of the City Code

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

Under Rule 8.3(b) of the City Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the City Code).

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

For the purpose of this section (*Disclosure requirements of the City Code*) and the following section (*Publication on website and availability of hard copies*) of this Document, "Business Day" means a day on which the London Stock Exchange is open for the transaction of business.

Publication on website and availability of hard copies

A copy of this Document and the New Prospectus Equivalent Document, together with those documents listed in paragraph 5 of Part 3 of this Document and all information incorporated into this Document by reference to another source, are available, subject to certain restrictions relating to persons resident in the United States or any other Restricted Jurisdiction, for inspection on Melrose's website www.melroseplc.net. For the avoidance of doubt, the contents of the websites referred to in this Document are not incorporated into and do not form part of this Document.

Subject to certain restrictions relating to persons in the United States or any other Restricted Jurisdiction, you may request further hard copies of this Document, the Original Offer Document, the Second Form of Acceptance and/or any information incorporated into this Document by reference to another source by contacting the Receiving Agent, Equiniti Limited by telephone between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding English and Welsh public holidays) on 0333 207 6524 or, if calling from outside the United Kingdom, +44 121 415 0909. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice. In addition, provided you are not located in the United States or any other Restricted Jurisdiction, you may also request a hard copy of the New Prospectus Equivalent Document by contacting the Receiving Agent in accordance with the above details. You may also request that all future documents, announcements and information to be sent to you in relation to the Offer should be in hard copy form. A hard copy of such documents, announcements and information will not be sent unless so requested in accordance with the above.

This document is dated 13 March 2018.

PART 1: LETTER FROM THE FINANCIAL ADVISERS



RBC Capital Markets®

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London EC4N 8AL

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13 March 2018

To: GKN Shareholders and, for information only, to persons with information rights and participants in the GKN Share Schemes

Dear GKN Shareholder,

Increased and Final Offer for GKN plc by Melrose Industries PLC

1. Introduction

On 12 March 2018, Melrose Industries PLC announced the terms of its increased and final offer to acquire the entire issued and to be issued share capital of GKN plc. Details of the Final Offer are set out below. This letter together with Part 2 of the Original Offer Document (as amended by Part 2 of this Document) contain the formal terms and conditions of the Final Offer.

2. Summary of the terms of the Final Offer

Under the terms of the Final Offer (which is subject to the Conditions and further terms summarised below and set out in Part 2 of the Original Offer Document (as amended by Part 2 of this Document), GKN Shareholders are entitled to receive:

81 pence in cash
and 1.69 New Melrose Shares
for each GKN Share

In addition, GKN Shareholders on the register on 6 April 2018 will be entitled to receive the final dividend of 6.2 pence per GKN share as announced by the GKN Board on 27 February 2018 (the "Announced Dividend").

Based on Melrose's Closing Price of 224.7 pence per Melrose Share on 9 March 2018 (being the latest practicable date prior to the publication of this Document), the Final Offer, together with the Announced Dividend:

- values each GKN Share at 467 pence;
- values the entire issued and to be issued ordinary share capital of GKN at approximately £8.1 billion; and
- represents an attractive immediate premium of:
 - approximately 40 per cent to the Closing Price of 332.7 pence per GKN Share on 11 January 2018 (being the last Business Day before commencement of the Offer Period); and
 - approximately 43 per cent to the Closing Price of 326.3 pence per GKN Share on 5 January 2018 (being the last Business Day prior to the approach made by Melrose to the GKN Board in connection with the Offer).

The financial terms of the Final Offer are final and will not be increased. The deadline for acceptances of the Final Offer (being 1.00 p.m. on Thursday 29 March 2018) will not be extended, save as set out in the footnote below¹. If sufficient acceptances in respect of the Offer are not received by Melrose on or prior to such time in order to satisfy the Acceptance Condition, then the Offer will lapse.

¹ **Code reservation:** Melrose reserves the right to extend this deadline if GKN consents to such extension for the purposes of gaining CFIUS approval only (as GKN said it would be willing to consider doing in its announcement of 9 February 2018).

Should Melrose receive sufficient acceptances in respect of the Offer on or prior to 1.00 p.m. on Thursday 29 March 2018, Melrose expects the Offer to become or be declared wholly unconditional by no later than Thursday 19 April 2018 (or such later date as may be agreed with Panel).

Acceptances of the Original Offer shall be deemed to be an acceptance of the Final Offer. Therefore, GKN Shareholders who have already validly accepted the Original Offer are not required to take any further action in respect of the Final Offer.

If, after 12 March 2018, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the GKN Shares (other than the Announced Dividend of 6.2 pence), the offer consideration will be reduced by the amount of such dividend and/or distribution and/or return of capital so announced, declared or paid, in which case any reference in Melrose's announcement on 12 March 2018 regarding the Final Offer or this Document to the offer consideration for the GKN Shares will be deemed to be a reference to the offer consideration as so reduced.

The Melrose Directors, who have been so advised by Rothschild and RBC Europe Limited as to the financial terms of the Final Offer, consider the terms of the Final Offer to be fair and reasonable. In providing their advice to the Melrose Directors, Rothschild and RBC Europe Limited have taken into account the Melrose Directors' commercial assessment of the Acquisition. Each of Rothschild and RBC Europe Limited is acting as independent financial adviser to Melrose for the purposes of providing independent advice to the Melrose Board in connection with the Acquisition under Rule 3 of the City Code.

The New Melrose Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Melrose Shares in issue at the time the New Melrose Shares are issued pursuant to the Offer, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date. For the avoidance of doubt, the New Melrose Shares will not carry the right to receive the final dividend of 2.8 pence per share announced by Melrose on 20 February 2018 and to be paid on 21 May 2018 to those Melrose Shareholders on the register at 6 April 2018 (subject to approval at the Melrose annual general meeting on 10 May 2018). Applications will be made to the UKLA for the New Melrose Shares to be admitted to the Official List with a premium listing and to trading on the main market for listed securities of the London Stock Exchange. A total of up to 2,947,744,041 New Melrose Shares will be issued in connection with the Final Offer assuming Melrose acquires the entire issued and to be issued share capital of GKN.

3. Mix and Match Facility

Melrose confirms that the Mix and Match Facility will apply to the terms of the Final Offer. Accordingly Eligible GKN Shareholders are entitled to elect, subject to offsetting elections, to vary the proportions in which they receive New Melrose Shares and cash in respect of their GKN Shares. Melrose reserves the right to close the Mix and Match Facility at 1.00 p.m. (London time) on 29 March 2018 without further notice.

Acceptances of the Original Offer shall be deemed to be acceptances of the Final Offer, and, if an Eligible GKN Shareholder has made a valid Mix and Match Election in its acceptance, to be a Mix and Match Election under the terms of the Final Offer. Therefore, GKN Shareholders who have already validly accepted the Original Offer are not required to take any further action in respect of the Final Offer.

The Mix and Match Facility allows Eligible GKN Shareholders to either:

- elect the "More Shares" option (equating to approximately 2.0505² New Melrose Shares for every GKN Share so elected if other GKN Shareholders make equal and opposite Mix and Match Elections), so as to surrender some or all of their entitlement to the cash component under the terms of the Offer (being 81 pence per GKN Share held) in exchange for additional New Melrose Shares (being approximately 0.3605³ New Melrose Shares per 81 pence if other GKN Shareholders make equal and opposite Mix and Match Elections) in addition to the 1.69 New Melrose Shares due; or
- elect the "More Cash" option (equating to 460.7 pence for every GKN Share so elected if other GKN Shareholders make equal and opposite Mix and Match Elections), so as to surrender some or all of their entitlement to New Melrose Shares under the terms of the Offer (being 1.69 New Melrose Shares per GKN Share held) in exchange for additional cash (being 379.7 pence per 1.69 New Melrose Shares if other GKN Shareholders make equal and opposite Mix and Match Elections) in addition to the 81 pence per GKN Share due.

² The full number of New Melrose Shares for every GKN Share under the "More Shares" option is 2.05048064085447.

³ The full number of New Melrose Shares for every 81 pence under the "More Shares" option is 0.36048064085447.

The ratio for making elections under the Mix and Match Facility has been determined by reference to the base consideration of 461 pence per GKN Share.

IMPORTANT: An election under the Mix and Match Facility does not guarantee that you will receive either 2.0505 New Melrose Shares under the “More Shares” option or 460.7 pence under the “More Cash” option in respect of each GKN Share so elected. Elections under the Mix and Match Facility could be scaled back pro rata, with any unsuccessful elections for the “More Cash” option or “More Shares” option being treated as an election to receive the Base Consideration of 1.69 pence and 81 New Melrose Shares. Adjustments to the entitlements of GKN Shareholders pursuant to the Mix and Match Elections may be made by Equiniti Limited under instruction from Melrose on a basis that Melrose consider to be fair and reasonable to the extent necessary to satisfy all entitlements pursuant to the Mix and Match Elections as nearly as may be practicable. Such adjustments shall be final and binding on GKN Shareholders.

It should be noted that the total number of New Melrose Shares to be issued and the maximum aggregate amount of cash to be paid under the terms of the Final Offer will not be varied as a result of elections under the Mix and Match Facility. Satisfaction of elections made by Eligible GKN Shareholders under the Mix and Match Facility will therefore depend on the extent to which other GKN Shareholders make offsetting elections. To the extent that elections for “More Cash” or “More Shares” cannot be satisfied in full, they will be scaled down on a pro rata basis and rounded down to the nearest whole number of GKN Shares. As a result, Eligible GKN Shareholders who make an election under the Mix and Match Facility will not necessarily know the exact number of New Melrose Shares or the amount of cash they will receive until settlement of the consideration due to them is made following the Effective Date. The Mix and Match Facility will not affect the entitlement to the Base Consideration due under the Offer to any GKN Shareholder who does not make an election under the Mix and Match Facility. Further information about the Offer and the Mix and Match Facility is provided in Section B of Part 2 of the Original Offer Document (as amended by Part 2 of this Document).

4. Conditions

The Offer is conditional upon the Conditions, which include, amongst other things, clearance from the antitrust authorities in India, Mexico, Russia and South Africa and approvals or confirmation of non-applicability from (i) CFIUS and other US defence and federal agencies, (ii) the German BMWi and (iii) the French Ministry of Economy ((i) - (iii) together, the “**Defence and Ministerial Conditions**”).

Melrose Shareholder approval of the Offer was received at the Melrose General Meeting held on 8 March 2018 and no further shareholder approval is required to make and implement the Final Offer. Melrose confirms it has, together with the approvals obtained at its 2017 AGM and at the Melrose General Meeting held on 8 March 2018, sufficient authority to issue the further shares to be issued pursuant to the terms of the Final Offer.

Clearances in respect of US, Canadian, European and Turkish anti-trust have been received, and all other remaining clearances, including CFIUS have been initiated and are progressing well. Melrose continues to believe that it will be able to obtain the relevant clearances within the parameters permitted by the City Code timetable.

All remaining outstanding Conditions to the Final Offer remain as set out in Section A of Part 2 of the Original Offer Document.

5. Compulsory acquisition, delisting of GKN Shares and re-registration of GKN

If Melrose receives acceptances under the Offer in respect of, and/or otherwise acquires, both 90 per cent. or more in value of the GKN Shares to which the Offer relates and 90 per cent. or more of the voting rights carried by those shares, and assuming that all of the other Conditions have been satisfied or waived (if capable of being waived), Melrose intends to apply the provision of sections 974 to 991 of the Companies Act to compulsorily acquire any outstanding GKN Shares to which the Offer relates and in respect of which the Offer has not been accepted. Any GKN Shares compulsorily acquired will be acquired on the same terms as the Offer.

If the Offer becomes or is declared unconditional in all respects and Melrose has, by virtue of acceptances of the Offer, acquired GKN Shares carrying 75 per cent. or more of the voting rights of GKN, it is intended that an application will be made to the London Stock Exchange for the cancellation of the trading of GKN Shares on its main market for listed securities and the UKLA will be requested to cancel the listing of GKN Shares on the Official List.

It is anticipated that the cancellation of GKN's listing on the Official List and admission to trading on the London Stock Exchange's main market for listed securities will take effect no earlier than 20 Business Days following the later of the date on which the Offer becomes or is declared unconditional in all respects or, provided Melrose has, by virtue of its shareholdings and acceptances of the Offer, acquired GKN Shares carrying 75 per cent. or more of the voting rights of GKN, the date on which Melrose has made an announcement of that fact.

As soon as possible after the cancellation of the trading of GKN Shares on the London Stock Exchange's main market for listed securities and the cancellation of the listing of GKN Shares on the Official List, it is intended that GKN will be re-registered as a private limited company.

Following the Effective Date, Melrose intends to procure the termination of the existing GKN American Depositary Receipt programme in accordance with its terms.

Delisting of the GKN Shares and the re-registration of GKN as a private limited company will significantly reduce the liquidity and marketability of any GKN Shares in respect of which the Offer has not been accepted at that time. Any remaining GKN Shareholders would become minority shareholders in a majority-controlled private limited company and may therefore be unable to sell their GKN Shares. There can be no certainty that GKN would pay any further dividends or other distributions or that such minority GKN Shareholders would again be offered an opportunity to sell their GKN Shares on terms which are equivalent to or no less advantageous than those under the Offer.

6. Procedure for acceptance of the Final Offer

If you have already validly accepted the Original Offer, you will automatically be deemed to have accepted the terms of the Final Offer by virtue of your prior acceptance and, if applicable, to have made a Mix and Election in the same manner as indicated in such prior acceptance, and therefore you need not take any further action, and you do not need to complete or return the accompanying Second Form of Acceptance or make a further Electronic Acceptance.

The deadline for acceptances of the Final Offer (being 1.00 p.m. on Thursday 29 March 2018) will not be extended, save as set out in the footnote below.⁴

If you have not already accepted the Original Offer, you should read this paragraph in conjunction with Sections B, D and/or E of Part 2 of the Original Offer Document (as amended by Part 2 of this Document) and, in respect of GKN Shares held in certificated form (that is, not in CREST), the notes on the accompanying Second Form of Acceptance, which shall be deemed to be incorporated into, and form part of, the terms of the Final Offer.

Different procedures for acceptance apply depending upon whether your GKN Shares are held in certificated or uncertificated form (that is, within CREST).

The Final Offer will not be extended to holders of American Depositary Receipts representing GKN Shares ("GKN ADRs"). You should refer to the terms of the deposit agreement relating to the GKN American Depositary Receipt programme to determine your rights to instruct the depositary for the GKN American Depositary Receipt programme (the "Depositary") in relation to the GKN ADRs. If you are a holder of GKN ADRs and wish to participate directly in the Final Offer (assuming you would be eligible to participate if you were to hold GKN Shares directly), you should contact either the Depositary, or if you hold the GKN ADRs through a broker or other securities intermediary, that broker or intermediary, in each case to determine the date by which you must instruct them to act in order that any necessary processing can be completed in time.

(a) GKN Shares held in certificated form (that is, not in CREST)

(i) General

You should complete a Second Form of Acceptance for GKN Shares held in certificated form, and separate Second Forms of Acceptance should be completed for GKN Shares held in certificated form but under different designations. If you have any queries as to how to complete the Second Form of Acceptance, please telephone the Receiving Agent, Equiniti Limited between 8.30 a.m. and 5.30 p.m. Monday to Friday (excluding English and Welsh public holidays) on 0333 207 6524 (or from outside the United Kingdom on +44 121 415 0909). Calls to the helpline from outside the UK will be charged at the

⁴ **Code reservation:** Melrose reserves the right to extend this deadline if GKN consents to such extension for the purposes of gaining CFIUS approval only (as GKN said it would be willing to consider doing in its announcement of 9 February 2018).

applicable international rates. Additional Second Forms of Acceptance are available from the Receiving Agent upon request.

(ii) **Completion of the Second Form of Acceptance**

If you hold your GKN Shares, or any of them, in certificated form (that is, NOT in CREST), to accept the Final Offer in respect of those GKN Shares, you should complete, sign and return the enclosed Second Form of Acceptance in accordance with the relevant instructions set out in this paragraph 6 below, in Section D of Part 2 of the Original Offer Document and in the Second Form of Acceptance.

(A) **To accept the Final Offer to receive the Base Consideration:**

You must complete Box 1 by inserting the total number of certificated GKN Shares held by you in respect of which you wish to accept the Final Offer, whether or not you wish to make an election under the Mix and Match Facility. Note this must be in respect of a whole number of GKN Shares.

In addition:

- (1) an individual must sign the Second Form of Acceptance in accordance with the instructions set out in Step 5A in the presence of a witness, who must also sign the Second Form of Acceptance in accordance with the instructions set out in Step 5A; or
- (2) a company must execute the Second Form of Acceptance in accordance with the instructions set out in Step 5B.

If you do not insert a number in Box 1 of the Second Form of Acceptance, you will be deemed to have accepted the Final Offer in respect of the number of GKN Shares printed in Box A of the relevant Second Form of Acceptance. If you enter in Box 1 the word “ALL” or any other word or marking or a number which is greater than the number of GKN Shares that you hold *and* you have signed Box 5A or Box 5B, you will be deemed to have accepted the Final Offer in respect of the greater of: (i) your entire holding of GKN Shares in certificated form as disclosed by details of the register of members made available to the Receiving Agent prior to the time the relevant Second Form of Acceptance is processed by them; (ii) your entire holding of GKN Shares in certificated form as disclosed by details of the register of members made available to the Receiving Agent prior to the latest time for receipt of Second Form(s) of Acceptance, which can be taken into account in determining whether the Offer is unconditional as to acceptances; and (iii) the number of GKN Shares in certificated form in respect of which certificates or an indemnity in lieu thereof is received.

(B) **To make an election under the Mix and Match Facility:**

To make an election under the Mix and Match Facility you must first accept the Final Offer in accordance with the instructions set out in paragraph 6(a)(ii)(A) above. Having done so, you must then complete EITHER Box 2A OR Box 2B of the Second Form of Acceptance. Under the Mix and Match Facility, you may, subject to availability, elect to receive either additional New Melrose Shares only or additional cash only in respect of some or all of your GKN Shares. **YOU MUST NOT THEREFORE COMPLETE BOTH BOX 2A AND BOX 2B.** If you complete both Box 2A and Box 2B, you will be deemed not to have made a valid election under the Mix and Match Facility and you will be deemed to have accepted the Final Offer to receive the Base Consideration in respect of the number of GKN Shares inserted or deemed to be inserted in Box 1.

(1) **To elect for more New Melrose Shares:**

If you wish to receive additional New Melrose Shares in lieu of cash to which you would be entitled under the Final Offer to receive the Base Consideration, you must put either “ALL” or the relevant number of GKN Shares (which must be a whole number) in respect of which you wish to receive additional New Melrose Shares in Box 2A.

(2) **To elect for more cash:**

If you wish to receive additional cash in lieu of the New Melrose Shares to which you would otherwise be entitled under the Final Offer to receive the Base Consideration, you must put either “ALL” or the relevant number of GKN Shares (which must be a whole number) in respect of which you wish to receive additional cash in Box 2B.

If you make a Mix and Match Election in respect of some (but not all) of your GKN Shares, you will receive the Base Consideration in respect of the balance of your GKN Shares.

A Form of Acceptance received after the closing date of the Mix and Match Facility (if one is specified) but before the Closing Date will be taken to constitute an acceptance of the Final Offer to receive the Base Consideration (but not a valid election under the Mix and Match Facility).

The invalidity of an election under the Mix and Match Facility will not affect the validity of an acceptance of the Final Offer. Eligible GKN Shareholders tendering a valid acceptance of the Final Offer but an invalid election under the Mix and Match Facility will be taken to have accepted the Offer to receive the Base Consideration.

(iii) Return of the Second Form of Acceptance

To accept the Final Offer in respect of GKN Shares held in certificated form (including in respect of an election under the Mix and Match Facility, if any), the completed, signed and (where applicable) witnessed Second Form of Acceptance should be returned by post or by hand (during normal business hours) to the Receiving Agent, Equiniti Limited at Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing BN99 6DA, together (subject to paragraph 6(a)(iv) below) with the relevant share certificate(s) and/or other document(s) of title, **as soon as possible and, in any event, so as to be received not later than 1.00 p.m. on 29 March 2018**. A reply-paid envelope (valid for posting in the UK only) is enclosed for your convenience. No acknowledgement of receipt of documents will be given.

Any Form of Acceptance received in an envelope post-marked in the United States or in any other Restricted Jurisdiction or otherwise appearing to Melrose or its agents to have been sent from the United States or any other Restricted Jurisdiction may be rejected, unless the requirements for eligibility to participate in the Final Offer have, in Melrose's sole judgement, been met.

For further information on GKN Shareholders resident overseas, see paragraph 15 below of this Part 1.

(iv) Share certificates not readily available or lost

If your GKN Shares are held in certificated form, a completed, signed and (where applicable) witnessed Second Form of Acceptance should be accompanied by the relevant share certificate(s) and/or other document(s) of title. If for any reason the relevant share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, you should nevertheless complete, sign and lodge a Second Form of Acceptance as stated above by post or by hand (during normal business hours) to the Receiving Agent, Equiniti Limited, at Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing BN99 6DA, so as to be received not later than 1.00 p.m. on 29 March 2018. You should send with such Second Form of Acceptance any share certificate(s) and/or other document(s) of title which you may have available, accompanied by a letter stating that the remaining documents will follow as soon as possible or that you have lost one or more of your share certificate(s) and/or other document(s) of title.

If subsequently available, you should then arrange for the relevant share certificate(s) and/or other document(s) of title to be forwarded as soon as possible. If you have lost your share certificate(s) and/or other document(s) of title, you should as soon as possible write to or telephone GKN's registrars, Equiniti Limited (who are also the Receiving Agent), on 0333 207 6524 (or from outside the United Kingdom on +44 121 415 0909), requesting a letter of indemnity for the lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned by post or (during normal business hours) by hand to the Receiving Agent as stated above.

(v) Validity of acceptances

Without prejudice to Sections C and D of Part 2 of the Original Offer Document, subject to the provisions of the City Code, Melrose reserves the right to treat as valid in whole or in part any acceptance of the Offer which is made by a Form of Acceptance and which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title. In such event, no settlement of the consideration under the Offer will be made until after the relevant share certificate(s) and/or other document(s) of title or indemnities reasonably satisfactory to Melrose have been received.

(b) GKN Shares held in uncertificated form (that is, in CREST)

(i) General

If your GKN Shares are held in uncertificated form, to accept the Final Offer and to make an election under the Mix and Match Facility, if desired, you should take (or procure the taking of) the actions

set out below to transfer those GKN Shares in respect of which you wish to accept the Final Offer to the appropriate escrow balance(s), specifying the Receiving Agent (in its capacity as a CREST participant under the Escrow Agent's participant ID referred to below) as the Escrow Agent, as soon as possible **and in any event so that the TTE instruction settles not later than 1.00 p.m. on 29 March 2018. Note that settlement cannot take place on weekends or UK bank holidays (or other times at which the CREST system is non-operational)-you should therefore ensure you time the input of any TTE instructions accordingly.**

The input and settlement of a TTE instruction in accordance with this paragraph will (subject to satisfying the requirements set out in Section E of Part 2 of the Original Offer Document) constitute an acceptance of the Final Offer in respect of the number of GKN Shares in uncertificated form so transferred to escrow.

If you are a CREST-sponsored member, you should contact your CREST sponsor before taking any action. Only your CREST sponsor will be able to send the TTE instructions(s) to Euroclear in relation to your GKN Shares.

After settlement of a TTE instruction, you will not be able to access the GKN Shares concerned in CREST for any transaction or charging purposes. If the Final Offer becomes or is declared unconditional in all respects, the Escrow Agent will transfer the GKN Shares concerned in accordance with paragraph (e)(i) of Section E of Part 2 of the Original Offer Document.

You are recommended to refer to the CREST Manual issued by Euroclear for further information on the CREST procedure outlined below.

You should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your GKN Shares to settle as soon as possible and, in any event, so as to be received not later than 1.00 p.m. on 29 March 2018. You are referred in particular to those sections of the CREST Manual concerning the practical limitations of the CREST system and timings.

(ii) To accept the Final Offer to receive the Base Consideration:

To accept the Final Offer to receive the Base Consideration in respect of some or all of your GKN Shares, you should send (or, if you are a CREST-sponsored member, procure that your CREST sponsor sends) a Basic Offer TTE Instruction to Euroclear which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to the other information that is required for a TTE instruction to settle in CREST, the following details:

- the number of GKN Shares in respect of which you wish to accept the offer (such GKN Shares to be transferred to an escrow balance);
- the ISIN number for the GKN Shares which is GB0030646508;
- your member account ID;
- your participant ID;
- the participant ID of the Escrow Agent (this is 5RA66), acting in its capacity as the CREST Receiving Agent;
- the relevant member account ID of the Escrow Agent, (this is MELGKN01);
- the intended settlement date (this should be as soon as possible and in any event not later than 1.00 p.m. on 29 March 2018);
- the corporate action number for the Final Offer (this is allocated by Euroclear and shall be available on a screen from Euroclear);
- input with standard delivery instruction priority of 80; and
- the contact name and telephone number of the accepting GKN Shareholder inserted in the shared note field.

(iii) **To make an election under the Mix and Match Facility**

To accept the Final Offer and make an election under the Mix and Match Facility, you should send (or if you are a CREST-sponsored member, procure that your CREST sponsor sends) a Mix and Match TTE Instruction (but not a Basic Offer TTE Instruction) to Euroclear in relation to such shares, in accordance with EITHER paragraph (A) OR paragraph (B) below. Under the Mix and Match Facility, you may, subject to availability, elect to receive either additional New Melrose Shares only or additional cash only in respect of some or all of your GKN Shares. YOU MUST **NOT** THEREFORE INDICATE THAT YOU WOULD LIKE TO RECEIVE ADDITIONAL NEW MELROSE SHARES AND ADDITIONAL CASH. If you do so, you will be deemed not to have made a valid election under the Mix and Match Facility and you will be deemed to have accepted the Final Offer to receive the Base Consideration in respect of the number of GKN Shares in respect of which the Mix and Match TTE Instruction relates.

(A) **To elect for more New Melrose Shares:**

You should adopt the same procedures as apply in respect of a Basic Offer TTE Instruction, but with the following variations:

- (1) in the field relating to the number of GKN Shares to be transferred to escrow, you should insert the number of shares in respect of which you wish to make an election under the Mix and Match Facility for additional New Melrose Shares only; and
- (2) the member account ID of the Escrow Agent for such election is MELGKN02.

(B) **To elect for more cash:**

You should adopt the same procedures as apply in respect of a Basic Offer TTE Instruction, but with the following variations:

- (1) in the field relating to the number of GKN Shares to be transferred to escrow, you should insert the number of shares in respect of which you wish to make an election under the Mix and Match Facility for additional cash only; and
- (2) the member account ID of the Escrow Agent for such election is MELGKN03.

If you make a Mix and Match Election in respect of some (but not all) of your GKN Shares, you will need to send (or procure the sending of) a Basic Offer TTE Instruction in respect of the balance of your GKN Shares in order to receive the Base Consideration under the Final Offer in respect of such balance of your GKN Shares.

A Mix and Match TTE Instruction which settles after the closing date of the Mix and Match Facility (if one is specified) but before the Closing Date will be deemed to be an acceptance of the Final Offer to receive the Base Consideration (but not a valid election under the Mix and Match Facility).

The invalidity of an election under the Mix and Match Facility will not affect the validity of an acceptance of the Final Offer. Eligible GKN Shareholders tendering a Mix and Match TTE Instruction which is a valid acceptance of the Final Offer but an invalid election under the Mix and Match Facility will be taken to have accepted the Final Offer to receive the Base Consideration.

(iv) **Validity of acceptances**

Holders of GKN Shares in uncertificated form who wish to accept the Final Offer should note that a TTE instruction will only be a valid acceptance of the Final Offer as at 29 March 2018 if it has settled on or before 1.00 p.m. on that date or, if later, as at the Closing Date if it has settled on or before 1.00 p.m. on that date. **A Form of Acceptance which is received in respect of GKN Shares held in uncertificated form may be treated as an invalid acceptance of the Final Offer and may be disregarded.**

(v) **General**

Normal CREST procedures (including timings) apply in relation to any GKN Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of GKN Shares or otherwise). GKN Shareholders who are proposing to convert any such shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the shares as a result of the conversion to take all necessary steps in

connection with an acceptance of the Final Offer (in particular, as regards delivery of share certificate(s) and/or other documents of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on 29 March 2018.

If you are in any doubt as to the procedure for acceptance of the Final Offer, please contact the Receiving Agent, Equiniti Limited, at Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing BN99 6DA or by telephone between 8.30 a.m. and 5.30 p.m. Monday to Friday (excluding English and Welsh public holidays) on 0333 207 6524 (or from outside the United Kingdom on +44 121 415 0909). Calls to the helpline from outside the UK will be charged at the applicable international rates. You are reminded that, if you are a CREST-sponsored member, you should contact your CREST sponsor before taking any action.

7. No access to GKN's non-public information

Melrose and its advisers have not had access to GKN's non-public information or documentation and accordingly have been unable to perform any due diligence on such information or documentation. All information relating to GKN and the GKN Group has been sourced from publicly available information and has not been subject to comment or verification by GKN or the relevant member of the GKN Group or their respective directors.

8. Melrose's current trading and prospects

Melrose's results announcement released on 20 February 2018 for the financial year ended 31 December 2017 is incorporated by reference into this Document. For further information, see Part 4 of this Document. Save as set out in such results announcement or in the Original Offer Document, there have been no significant changes in the financial condition and operating results of the Melrose Group in the period covered by the annual results for the year ended 31 December 2017 to 9 March 2018, being the latest practicable date prior to the publication of this Document.

9. GKN's current trading and prospects

GKN's results announcement released on 27 February 2018 for the financial year ended 31 December 2017 is incorporated by reference into this Document pursuant to Rule 24.15 of the City Code. For further information, see Part 4 of this Document.

GKN has also published an announcement on 14 February 2018 relating to "Project Boost", its response circular on 15 February 2018 in connection with the Offer, an announcement on 27 February 2018 in relation to its Aerospace business, an announcement on 8 March 2018 in relation to its Driveline business and an announcement relating to a proposed combination of its Driveline business and Dana Incorporated on 9 March 2018, all of which include financial projections. As such projections are only relevant if the Offer is unsuccessful, the projections and related information have not been reproduced in this Document.

Save as set out above and so far as Melrose is aware having regard to publicly available information, there has been no significant change in the financial or trading position of the GKN Group since 31 December 2017, the date to which GKN's last published consolidated financial annual statements were prepared, to 9 March 2018, being the latest practicable date prior to the publication of this Document.

10. Financing

Melrose intends to finance the cash consideration payable to GKN Shareholders pursuant to the Acquisition with proceeds of borrowings under its debt facilities. Details relating to such debt facilities are set out in paragraph 5 of Part 4 of the Original Offer Document.

Rothschild and RBC Europe Limited are satisfied that sufficient resources are available to Melrose to satisfy in full the cash consideration payable to GKN Shareholders pursuant to the Acquisition.

11. New Prospectus Equivalent Document

The New Prospectus Equivalent Document relating to the issuance of New Melrose Shares pursuant to the Final Offer has been published and is available to Eligible GKN Shareholders on Melrose's website at www.melroseplc.net. The New Prospectus Equivalent Document contains information relating to the Melrose Group, the GKN Group, the Enlarged Group and the New Melrose Shares. GKN Shareholders (other than the Restricted GKN Shareholders) who wish to receive a hard copy of the New Prospectus Equivalent Document should contact the Receiving Agent, Equiniti Limited at Equiniti Limited, Corporate Actions, Aspect House,

Spencer Road, Lancing BN99 6DA or by telephone between 8.30 a.m. and 5.30 p.m. Monday to Friday (excluding English and Welsh public holidays) on 0333 207 6524 (or from outside the United Kingdom on +44 121 415 0909). Calls to the helpline from outside the UK will be charged at the applicable international rate. **GKN Shareholders should carefully read the terms of the New Prospectus Equivalent Document before determining whether to elect to receive New Melrose Shares pursuant to the terms of the Final Offer.** Please note, however, that certain information on Melrose's website may not be accessible to persons in the United States or any other Restricted Jurisdiction.

12. Share Schemes

Participants in the GKN Share Schemes will be contacted in due course regarding the effect of the Offer on their rights under these schemes and provided with further details concerning the proposals which will be made to them. Appropriate proposals, pursuant to Rule 15 of the City Code, will be set out in separate letters to be sent to participants in the share schemes in due course.

The Final Offer extends to any GKN Shares which are unconditionally allotted or issued whilst the Offer remains open for acceptance as a result of the exercise of options or other awards granted under the GKN Share Schemes.

13. Admission of New Melrose Shares

The Offer is conditional on Melrose receiving a confirmation that the application for the admission of the New Melrose Shares to the Official List with a premium listing and to trading of the New Melrose Shares on the London Stock Exchange's main market for listed securities has been approved. This Condition is set out at Condition (c) in Section A of Part 2 of the Original Offer Document and cannot be waived.

It is anticipated that Melrose will submit an application for the admission of the New Melrose Shares to the Official List with a premium listing and trading on the London Stock Exchange's main market for listed securities prior to the Effective Date. It is expected that the admission of New Melrose Shares to the Official List with a premium listing and trading on the London Stock Exchange's main market for listed securities will become effective on or shortly after 8.00 a.m. on the Effective Date.

14. Taxation

For GKN Shareholders in the United Kingdom, your attention is drawn to Part 3 of the Original Offer Document. If you are in any doubt as to your tax position, or if you are subject to taxation in any jurisdiction other than the United Kingdom, you should consult your own independent tax adviser without delay.

15. Overseas Shareholders

The attention of GKN Shareholders who are citizens or residents of jurisdictions outside the United Kingdom or who are holding shares for such citizens or residents and any person (including, without limitation, any custodian, nominee or trustee) who may have an obligation to forward any document in connection with the Offer outside the United Kingdom is drawn to Sections C, D and/or E of Part 2 of the Original Offer Document (as amended by Part 2 of this Document) and, in respect of GKN Shares held in certificated form, to the relevant provisions of the Second Form of Acceptance, which they should read before taking any action.

The availability of the Offer to GKN Shareholders who are not resident in the United Kingdom may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdiction. If you remain in any doubt, you should consult your professional adviser in the relevant jurisdiction without delay.

16. Financial effects of the Final Offer

The following table sets out, for illustrative purposes only, and on the bases and assumptions set out in the notes below, the financial effects on the capital value and income for a holder of one GKN Share assuming the Offer becomes unconditional in all respects. It compares the value of the number of New Melrose Shares and the amount of cash consideration to be issued or paid (respectively) under the Offer in respect of one GKN Share with the value of one GKN Share on 11 January 2018 (being the last Business Day before the commencement of the Offer Period). It assumes no election is made under the Mix and Match Facility. In assessing the financial effects of the Offer, no account has been taken of any potential liability to taxation of a GKN Shareholder.

	<u>Note</u>	<u>Pence</u>
<i>(a) Effect on capital value under the terms of the Final Offer</i>		
Value of 1.69 New Melrose Shares	(1)	380
Cash consideration		81
Dividend consideration in respect of one GKN Share		6.2
Total value of consideration in respect of one GKN Share		467
Less: market value of one GKN Share on 11 January 2018	(2)	(333)
Increase in capital value		134
Percentage increase in capital value		40%
<i>(b) Effect on gross income under the terms of the Final Offer</i>		
Gross annual dividend income from 1.69 New Melrose Shares	(3)	5.6
Gross income from re-investment of cash consideration	(4)	1.2
Total gross income in respect of consideration for one GKN Share		6.8
Less: Gross annual dividend income from one GKN Share	(5)	(9.0)
Increase/(decrease) in gross income		(2.2)
Percentage increase/(decrease) in gross income	(6)	(25)%

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- (1) Based on a value of 224.7 pence for each New Melrose Share (being the Closing Price per Melrose Share on 9 March 2018, being the latest practicable date prior to the publication of this Document).
- (2) Based on the Closing Price of 332.7 pence per GKN Share on 11 January 2018 (being the last Business Day before the commencement of the Offer Period).
- (3) The gross dividend income from 1.69 New Melrose Shares is based on the aggregate of the FY2016 final dividend of 1.9 pence and the initial FY2017 interim dividend of 1.4 pence per share.
- (4) The income on the cash consideration has been calculated on the assumption that the cash is re-invested for a period of 12 months to yield approximately 1.5 per cent. per annum, being the yield shown by UK Gilts of ten year maturities on 9 March 2018, being the latest practicable date prior to the publication of this Document, as published in the Financial Times.
- (5) The dividend income from one GKN Share is based on the aggregate of the FY2016 final dividend of 5.9 pence and the initial FY2017 interim dividend of 3.1 pence per share.
- (6) In assessing the financial effects of receiving New Melrose Shares, no account has been taken of any potential taxation liability of a GKN Shareholder or of any timing differences in the payment of dividends.

Assuming no changes from the latest publicly available information, completion of the Acquisition will result in an increase in the net assets of Melrose to £4,465 million as at 31 December 2017, excluding any goodwill impact (GKN had net assets of £2,580 million as at 31 December 2017), and an increase in reported operating profit of £699 million, for the year ending 31 December 2017.

Nothing in this paragraph 16 shall be construed as a profit forecast or be interpreted to mean that the future earnings per share, profits, margins or cash flows of Melrose will necessarily be greater or less than the historical published earnings per share, profits, margins or cash flows of Melrose.

17. Settlement

Subject to the Offer becoming or being declared unconditional in all respects (and except as provided in paragraph 8 of Section C of Part 2 of the Original Offer Document in the case of certain Overseas Shareholders), settlement of the consideration to which any GKN Shareholder (or the first-named shareholder in the case of joint holders) is entitled under the Offer will be effected: (a) in the case of acceptances received, complete in all respects, by the date on which the Offer becomes or is declared unconditional in all respects, within 14 calendar days of such date; and (b) in the case of acceptances received, complete in all respects, after such date but prior to the Closing Date, within 14 calendar days of such receipt, in the following manner:

(i) GKN Shares in certificated form (that is, not in CREST)

Where an acceptance relates to GKN Shares in certificated form, settlement of any cash due will be despatched by first class post (or such other method as may be approved by the Panel) to accepting GKN Shareholders or their appointed agents (but not into the United States or any other Restricted Jurisdiction unless Melrose, in its sole discretion, determines otherwise). All such cash payments will be made in pounds sterling by cheque drawn on a branch of a United Kingdom clearing bank.

Where an acceptance relates to GKN Shares in certificated form, any New Melrose Shares to which the accepting GKN Shareholder is entitled will be issued to such GKN Shareholder in certificated form. Definitive share certificates for the New Melrose Shares will be despatched by first class post (or by such other method as may be approved by the Panel) to accepting GKN Shareholders or their appointed agents

or nominees (but not to any address in the United States or any other Restricted Jurisdiction unless Melrose is satisfied in its sole discretion that the New Melrose Shares can be offered, sold or delivered to such shareholder, or for such shareholder's account or benefit, pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the applicable jurisdiction, and in the case of the United States, the US Securities Act).

(ii) GKN Shares in uncertificated form (that is, in CREST)

Where an acceptance relates to GKN Shares in uncertificated form, settlement of entitlements to cash will be paid by means of a CREST payment in favour of the accepting GKN Shareholder's payment bank in respect of the cash consideration due, in accordance with CREST assured payment arrangements. Melrose reserves the right to settle all or part of the cash consideration referred to in this paragraph 17(ii) for all or any GKN Shareholders who make a valid election to receive cash in the manner set out in respect of cash settlement in paragraph 17(i) above.

Where an acceptance relates to GKN Shares in uncertificated form, settlement of any New Melrose Shares due will be delivered to GKN Shareholders through CREST. Melrose shall procure that Euroclear is instructed to credit the appropriate stock account in CREST of the relevant GKN Shareholder (or his appropriately authorised nominee) with such relevant GKN Shareholder's entitlement to New Melrose Shares.

18. General

(a) If the Offer does not become or is not declared unconditional in all respects:

- (i) in the case of GKN Shares held in certificated form, share certificate(s) and/or other document(s) of title will be returned by post (or by such other method as may be approved by the Panel) within 14 calendar days of the Offer lapsing to the person or agent whose name and address (outside the United States or any other Restricted Jurisdiction) is set out in the Form of Acceptance or, if none is set out, to the first-named holder at his or her registered address (provided that no such documents will be sent to an address in the United States or any other Restricted Jurisdiction); and
- (ii) in the case of GKN Shares held in uncertificated form, the Escrow Agent will, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 calendar days), give TTE instructions to Euroclear to transfer all GKN Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the GKN Shareholders concerned.

(b) Subject to the City Code, and notwithstanding any other provision of this Part 1 of this Document, Melrose reserves the right to treat as valid in whole or in part any acceptance of the Offer if received by the Receiving Agent or otherwise on behalf of Melrose which is not entirely in order or in correct form or which is not accompanied by (as applicable) the relevant share certificate(s) and/ or other relevant document(s) or the relevant TTE instruction or is received by it at any place or places or in any form or manner determined by either the Receiving Agent or Melrose otherwise than as set out in this Document or in the Second Form of Acceptance. In that event, no settlement of consideration under the Offer will be made until after the acceptance is entirely in order and (as applicable) the relevant transfer to escrow has settled or the relevant share certificate(s) and/or other document(s) of title or satisfactory indemnities have been received by the Receiving Agent.

(c) No acknowledgement of receipt of any Form of Acceptance, transfer by means of CREST, communication, notice, share certificate(s) or document(s) of title will be given by or on behalf of Melrose. All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from GKN Shareholders (or their designated agents) will be delivered by or sent to or from them (or their designated agent(s)) at their own risk.

(d) Melrose reserves the right to direct that a portion of the GKN Shares to be transferred to it pursuant to acceptances of the Offer be transferred directly to a wholly owned subsidiary of Melrose nominated by Melrose.

19. Action to be taken

(a) If you have already accepted the Original Offer:

If you have already validly accepted the Original Offer, you will automatically be deemed to have accepted the terms of the Final Offer by virtue of your prior acceptance and, if applicable, to have made a Mix and Election in the same manner as indicated in such prior acceptance, and therefore you need not take any further action and you do not need to complete or return the accompanying Form of Acceptance or make a further Electronic Acceptance.

- (b) If you have not already accepted the Original Offer:
- (i) if you hold your GKN Shares, or any of them, in certificated form (that is, NOT in CREST), to accept the Final Offer and to make an election under the Mix and Match Facility, if desired, in respect of those GKN Shares, you should complete, sign and return the enclosed Second Form of Acceptance along with your valid share certificate(s) and/or any other relevant documents of title by post or by hand (during normal business hours) to the Receiving Agent, Equiniti Limited, at Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA **as soon as possible and, in any event, so as to be received not later than 1.00 p.m. on 29 March 2018.** Further details on the procedures for acceptance of the Final Offer if you hold any of your GKN Shares in certificated form are set out in paragraph 6(a) of this Part 1, paragraph (c) of Section D of Part 2 of the Original Offer Document and in the accompanying Second Form of Acceptance. A reply-paid envelope for use within the UK only is enclosed for your convenience and may be used by holders of GKN Shares in certificated form in the UK for returning their Second Form of Acceptance;
 - (ii) If you hold your GKN Shares, or any of them, in uncertificated form (that is, in CREST), to accept the Final Offer and to make an election under the Mix and Match Facility, if desired, in respect of those GKN Shares, you should follow the procedure for Electronic Acceptance through CREST so that the TTE instruction settles **as soon as possible and, in any event, not later than 1.00 p.m. on 29 March 2018.** Further details on the procedures for acceptance of the Offer if you hold any of your GKN Shares in uncertificated form are set out in paragraph 6(b) of this Part 1 and in Section E of Part 2 of the Original Offer Document. If you hold any of your GKN Shares through a CREST sponsored member, you should contact your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to Euroclear.

The Melrose Board believes that the Final Offer will give GKN Shareholders the opportunity to participate in the creation of considerable value from both the GKN and the Melrose businesses. The Melrose Board recommends that you accept the Final Offer.

Yours sincerely,

For and on behalf of:

N M Rothschild & Sons Limited
Ravi Gupta
Managing Director

RBC Europe Limited
Mark Preston
Managing Director

PART 2: CONDITIONS TO AND FURTHER TERMS OF THE FINAL OFFER

Section A:

Conditions to the Final Offer

The Offer is made subject to the Conditions set out in Section A of Part 2 of the Original Offer Document (which conditions shall be deemed to be incorporated into and form part of this Section A of Part 2), save that any reference in Section A of Part 2 of the Original Offer Document to 9 March 2018 will now be construed as a reference to 29 March 2018 and any reference to the Offer will now be construed as a reference to the Final Offer.

No Conditions have been added to those set out in the Original Offer Document, and those Conditions relating to EU, US, Canadian and Turkish anti-trust approvals and in relation to Melrose Shareholder approval have been satisfied.

Section B:

Further terms of the Final Offer

1. The Final Offer is a revision of the Original Offer and shall be construed accordingly.
2. The Final Offer is, save as set out in this Document, made on and subject to the further terms of the Original Offer set out in Sections B, C and D and E of Part 2 to the Original Offer Document, which shall be deemed to be incorporated into, and form part of, this Part 2, except that:
 - (a) the following paragraphs of Section C of Part 2 to the Original Offer Document shall be amended as follows:
 - (i) paragraph 7(b) shall be replaced with:

“The maximum aggregate amount of cash (being £1.4 billion) to be paid and the maximum aggregate amount of New Melrose Shares to be issued (being 2,947,744,041) under the Final Offer will not be varied as a result of elections under the Mix and Match Facility. The available cash and New Melrose Shares will be allocated in accordance with this paragraph 7 among Eligible GKN Shareholders who make valid Mix and Match Elections.”;
 - (ii) paragraph 7(e) shall be replaced with:

“Each Eligible GKN Shareholder who has validly accepted the Offer will automatically receive the Base Consideration (81 pence and 1.69 New Melrose Shares). The Mix and Match Facility, however, allows Eligible GKN Shareholders to either:

 - (i) elect the “More Shares” option (equating to approximately 2.0505¹ New Melrose Shares for every GKN Share so elected if other GKN Shareholders make equal and opposite Mix and Match Elections), so as to surrender some or all of their entitlement to the cash component under the terms of the Final Offer (being 81 pence per GKN Share held) in exchange for additional New Melrose Shares (being approximately 0.3605² New Melrose Shares per 81 pence if other GKN Shareholders make equal and opposite Mix and Match Elections) in addition to the 1.69 New Melrose Shares due; or
 - (ii) elect the “More Cash” option (equating to 460.7 pence for every GKN Share so elected if other GKN Shareholders make equal and opposite Mix and Match Elections), so as to surrender some or all of their entitlement to New Melrose Share under the terms of the Final Offer (being 1.69 New Melrose Shares per GKN Share held) in exchange for additional cash (being 379.7 pence per 1.69 New Melrose Shares if other GKN Shareholders make equal and opposite Mix and Match Elections) in addition to the 81 pence per GKN Share due.

The ratio for making elections under the Mix and Match Facility has been determined by reference to the base consideration of 461 pence per GKN Share.

IMPORTANT: An election under the Mix and Match Facility does not guarantee that you will receive either 2.0505 New Melrose Shares under the “More Shares” option or 460.7 pence under the “More Cash” option in respect of each GKN Share so elected. Elections under the Mix and Match Facility could be scaled back pro rata, with any unsuccessful elections for the “More Cash” option or “More Shares” option being treated as an election to receive the Base Consideration of 1.69 pence and 81 New Melrose Shares. Adjustments to the entitlements of GKN Shareholders pursuant to the Mix and Match Elections may be made by Equiniti Limited under instruction from Melrose on a basis that Melrose consider to be fair and reasonable to the extent necessary to satisfy all entitlements pursuant to the Mix and Match Elections as nearly as may be practicable. Such adjustments shall be final and binding on GKN Shareholders.”;

- (iii) the reference to 2,598,898,592 in paragraph 10(n) shall be replaced with 2,947,744,041;
- (iv) at the end of paragraph 10(p) the addition of the words “save for the Announced Dividend”;
- (v) paragraph 10(q) shall be replaced with:

“Save in respect of the Announced Dividend if, after 17 January 2018, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the

¹ The full number of New Melrose Shares for every GKN Share under the “More Shares” option is 2.05048064085447.

² The full number of New Melrose Shares for every 81 pence under the “More Shares” option is 0.36048064085447.

GKN Shares, Melrose shall reduce the offer consideration by an amount up to the amount of such dividend and/or distribution and/or return of capital so announced, declared or paid, in which case any reference to the offer consideration for the GKN Shares will be deemed to be a reference to the offer consideration as so reduced and GKN Shareholders will be entitled to receive and retain that dividend and/or distribution and/or return of capital. For the avoidance of doubt, any payments made in cash or by way of the delivery of shares on the vesting of awards calculated by reference to dividends accrued in respect of those underlying vested shares are not to be construed as a dividend, distribution or return of capital for these purposes. In the event of any such dividend and/or other distribution and/or other return of capital being announced, declared or paid in respect of the GKN Shares, an appropriate adjustment will be made to the Mix and Match Facility.”;

- (vi) the reference to 6 p.m. on 30 January 2018 in Section D of Part 2 of the Original Offer Document shall be amended to refer to 6 p.m. on 9 March 2018; and
 - (vii) in accordance with Rule 12.1(a) of the City Code, it is a term of the Offer that if the Offer comes within the statutory provisions for a possible Phase 2 CMA reference, the Offer will lapse if there is a Phase 2 CMA reference before the First Closing Date or the date when the Offer becomes or is declared unconditional as to acceptances, whichever is the later.
3. Unless the context requires otherwise, any reference in the Original Offer Document, including in particular Sections B, C and D and E of Part 2 to the Original Offer Document, and in the First Form of Acceptance to:
- (i) the “**Offer**” shall mean the offer made by Melrose to acquire the entire issued and to be issued share capital of GKN on the terms and subject to the conditions set out in the Original Offer Document (as amended by this Document) and the First Form of Acceptance and the Second Form of Acceptance (and, where the context admits, any subsequent revision, variation, extension or renewal of such offer including any election or alternative available in connection with it);
 - (ii) the “**Offer Document**” shall, where the context requires, mean the Original Offer Document and/or this Document;
 - (iii) “**acceptances of the Offer**” includes acceptances and deemed acceptances of the Original Offer and the Final Offer;
 - (iv) 2 April 2018 in the definition of “**Day 60**” shall be replaced and shall mean 29 March 2018;
 - (v) the “**Form of Acceptance**” shall, where the context requires, mean the First Form of Acceptance and the Second Form of Acceptance; and
 - (vi) “**Base Consideration**” shall mean the base consideration payable to relevant Eligible GKN Shareholders following the Effective Date of 1.69 New Melrose Shares and 81 pence in cash for each GKN Share held.
4. Acceptances of the Original Offer shall be deemed to be acceptances of the Final Offer, and, if you have made a Mix and Match Election in your acceptance, to be a Mix and Match Election under the terms of the Final Offer described in this Document. Therefore, if you have already validly accepted the Original Offer, you are not required to take any further action in respect of the Final Offer.
5. Payment of the Announced Dividend is subject to the approval of GKN Shareholders. In the event the Offer is declared wholly unconditional before GKN holds its 2018 annual general meeting to approve (among other things) the Announced Dividend, Melrose confirms that it will vote its GKN Shares in favour of the resolution approving payment of the Announced Dividend and thereafter the Announced Dividend will become payable on 14 May 2018 to those GKN Shareholders on the register at 6 April 2018. In the event the Announced Dividend is not tabled for approval at GKN’s 2018 annual general meeting and the Offer is declared wholly unconditional, Melrose will procure that the GKN Board will instead declare a special interim dividend equal to the value of the Announced Dividend per GKN Share so that those GKN Shareholders who were on the register on 6 April 2018 will receive the Announced Dividend.

PART 3: ADDITIONAL INFORMATION

1. Responsibility

The Melrose Directors, whose names are set out in paragraph 2(a) of Part 4 of the Original Offer Document, each accept responsibility for the information contained in this Document except that the only responsibility accepted by them in respect of information relating to GKN, the Wider GKN Group and the GKN Directors, which has been compiled from previously published sources, is to ensure that such information is correctly and fairly reproduced and presented.

To the best of the knowledge and belief of the Melrose Directors (who have taken all reasonable care to ensure that such is the case), whose names are set out in paragraph 2(a) of Part 4 of the Original Offer Document, the information contained in this Document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Market quotations

Set out below are the Closing Prices of GKN Shares and Melrose Shares on:

- (a) 11 January 2018 (the last dealing day before the commencement of the Offer Period);
- (b) the first dealing day of each month from August 2017 to March 2018 (inclusive); and
- (c) 9 March 2018 (being the latest practicable date prior to the publication of this Document).

GKN Shares

<u>Date</u>	<u>Price per GKN Share (pence)</u>
1 August 2017	322.90
1 September 2017	322.80
2 October 2017	348.40
1 November 2017	319.10
1 December 2017	304.50
2 January 2018	317.90
11 January 2018	332.70
1 February 2018	423.50
1 March 2018	435.00
9 March 2018	435.10

Melrose Shares

<u>Date</u>	<u>Price per Melrose Share (pence)</u>
1 August 2017	232.30
1 September 2017	219.40
2 October 2017	214.00
1 November 2017	220.00
1 December 2017	199.30
2 January 2018	211.20
11 January 2018	215.00
1 February 2018	225.20
1 March 2018	222.80
9 March 2018	224.70

3. No Material Changes

- (a) The contents of the Original Offer Document shall be deemed to be incorporated into and form part of this Document, save to the extent amended or superseded in this Document. Save as set out in this Document and other than information relating to GKN set out in GKN's response circular dated 15 February 2018, Melrose confirms that there have been no changes in information detailed in any previously published document relating to the Acquisition which are material in the context of that document.
- (b) For the purposes of Rule 27.2 of the City Code, Melrose is required to provide details of any material changes to the matters set out in Rule 27.2(b) of the City Code which have occurred since publication of

the Original Offer Document on 1 February 2018. For these purposes, Melrose confirms that, save as described in paragraph 3(c) or set out below, there have been no material changes to:

- (i) its intentions with regards to the business, employees and pension scheme(s) of GKN as detailed in Rule 24.2 of the City Code;
- (ii) its or its subsidiaries' material contracts as detailed in Rule 24.3(a)(vii) of the City Code;
- (iii) ratings or outlooks publicly accorded to Melrose (of which there continue to be none) prior to the commencement of the offer period as detailed in Rule 24.3(c) of the City Code;
- (iv) ratings or outlooks accorded to GKN prior to the commencement of the offer period as detailed in Rule 24.3(c) of the City Code;
- (v) the terms of the Acquisition (other than as set out in Part 1 and Part 2 of this Document);
- (vi) any agreements or arrangements to which Melrose is a party which relate to the circumstances in which Melrose may or may not invoke or seek to invoke a condition of the Acquisition as detailed in Rule 24.3(d)(ix) of the City Code (of which there were none provided for in the Original Offer Document);
- (vii) any irrevocable commitments and letters of intent which Melrose or any person acting in concert with Melrose has procured in relation to relevant securities of the Company as detailed in Rule 24.3(d)(x) of the City Code;
- (viii) any post-offer undertakings made by Melrose as detailed in Rule 24.3(d)(xv) of the City Code;
- (ix) any offer-related arrangements or other agreements, arrangements or commitments permitted under, or excluded from, Rule 21.2 of the City Code (including any inducement fees) as detailed in Rule 24.3(d)(xvi) of the City Code (of which there were none provided for in the Original Offer Document);
- (x) any profit forecasts and quantified financial benefits statements as detailed in Rule 24.3(d)(xviii) of the City Code;
- (xi) its financing arrangements and sources of finance in respect of the Final Offer as detailed in Rule 24.3(f) of the City Code;
- (xii) any interests and dealings in relevant securities by, amongst others, the directors of Melrose and persons acting in concert with Melrose, as detailed in Rule 24.4 of the City Code, as at 9 March 2018 (being the latest practicable date prior to the publication of this Document);
- (xiii) the effect of the Final Offer on the emoluments of its directors as detailed in Rule 24.5 of the City Code (of which there were none provided for in the Original Offer Document);
- (xiv) any incentivisation arrangements with members of Melrose management who are interested in shares of Melrose or any agreements, arrangements or understandings between Melrose and any person acting in concert with it and any of the directors, recent directors, shareholders or recent shareholders of Melrose, or any person interested or recently interested in shares of Melrose, which has any dependence upon the offer as detailed in Rule 16.2 or Rule 24.6 of the City Code (of which there were none provided for in the Original Offer Document);
- (xv) the ultimate owner of any securities in Melrose to be acquired pursuant to the terms of the Scheme as detailed in Rule 24.9 of the City Code;
- (xvi) any indemnities, dealing arrangements, option arrangements or other arrangements which may be an inducement to deal or to refrain from dealing as detailed in Note 11 on the definition of acting in concert and Rule 24.13 of the City Code (of which there were none provided for in the Original Offer Document); and
- (xvii) any fees and expenses expected to be incurred by Melrose in connection with the Acquisition as detailed in Rule 24.16 of the City Code.

(c) Set out below are details of material changes that have occurred following the publication of the Original Offer Document on 1 February 2018 in relation to certain of the matters set out in Rule 27.2(b) of the City Code.

(i) Melrose’s intentions with regards to GKN’s business, employees and the GKN Pension Scheme (Rule 24.2 of the City Code):

Melrose is considering making further intention statements around investing in skills, R&D and productivity. A further announcement will be made as and when appropriate.

(ii) Ratings and outlooks (Rule 24.3(c) of the City Code):

On 5 March 2018, Moody’s changed the outlook on the ratings of GKN Holdings plc, the finance, investment and holding company of GKN, from stable to negative and has affirmed GKN’s Baa3/(P)Baa3 senior unsecured debt and programme ratings, reflecting the accelerated and more specific plan to separate GKN into the aerospace and driveline businesses, which would likely result in a weaker credit profile. At the same time Moody’s affirmed GKN’s Baa3 senior unsecured debt and programme ratings.

On 6 March 2018, S&PGR placed its ‘BBB–’ ratings on GKN and its senior unsecured debt on CreditWatch with negative implications, arising from a concern that Melrose may increase the debt of GKN, while a sale of the auto business as part of GKN’s own strategy could weaken GKN’s business profile.

(iii) Profit forecasts and quantified financial benefits statements (Rule 24.3(d)(xviii) of the City Code):

The Melrose Profit Estimate contained in Part 6 of the Original Offer Document is no longer outstanding following publication on 20 February 2018 of Melrose’s annual results for the financial year ended 31 December 2017.

(iv) Interests and dealings in relevant securities (Rule 24.4 of the City Code):

The Original Offer Document included a reference to 13,865 GKN Shares held by Investec Capital and Investments (Ireland) Limited. These GKN Shares are in fact held by Investec Capital and Investments (Ireland) Limited as nominee on behalf of such shares’ beneficial owner.

Since the publication of the Original Offer Document on 1 February 2018 until the latest practicable date prior to the publication of this Document, the following dealings in relevant securities of Melrose by Royal Bank of Canada have occurred:

<u>Starting date</u>	<u>Ending date</u>	<u>Shares purchased</u>	<u>Shares disposed</u>	<u>Net transactions</u>	<u>Highest price</u>	<u>Lowest price</u>
1 February 2018	28 February 2018	0	37,200	(37,200)	£2.1894477	£2.0965254
Total		0	37,200	(37,200)		

As at close of business on 9 March 2018, being the latest practicable date prior to the publication of this Document, Royal Bank of Canada did not have an arrangement, was not interested in, did not have any rights to subscribe for, nor had any short positions in, any relevant securities of Melrose.

4. Consents

Each of Rothschild, RBC Europe Limited and Investec has given and not withdrawn its written consent to the inclusion of the references to its name in the form and context in which they are included in this Document.

5. Documents available for inspection

Copies of the documents listed below in this paragraph 5 are available for inspection on Melrose’s website at www.melroseplc.net until the end of the Offer (including any related competition reference period):

- (a) this Document and the Second Form of Acceptance;
- (b) the Original Offer Document and the First Form of Acceptance;
- (c) the Original Prospectus Equivalent Document;
- (d) the New Prospectus Equivalent Document;

- (e) the Articles;
- (f) the Melrose Circular, including the Notice of General Meeting and the form of proxy accompanying it;
- (g) the circular sent to Melrose Shareholders on 27 February 2018 for the purpose of including the GKN 2017 Annual Results therein;
- (h) the written consent letters from each of the Financial Advisers and Investec referred to in paragraph 4 above and from each of the Financial Advisers, Investec and Deloitte LLP referred to in paragraph 7(e) of Part 4 of the Original Offer Document;
- (i) the New Facilities Agreement, the Fee Letter and the Syndication Letter; and
- (j) a full list of any dealings aggregated in paragraphs 4(d) and 4(f) of Part 4 of the Original Offer Document and in paragraph 3(c)(iv) of Part 3 of this Document.

Please note, however, that certain information on Melrose's website may not be accessible to persons in the United States and any other Restricted Jurisdiction. For the avoidance of doubt, neither the content of Melrose's or GKN's website nor the content of any website accessible from hyperlinks on Melrose's or GKN's website, is incorporated by reference into, or forms part of, this Document, save for the information specifically incorporated by reference pursuant to Part 4 of this Document and Part 5 of the Original Offer Document.

PART 4: FINANCIAL AND RATINGS INFORMATION RELATING TO MELROSE AND GKN

1. Financial and ratings information relating to Melrose

The following table sets out the financial information in respect of Melrose, as required by Rule 24.3(a) and 24.3(b) of the City Code. The documents referred to below are incorporated by reference into this Document pursuant to Rule 24.15 of the City Code:

<u>Document</u>	<u>Website where document is available for inspection</u>
Melrose's Annual Report and Accounts for the financial year ended 31 December 2016: Melrose Group's audited consolidated accounts for the financial year ended 31 December 2016, pages 93 to 146	http://www.melroseplc.net/investors/reports/ Click on the link entitled "2016 Annual Report"
Melrose's Annual Report and Accounts for the financial year ended 31 December 2015: Melrose Group's audited consolidated accounts for the financial year ended 31 December 2015, pages 90 to 143	http://www.melroseplc.net/investors/reports/ Click on the link entitled "2015 Annual Report"
Melrose's interim results announcement for the six months ended 30 June 2017: Melrose Group's unaudited historical consolidated financial statements for the six months ended 30 June 2017, pages 20 to 35	http://www.melroseplc.net/investors/reports/ Click on the link entitled "2017 Interim Statement"
Melrose's results announcement for the financial year ended 31 December 2017: Melrose Group's historical consolidated financial statements for the financial year ended 31 December 2017, pages 25 to 48	https://www.melroseplc.net/media/1751/full-year-results-announcement.pdf

No rating agency has publicly recorded any current credit rating or outlook for Melrose.

2. Financial and ratings information relating to GKN

The following table sets out the financial information in respect of GKN, as required by Rule 24.3(e) of the City Code. The documents referred to below are incorporated by reference into this Document pursuant to Rule 24.15 of the City Code:

<u>Document</u>	<u>Website where document is available for inspection</u>
GKN Group's audited historical consolidated financial statements for the year ended 31 December 2016	https://www.gkn.com/en/investors/results-centre/annual-reports/ Click on the link entitled "Financial statements"
GKN's annual report and audited accounts for the year ended 31 December 2015: GKN Group's audited historical consolidated financial statements for the year ended 31 December 2015, pages 108 to 169	https://www.gkn.com/en/investors/results-centre/annual-reports/annual-reports-archive/ Click on the "Download report" link next to "GKN plc annual report, 2015"
GKN's results announcement for the financial year ended 31 December 2017: GKN Group's historical consolidated financial statements for the financial year ended 31 December 2017, pages 20 to 37	https://www.gkn.com/en/investors/results-centre/financial-results/ Click on "Full year results RNS announcement"

On 5 March 2018, Moody's changed the outlook on the ratings of GKN Holdings plc, the finance, investment and holding company of GKN, from stable to negative and has affirmed GKN's Baa3/(P)Baa3 senior unsecured debt and programme ratings, reflecting the accelerated and more specific plan to separate GKN into the aerospace and driveline businesses, which would likely result in a weaker credit profile. At the same time Moody's affirmed GKN's Baa3 senior unsecured debt and programme ratings.

On 6 March 2018, S&PGR placed its 'BBB-' ratings on GKN and its senior unsecured debt on CreditWatch with negative implications, arising from a concern that Melrose may increase the debt of GKN, while a sale of the auto business as part of GKN's own strategy could weaken GKN's business profile.

Fitch has publicly recorded a current credit rating of BBB- for GKN.

3. Request for hard copies

Subject to certain restrictions relating to persons in the United States and any other Restricted Jurisdiction, any Eligible GKN Shareholder, persons with information rights and any person receiving this Document may request a hard copy of the above information incorporated into this Document by reference by contacting the Receiving Agent at Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing BN99 6DA or by telephone between 8.30 a.m. and 5.30 p.m. Monday to Friday (excluding English and Welsh public holidays) on 0333 207 6524 (or from outside the United Kingdom on +44 121 415 0909). Calls from outside the UK will be charged at the applicable international rate. Please note that calls may be monitored or recorded. Hard copies of such information will not be sent unless requested from Melrose in accordance with the instructions above. If requested, copies will be provided, free of charge, within two Business Days of request.

4. No incorporation of website information

Save as expressly referred to herein, neither the content of Melrose's or GKN's website nor the content of any website accessible from hyperlinks on Melrose's or GKN's website, is incorporated by reference into, or forms part of, this Document.

PART 5: SOURCES OF INFORMATION AND BASES OF CALCULATION

In this Document:

- (a) the maximum number of issued GKN Shares of 1,744,227,243 is based on 1,718,442,520 shares in issue (excluding treasury shares) plus 25,784,723 of total options as provided by GKN subject to Rule 10, Note 3 of the City Code, and adjusted for share issuances since the latest information provided;
- (b) the number of issued Melrose Shares is based on 1,941,200,503 shares in issue, as announced by Melrose on 5 March 2018;
- (c) unless otherwise stated, all prices quoted for Melrose Shares and GKN Shares have been derived from the Daily Official List;
- (d) the current implied offer value per GKN Share of 467 pence per GKN Share is calculated by multiplying the number of Melrose Shares to be received per GKN Share held, being 1.69, by the closing price of a Melrose share on 9 March 2018 of 224.7 pence and adding the 81 pence per GKN share to be received in cash and the final dividend of 6.2 pence payable to GKN Shareholders on the register on 6 April 2018;
- (e) the value of the GKN ordinary share capital of approximately £8.1 billion is calculated by multiplying the current implied offer value of 467 pence per GKN Share by the maximum number of issued GKN Shares of 1,744,227,243;
- (f) the percentage of the ordinary share capital of Melrose that will be owned by former GKN Shareholders of 60% is calculated by dividing the maximum number of New Melrose Shares to be issued to GKN Shareholders (being 1.69 multiplied by the maximum number of issued GKN Shares) by the sum of the total of the number of issued Melrose Shares plus the maximum number of New Melrose Shares to be issued to GKN Shareholders;
- (g) the immediate cash payment of £1.4 billion is calculated by multiplying the value of cash that a GKN Shareholder will receive under the Offer per GKN Share, being 81 pence, by the number of issued GKN Shares (as set out in note (a) above);
- (h) the calculation of the 43% premium to the price per GKN Share has been calculated by reference to the closing price on 5 January 2018 (being the last Business Day before the approach made by Melrose to the GKN Board in connection with the Acquisition) of 326.3 pence in respect of a GKN Share;
- (i) the calculation of the 40% premium to the price per GKN Share has been calculated by reference to the closing price on 11 January 2018 (being the last Business Day before commencement of the Offer Period) of 332.7 pence in respect of a GKN Share;
- (j) the value of the combined group of over £10 billion today is calculated by multiplying the total number of New Melrose Shares issued as a result of the Offer (being the number of issued GKN Shares multiplied by 1.69) and adding to this the number of issued Melrose Shares. This is subsequently multiplied by the Closing Price of a Melrose Share on 9 March 2018 (being the latest practicable date prior to the publication of this Document) of 224.7 pence;
- (k) GKN management revenue full-year 2016 of £9,414 million and full-year 2017 of £10,409 million, GKN management trading profit full-year 2016 of £773 million and full-year 2017 of £774 million (excluding the £112 million North American Aerospace balance sheet review adjustments). Figures are as set out in GKN's results presentation dated 27 February 2018;
- (l) the approximately £3.0 billion of gross pension liabilities that will remain with the GKN group following the proposed sale of Dana is calculated by taking GKN's reported full-year 2017 total gross pension liabilities of £4,405 million and subtracting the amount of gross pension liabilities that GKN has confirmed will transfer to Dana, being £1,375 million, leaving £3,030 million of total gross pension liabilities in the remaining group as shown on slide 21 of GKN's presentation on 9 March 2018;
- (m) the full-year 2017 total gross pension liabilities of £4,405 million is over 5 times the size of full-year 2017 management trading profit for GKN Group of £774 million. The total gross pension liabilities of £3,030 million that will remain with the GKN Group post the Disposals is over 10 times the 2017 management trading profit for Aerospace of £283 million (referred to on page 10 of GKN's announcement on 14 February 2018);
- (n) the average ratio of gross pension liabilities to reported operating profit for FTSE 100 companies was 3.6x in 2016. Gross pension liabilities for 2016 have been sourced from: LCP Accounting for Pensions 2017. Reported operating profit for 2016 has been sourced from Factset;

- (o) the average return on shareholders' investment of 2.7x in respect of the previous three acquisitions that Melrose has made is calculated based on the following; initial equity outlay of £244 million and total cash return of £734 million in respect of the McKechnie/Dynacast acquisition (3.0x return); initial equity outlay of £499 million and total cash return of £1,431 million in respect of the FKI acquisition (2.9x return), and initial equity outlay of £1,168 million and total cash return of £2,643 million in respect of the Elster acquisition (2.3x return);
- (p) the current value of Melrose's businesses is equivalent to its market capitalisation, being the closing price of a Melrose share on 9 March 2018 of 224.7 pence multiplied by the number of issued Melrose Shares;
- (q) the gross pension liabilities that will remain with the GKN Group of £3,030 million are over two thirds of the full-year 2017 total gross pension liabilities of £4,405 million. the UK related gross pension liabilities that will remain with the GKN Group of £2,776 million (being the reported full-year 2017 UK related gross pension liabilities of £3,309 million less the amount of UK related gross pension liabilities that GKN has confirmed will transfer to Dana, being £533 million) are approximately 85% of the UK-related full-year 2017 total gross pension liabilities of £3,309 million;
- (r) the maximum price of a GKN Share over the last 10 years is 414.9 pence (24 February 2014), based on share prices between 4 January 2008 and 5 January 2018 (being the last Business Day before the approach made by Melrose to the GKN Board in connection with the Offer) adjusted for the effects of the rights issue in July 2009 on share prices prior to that date;
- (s) the total Melrose net shareholder value increase of £4.9 billion is calculated based on total money invested of £3.64 billion and total money returned to investors of £4.35 billion in addition to the market capitalisation of £4.22 billion as at 5 January 2018, the last business day prior to the approach made by Melrose to GKN's board in connection with the Acquisition;
- (t) £1.00 of original investment in Melrose at the time of the first acquisition plus additional investment in subsequent capital raisings of £11.85 gives a net return of £17.65 after accounting for capital returns of £13.24, ordinary dividends of £2.05 and the market value of shares held of £14.21, based on the Closing Price of a Melrose Share on 5 January 2018 (being the last Business Day before the approach made by Melrose to the GKN Board in connection with the Acquisition);
- (u) TSR source data from Datastream, from October 2003 (date of Melrose formation) to close of business on 5 January 2018; and
- (v) the GKN value uplift of £1.9 billion is based on the difference between the closing GKN Share price 435.1 pence on 9 March 2018 and the closing GKN Share price of 326.3 pence on 5 January 2018 (being the last business day prior to the approach made by Melrose to the GKN Board in connection with the Acquisition), using basic shares outstanding (excluding shares held in Treasury) of 1,718,442,520 as announced by GKN on 1 March 2018.

Certain figures included in this Document have been subject to rounding adjustments.

PART 6: DEFINITIONS

Unless the context otherwise requires and save to the extent superseded in this Document (including in Part 2 of this Document), the definitions and rules of interpretation used in the Original Offer Document shall also apply in this Document, together with the following definitions:

Announced Dividend	the final dividend of 6.2 pence per GKN share as recommended by the GKN Board and announced on 27 February 2018
Base Consideration	the base consideration payable to relevant Eligible GKN Shareholders following the Effective Date of 1.69 New Melrose Shares and 81 pence in cash for each GKN Share held
Dana	Dana Incorporated
Disposals	the proposed sale of Driveline to Dana plc and the proposed future sale of Powder Metallurgy and assumes that no pension liabilities are transferred on the disposal of Powder Metallurgy
Document or Final Offer Document	this document and any subsequent document containing the Final Offer
Final Offer	the offer made by Melrose to acquire the entire issued and to be issued share capital of GKN on the terms and subject to the conditions set out in this Document and the Second Form of Acceptance (and, where the context admits, any subsequent revision, variation, extension or renewal of such offer including any election or alternative available in connection with it)
First Form of Acceptance	the form of acceptance to accept the Original Offer
Form of Acceptance or Forms of Acceptance	the First Form of Acceptance and/or the Second Form of Acceptance, as the context may require
New Prospectus Equivalent Document	the new prospectus equivalent document relating to the issuance of the New Melrose Shares in connection with the Final Offer
Offer	the offer made by Melrose to acquire the entire issued and to be issued share capital of GKN on the terms and subject to the conditions set out in the Original Offer Document (as amended by this Document) and the First Form of Acceptance and the Second Form of Acceptance (and, where the context admits, any subsequent revision, variation, extension or renewal of such offer including any election or alternative available in connection with it) and, unless the context otherwise requires, such term includes the Final Offer
Original Offer	the offer made by Melrose to acquire the entire issued and to be issued share capital of GKN on the terms and subject to the conditions set out in the Original Offer Document and the First Form of Acceptance (and, where the context admits, any subsequent revision, variation, extension or renewal of such offer including any election or alternative available in connection with it)
Original Offer Document	the offer document published and sent to GKN Shareholders by Melrose on 1 February 2018
Original Prospectus Equivalent Document	the equivalent document published by Melrose on 1 February 2018 in respect of the New Melrose Shares to be issued to GKN Shareholders in connection with the Offer and which is regarded by the UKLA as being equivalent to that of a prospectus prepared in accordance with the Prospectus Rules
Second Form of Acceptance	the form of acceptance to accept the Final Offer

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