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**FOR IMMEDIATE RELEASE**

28 March 2018

**Melrose Industries PLC (“Melrose”)**

**Comment re. Post-Offer Undertakings**

As seen from the exchange of letters published yesterday between Melrose and the Secretary of State for Business, Energy and Industrial Strategy (“BEIS”), Melrose fully stands behind its plan to work for the improvement of not only GKN, but the UK economy as well. As a UK listed company with an exceptional record of investing in and improving underperforming companies like GKN for the benefit of all its stakeholders, Melrose has stated in its letter that it will address any concerns regarding national security direct with the Ministry of Defence.

Melrose has also had constructive discussions with the Secretary of State for BEIS and his Department since GKN first made Melrose’s offer public, which culminated in the exchange of letters published yesterday, demonstrating a commitment to GKN that its current Board sadly lacks. Melrose has ambitions for the future of GKN beyond the fire-sale being conducted by the current GKN Board at a badly discounted price for Driveline that penalises shareholders, employees, pensioners and the UK alike. Melrose has offered a legally binding commitment to the Secretary of State to stand behind its intention to hold the GKN Aerospace business as it delivers the improvement necessary to unlock its potential.

The full terms of the post-offer undertakings agreed with the Panel are set out in a separate announcement.

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## Sources and Bases

1. Melrose has an exceptional record of investing in and improving underperforming companies as demonstrated by its track record of improving operating margins substantially in the businesses under its ownership by between 30% and 70%. Since 2005 Melrose has achieved a total shareholder return of over 3,000%, making it the third best performer in the FTSE 350 index. Total shareholder return calculated as at close of business on 5 January 2018, the last business day prior to the approach, data sourced from Datastream
2. The GKN Board's lack of commitment to GKN is illustrated by its intention to sell approximately 90% of the Group. This is calculated by reference to GKN's plans to retain only the Aero Engines business (based on the statement made by Jos Sclater in the article entitled "GKN eyes aero-engine future if it escapes hostile Melrose bid" published by the Financial Times on 20 March 2018). The 2017 reported sales of Aero Engines of £1,074 million (as identified as the "Grow" segment in Aerospace as set out on p. 10 of GKN's announcement released on 14 February 2018), represents 10% of the Group's reported 2017 sales of £10,409 million, thereby implying that 90% of the group sales will be sold

## Important Notices

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

### Financial Advisers

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

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### Notice to Overseas Shareholders

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

Kingdom to accept the Offer or to execute and deliver a Form of Acceptance may be affected by the laws of the relevant jurisdictions in which they are located.

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

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

#### **Rule 26.1 disclosure**

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available at [www.melroseplc.net](http://www.melroseplc.net) by no later than 12 noon (London time) on the business day following the date of this announcement.

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