

This letter is important and explains the impact of the Acquisition on your LTIP Options and what you need to do. Please read this letter carefully as it requires your immediate attention.

If you are in any doubt about the contents of this letter, or the action you should take, you are recommended to seek your own independent financial advice immediately from a stockbroker, bank manager, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended from time to time), if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

6 September 2021

MEGGITT



Dear Participant

**Meggitt 2014 Long Term Incentive Plan (“LTIP”) and the recommended cash acquisition of
Meggitt PLC by Parker-Hannifin Corporation**

LTIP Options

As you know, the boards of Parker-Hannifin Corporation (“**Parker**”) and Meggitt PLC (“**Meggitt**”) announced on 2 August 2021 that they had reached agreement on the terms of a recommended cash acquisition of the entire issued and to be issued share capital of Meggitt by Parker (the “**Acquisition**”).

1. Why are we writing to you?

We are writing to explain how the Acquisition will affect your LTIP Options and the decisions you are able to make.

Please read everything in this letter and the appendices carefully. Their contents are very important. A brief explanation of the defined terms used in this letter is provided in **Appendix B**.

If you participate in other Meggitt share plans you will receive separate letters about your other share options or awards. Please read those letters carefully as the treatment under those plans may be different from LTIP Options granted under the LTIP.

ACTION REQUIRED: You will need to take action to realise value from your LTIP Options, as this will NOT happen automatically.

Please note that if your LTIP Options have not been exercised within one month after Court Sanction, or earlier under the rules of the LTIP, they will cease to be exercisable and will lapse and you will not receive any value from your LTIP Options.

Further details about your choices are explained in section 7 below.

Summary of the choices available to you

Choice A: Exercise your Vested LTIP Options before Court Sanction

- You can only select this choice if you hold Vested LTIP Options.
- You can exercise any Vested LTIP Options before Court Sanction unless they lapse earlier under the rules of the LTIP. You can exercise your Vested LTIP Options by completing an online exercise instruction on the Ocorian share portal in the usual way.
- On exercise, the Meggitt Shares under the Vested LTIP Options will be issued or transferred to you. You will be subject to income tax and social security contributions on the market value of the Meggitt Shares on that date, and any applicable fees. You can either; (i) sell all the Meggitt Shares acquired on exercise; or (ii) sell sufficient Meggitt Shares acquired on exercise to cover the income tax and social security contributions and any applicable fees, and retain the balance of Meggitt Shares.
- If your Meggitt Shares are sold as part of the exercise process before the Scheme Record Time they will be sold at the market value on the date of sale and the proceeds paid to you to the bank account in which your salary is or was paid (less any income tax and social security contributions that Meggitt is required to withhold and any applicable fees). If you do not sell all of your Meggitt Shares before the Scheme Record Time then they will automatically be purchased by Parker in the Acquisition.

If you want to make Choice A, you must complete an online exercise instruction on the Ocorian share portal at any time before Court Sanction or, if earlier, before the lapse date of your Vested LTIP Options.

Choice B: Apply now to exercise your LTIP Options on Completion

- You can elect to exercise your LTIP Options (including your Vested LTIP Options and/or any LTIP Options which vest as a result of the Acquisition) conditional on Completion unless they lapse earlier under the rules of the LTIP. You can exercise your LTIP Options by completing an online exercise instruction on the Ocorian share portal.
- The Meggitt Shares which will be issued or transferred to you will then automatically be purchased by Parker on Completion. You will receive 800 pence per Meggitt Share via payroll (less any income tax and social security contributions that Meggitt is required to withhold and any applicable fees).

If you want to make Choice B, you must complete an online exercise instruction on the Ocorian share portal by 5:00 p.m. (UK time) on 1 June 2022 although it is recommended that you take this action as soon as possible.

Choice C: Exercise your LTIP Options up to one month after Court Sanction

- If Court Sanction goes ahead, you can exercise your LTIP Options (including your Vested LTIP Options and/or any LTIP Options which vest as a result of the Acquisition) up to one month after Court Sanction unless they lapse earlier under the rules of the LTIP. You can exercise your LTIP Options by completing an online exercise instruction on the Ocorian share portal in the usual way.
- The Meggitt Shares which will be issued or transferred to you will then automatically be purchased by Parker. You will receive 800 pence per Meggitt Share less any income tax and social security contributions that Meggitt is required to withhold, and any applicable fees.
- If you decide to exercise your LTIP Options under **Choice C**, you will receive the cash proceeds due to you later than under **Choices A or B**.

Your LTIP Options will lapse if not exercised one month after Court Sanction, unless they lapse earlier, and you will not receive any value for your LTIP Options.

Further details about your choices are set out in section 7 of this letter.

2. The Acquisition

The Acquisition will result in Meggitt and its subsidiaries becoming wholly-owned subsidiaries of Parker.

The Acquisition will take place through what is called a “scheme of arrangement” (the “**Scheme**”). This is a procedure that is subject to approval by Meggitt Shareholders at shareholder meetings, currently expected to take place on 21 September 2021, and by the Court on a date referred to in this letter as “**Court Sanction**”, which is expected to occur in the third quarter of 2022. This is not the date on which the Acquisition will be completed. The Acquisition is currently due to complete a couple of days after Court Sanction when the Scheme becomes effective (“**Completion**”).

Further information on the Scheme is set out in the Scheme Document sent to Meggitt Shareholders on 16 August 2021. A copy of the Scheme Document is also available on the Meggitt website at https://www.meggittoffer.com/Pages/Parker_Hannifin and on the Parker website at <https://www.aerospacegrowth.com/home/>.

This letter should be read together with the Scheme Document.

3. What are the terms of the Acquisition?

The terms of the Acquisition are set out in full in the Scheme Document. However, in summary, Meggitt Shareholders will be entitled to receive 800 pence in cash for each Meggitt Share they own at the Scheme Record Time, subject to the terms of the Acquisition.

The per share consideration payable to you shall be the per share amount that is paid to Meggitt Shareholders under the terms of the Scheme as set out in the Scheme Document, or where applicable, such higher amount that is paid by Parker to Meggitt Shareholders for each Meggitt Share.

4. When is the Acquisition likely to take place?

The Acquisition is currently expected to take effect in the third quarter of 2022, subject to Meggitt Shareholder approval, receipt of the relevant competition clearances, regulatory approvals and national security and foreign investment clearances and sanction by the Court. An expected timeline of key events relating to the Acquisition is set out in the Scheme Document.

As set out above, Court Sanction is currently expected to take place during the third quarter of 2022. Once the date of Court Sanction is known, Meggitt will announce this via a Regulatory Information Service (with such announcement being made available on Meggitt’s website at https://www.meggittoffer.com/Pages/Parker_Hannifin).

5. How does the Acquisition affect my LTIP Options?

You will need to take action to realise value from your LTIP Options as this will not happen automatically. If you do not take any action, your LTIP Options will lapse one month after Court Sanction, unless they lapse earlier.

Vested LTIP Options

Normally your Vested LTIP Options would be exercisable up to the second anniversary of the date of vesting unless they lapse earlier under the rules of the LTIP.

As a result of the Acquisition, the exercise period for your Vested LTIP Options will end early. Your Vested LTIP Options will cease to be exercisable one month after Court Sanction unless they lapse earlier under the rules of the LTIP, at which point they will lapse if they are not exercised. If you wish to exercise your Vested LTIP Options, an explanation of the steps you will need to take is set out in section 7 below.

If Court Sanction does not happen for any reason, your Vested LTIP Options will continue to be exercisable until their normal lapse date, subject to the rules of the LTIP.

Unvested LTIP Options

The Acquisition will change the usual treatment of your Unvested LTIP Options.

Normally, your Unvested LTIP Options would vest and become exercisable if applicable performance conditions are met on, or as soon as practicable after, the third anniversary of the date of grant. The performance conditions are normally assessed after the end of the relevant performance period and the extent to which the conditions are satisfied will determine whether (and to what extent) your Unvested LTIP Options vest and, accordingly, the number of Meggitt Shares which you would be entitled to receive on exercise. Normally you would be able to exercise your LTIP Options (to the extent vested) at any time during the exercise period and, if applicable, those Meggitt Shares acquired on exercise of your LTIP Options would then be subject to a two-year holding period during which time you could not transfer or dispose of the Meggitt Shares.

However, as a result of the Acquisition, your Unvested LTIP Options will vest early (if they have not already vested) and become exercisable on Court Sanction, unless they lapse earlier in accordance with their terms. You will have two choices in relation to your Unvested LTIP Options:

- Elect in advance to exercise your LTIP Options conditional on Completion.
- Exercise your LTIP Options within one month following Court Sanction.

The extent to which your Unvested LTIP Options will vest and become exercisable is subject to: (i) satisfaction of applicable performance conditions, which will be determined by the Remuneration Committee on or shortly before Court Sanction; and (ii) unless the Remuneration Committee decides otherwise, time pro-rating. It is the current intention of the Remuneration Committee to determine that all outstanding LTIP Options shall be time pro-rated by reference to the period of time between the Grant Date (as defined in the rules of the LTIP) of the LTIP Option and Court Sanction, relative to the period of three years. Once the Remuneration Committee has determined the extent to which your Unvested LTIP Options will vest and become exercisable (if at all) and (if appropriate) whether time pro-rating will apply, you will be notified of its decision. Any portion of your Unvested LTIP Options that does not vest will lapse on Court Sanction. A cash award (a "**Transition Award**") will then be granted by Parker to replace the portion of any LTIP Options granted in 2019 that lapse due to this reduction, as explained at section 6 below.

If you exercise your LTIP Options, the Meggitt Shares you receive as a result of that exercise will be automatically acquired by Parker for 800 pence in cash for each Meggitt Share (less any income tax and social security contributions that Meggitt is required to withhold and any applicable fees). If you wish to exercise your LTIP Options, an explanation of the steps you will need to take is set out in section 7 below.

If Court Sanction does not happen for any reason, your Unvested LTIP Options will continue as normal, subject to the rules of the LTIP.

6. Transition Awards

If you hold LTIP Options granted in 2019 that vest under the rules of the LTIP before Court Sanction, and you remain in employment with the Meggitt Group on Completion (or if you leave before Completion in certain leaver circumstances), Parker will grant you a Transition Award equal to the aggregate of the value of the Meggitt Shares underlying the portion of your 2019 LTIP Options that lapses due to the application of time pro-rating and/or any assessment of the applicable performance conditions under the rules of the LTIP, based on the same consideration payable per Meggitt Share as is payable under the Scheme. The Transition Award will be granted conditional on Completion and will vest on Completion.

Please see **Appendix A** for further details of the Transition Awards.

7. What are my choices?

You can elect to exercise your LTIP Options until one month after Court Sanction (subject to any earlier lapse date). You have the following choices in relation to your LTIP Options. Once you have made a choice you will not be able to change it:

Choice A: Exercise your Vested LTIP Options before Court Sanction

LTIP Options granted before September 2018 have vested and are currently exercisable. LTIP Options granted in September 2018, April 2019 and September 2019 will vest and become exercisable if applicable performance conditions are met in September 2021, April 2022 and September 2022 respectively, at which point you could also select **Choice A** depending on the timing of the Acquisition.

Vested Options which have not been exercised are marked as “Vested” on the Ocorian share portal. Instructions on how to login to your account are provided in section 15 below.

You can elect to exercise your Vested LTIP Options before Court Sanction by completing an online exercise instruction on the Ocorian share portal in the usual way at <https://meggitt.schemetrack.net/>. If you exercise your Vested LTIP Options and sell your Meggitt Shares on exercise, the Meggitt Shares will be sold at the market value on the date of sale and the cash proceeds will be paid to you by Meggitt to the bank account in which your salary is or was paid as soon as practicable after the date of exercise less any income tax and social security contributions that Meggitt is required to withhold and any applicable fees.

However, if you elect to exercise your Vested LTIP Options and hold your Meggitt Shares, you will be subject to income tax and social security contributions on the market value of the Meggitt Shares on that date. A sufficient number of Meggitt Shares that you acquire on exercise of your Vested LTIP Options will be sold on your behalf to cover those taxes.

The balance of Meggitt Shares that you hold at the Scheme Record Time will be acquired by Parker under the Acquisition and you will receive 800 pence in cash per Meggitt Share, subject to the terms of the Acquisition.

If you want to make Choice A, please access the Ocorian share portal at <https://meggitt.schemetrack.net/> and complete an online exercise instruction before Court Sanction or, if earlier, before the lapse date of your Vested LTIP Options.

Choice B: Apply now to exercise your LTIP Options on Completion

You can elect to exercise your LTIP Options (including your Vested LTIP Options and/or any LTIP Options which vest as a result of the Acquisition) conditional on Completion. If you exercise your LTIP Options, you will receive 800 pence in cash per Meggitt Share (less any income tax and social security contributions that Meggitt is required to withhold and any applicable fees).

If you want to make Choice B, please access the Ocorian share portal at <https://meggitt.schemetrack.net/> and complete an online exercise instruction as soon as possible and no later than 5:00 p.m. (UK time) on 1 June 2022 or any earlier deadline notified to you once the expected date of Court Sanction is known.

You should check the date on which your Vested LTIP Options lapse before electing for this choice, to make sure they don't lapse before Completion. You can check the date your Vested LTIP Options lapse on the Ocorian share portal under the “Outstanding” tab at <https://meggitt.schemetrack.net/>.

Choice C: Exercise your LTIP Options up to one month after Court Sanction

If Court Sanction goes ahead, you will be able to exercise your LTIP Options until one month after Court Sanction unless they lapse earlier under the rules of the LTIP.

If you do this, the Meggitt Shares which will be issued or transferred to you will be automatically acquired by Parker and you will receive 800 pence in cash per Meggitt Share (less any income tax and social security contributions that Meggitt is required to withhold and any applicable fees).

If you decide to exercise your LTIP Options under **Choice C**, you will receive the cash proceeds due to you later than under **Choices A and B**.

If you want to make Choice C, you must complete an online exercise instruction on the Ocorian share portal at <https://meggitt.schemetrack.net/> on or after Completion and before your LTIP Options lapse.

If you do not exercise your LTIP Options within one month after Court Sanction, all your LTIP Options will lapse automatically.

Any Meggitt Shares to which you become entitled as a result of the exercise of your LTIP Options in connection with the Acquisition will be held on your behalf by the EBT Trustee, as your nominee.

8. When will I receive the money on the sale of my Meggitt Shares?

If you elect **Choice A** and sell your Meggitt Shares straightaway, the cash proceeds will be paid to you to the bank account in which your salary is or was paid by Meggitt as soon as practicable after the date of exercise. If you elect **Choice A** and sell your Meggitt Shares to Parker under the Acquisition, the cash proceeds will be paid by Parker within 14 days of Completion.

If you elect **Choice B** or **Choice C**, the cash proceeds due to you will be paid to you through the Meggitt payroll as soon as practicable after the date of exercise.

9. Which currency will I receive the cash consideration in?

You will receive the cash proceeds (less any income tax and social security contributions that Meggitt is required to withhold and any applicable fees) through payroll in your payroll currency, on the next practicable payroll date.

If your payroll currency is not GBP, the amount per Meggitt Share received may vary, depending on the prevailing exchange rate, and any risk associated with this will be taken by you.

10. What if the Acquisition does not go ahead?

If Court Sanction does not happen for any reason, your LTIP Options will continue as normal under the rules of the LTIP if you have elected **Choice B** or **Choice C**. If you have elected **Choice A** and your Vested LTIP Options have already been exercised, you will continue to hold any Meggitt Shares that you received following exercise, unless you decide to sell them.

11. What if I leave employment with the Meggitt Group?

The leaver arrangements under the LTIP will apply to your LTIP Options in the normal way if you leave or have left the Meggitt Group before exercising your LTIP Options. In summary, this means:

- if you do not qualify as a “good leaver” under the rules of the LTIP, any LTIP Options that you hold will lapse on the date that your employment ceases; or
- if you qualify as a “good leaver” under the rules of the LTIP (for example, if you leave because of death, injury, disability, retirement, redundancy or any other reason at the discretion of the Remuneration Committee), your Unvested LTIP Options will vest, subject to the satisfaction of the applicable performance conditions and any time pro-rating that may be applied, on the earlier of (i) the normal vesting date (unless the Remuneration Committee determines that your LTIP Options will vest on the date on which you leave employment) and (ii) Court Sanction. Your LTIP Options will be exercisable until one month after Court Sanction (unless they lapse earlier under the rules of the LTIP).

Please note: If you leave the Meggitt Group before Court Sanction and you do not qualify as a “good leaver”, your Unvested LTIP Options may lapse before Court Sanction (depending on when it occurs), meaning that any online exercise instruction you have made under **Choice B** will **NOT** take effect. Your election will not be affected if you qualify as a “good leaver” and your LTIP Options have not otherwise lapsed before Court Sanction. If you leave employment with the Meggitt Group and your LTIP Options will lapse before Court Sanction, you will receive a letter that will explain the choices available to you and the impact of your departure on the Choice that you may have already made following this letter.

12. What if I am a PDMR or an insider?

If you are a Person Discharging Managerial Responsibilities (“**PDMR**”) or a restricted person under the Meggitt Share Dealing Code (the “**Dealing Code**”), or you have otherwise been told that the Dealing Code applies to you, you must obtain permission to exercise your LTIP Options under the Dealing Code before you submit an instruction and your instruction must be submitted as soon as possible and in any event with two business days of permission being granted. You can seek permission to deal by following the process set out in the Dealing Code. However, unless exceptional circumstances exist it is unlikely that you will be granted permission to deal while you are an insider or, if you are a PDMR or a closely associated person of a PDMR, during a closed period. It is recommended that, if you wish to elect **Choice A or Choice B**, and you are a PDMR or a restricted person under the Dealing Code (or you will potentially become one), you seek permission to take such action as soon as possible.

13. What are the tax implications?

As the tax rules for each country are different, the final amount of tax and social security contributions you will have to pay depends on where you are resident for tax purposes.

UK tax summary

If you exercise any Vested LTIP Options before Court Sanction (**Choice A**), you will receive Meggitt Shares. If you exercise any LTIP Options conditional on Completion (**Choice B**); or within one month after Court Sanction (**Choice C**), you will receive Meggitt Shares.

You will be subject to income tax and employee’s National Insurance Contributions (the “**Tax Liability**”) on the market value of those Meggitt Shares and on any additional cash amount paid by way of dividend equivalent on the relevant date. We do not know what the market value of a Meggitt Share will be at the relevant time.

If you sell the resulting Meggitt Shares to Parker pursuant to the Acquisition, the Tax Liability will be deducted from the cash proceeds due to you from Parker.

Current income tax rates for the 2021/2022 tax year are 20% for basic rate taxpayers, 40% for higher rate taxpayers and 45% for additional rate taxpayers. Employee’s National Insurance Contributions rates are 12% of earnings between £184 - £967 per week; and 2% of earnings above £967 per week.

If you elect **Choice A and sell your Meggitt Shares straightaway**, or if you elect **Choices B or C and receive Meggitt Shares**, no capital gains tax (“**CGT**”) is expected to arise because you will have paid the Tax Liability and the amount on which you paid income tax is the base cost of those Meggitt Shares. **However, if you elect Choice A, keep your Meggitt Shares until the Scheme Record Time and then sell your Meggitt Shares to Parker under the Acquisition**, any excess of the cash proceeds to be paid by Parker under the Acquisition over the market value of those Meggitt Shares on the date of exercise may be subject to CGT to the extent that the excess (together with any other capital gains) exceeds your CGT annual exemption in the relevant tax year. For the tax year ending 5 April 2022, the annual exemption is £12,300, but it may change for the tax year beginning 6 April 2022. You should be aware that if you hold other Meggitt Shares (for example, as a result of LTIP Options that you exercised

in the past) there are complex capital gains tax rules that apply to determine the CGT liability to which you will be subject when your shares are sold to Parker under the Acquisition.

If your aggregate capital gains are likely to exceed your CGT annual exemption, you are strongly recommended to seek your own independent tax advice.

The above assumes you are resident and domiciled in the United Kingdom at all relevant times.

This information is intended as a general guide and does not constitute tax advice to any individual participant. Please remember that tax law can and often does change, and you should not necessarily assume the current tax position will continue. As the tax rules for each country are different, the final amount of tax and social security contributions you will have to pay depends upon where you are resident for tax purposes and we strongly recommend that if you are unsure how your LTIP Options will be taxed, you seek advice from an independent financial or tax adviser in your country.

Please note that none of Meggitt or Parker, or any of their employees, can provide you with legal, personal tax or financial advice. If you are in any doubt as to the contents of this letter or the action you should take, you are recommended to seek your own independent financial advice immediately from a stockbroker, bank manager, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended from time to time), if you are resident in the United Kingdom, or from another appropriately authorised independent financial adviser if you are taking advice in a territory outside the United Kingdom.

14. What if I hold Meggitt Shares from the previous exercise of LTIP Options?

If you hold Meggitt Shares from previous LTIP Option exercises that are held by the EBT Trustee as nominee, you will be contacted separately by the EBT Trustee. Meggitt Shares which are held at the Scheme Record Time, either by you directly or by the EBT Trustee as nominee, will automatically be purchased in the Acquisition for 800 pence in cash per Meggitt Share, subject to the terms of the Acquisition. More detail is included in the Scheme Document and it is recommended that you read this.

15. What if I have questions?

If you have any questions that relate to your LTIP Options, how to access your Ocorian account, what your choices are or how to complete your online exercise request on the Ocorian share portal, please contact the Meggitt team at Ocorian by email at Meggitt@Ocorian.com. Operating hours are 09:00 – 17:00 Monday to Friday, excluding weekends and UK Bank Holidays. Please note that no legal, tax, investment or financial advice on the merits of the Acquisition or its effect on your LTIP Options can be provided by Ocorian or any of its employees.

Details of your LTIP Options are available to view on the Ocorian share portal at <https://meggitt.schemetrack.net/>.

To login to your account you will need to do the following:

- Access the Ocorian share portal at: <https://meggitt.schemetrack.net/>.
- Enter your username (your email address).
- Then enter your password (when you first registered you will have been asked to create a password).
- If you have forgotten your password, select '*Forgotten your password?*' and you will be asked some security questions before being prompted to re-set your password.

Once logged in to your Ocorian share portal account you will need to:

- Click the '*Home*' tab.

- To complete your online exercise instruction, click the '*Parker / Meggitt Acquisition - Rule 15 Election*' tile and follow the instructions to submit your elections.

If you experience any difficulties registering or logging in, please contact the Meggitt team at Ocorian by email at Meggitt@Ocorian.com.

You are strongly advised to seek your own independent financial and/or tax advice regarding your personal circumstances and the effect of the Acquisition in relation to your LTIP Options.

16. Proposals: Recommendation

The Meggitt Board recommends that you select either **Choice A or Choice B**. You should consider your own personal circumstances, including your tax position, when deciding your preferred timing for exercising your LTIP Options.

The Meggitt Board, which has been so advised by Rothschild & Co and Morgan Stanley as to the financial terms of the proposals, considers the terms of the proposals described above to be fair and reasonable in the context of the Acquisition. In providing their advice to the Meggitt Board, Rothschild & Co and Morgan Stanley have taken into account the commercial assessments of the Meggitt Board. Rothschild & Co and Morgan Stanley are providing independent financial advice to the Meggitt Board for the purposes of the City Code on Takeovers and Mergers.

17. Important notes

Nothing in this letter or its appendices constitutes financial advice to any holder of shares, share awards or share options in Meggitt or Parker. Neither Meggitt nor Parker, nor any of their employees, can provide legal, tax, financial or investment advice on the Acquisition.

Defined terms used in this letter are set out in **Appendix B**.

If you have received this letter electronically, you may request a hard copy of this letter, free of charge, by emailing shareschemes@meggitt.com. You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.

If there is a conflict between the information in this letter, its appendices, and the rules of the LTIP or any relevant legislation, the rules of the LTIP and the legislation will prevail.

If there is a conflict between the English language version of this letter and any translation into a language other than English, the English language version will prevail.

Yours faithfully



For and on behalf of
Meggitt PLC

Yours faithfully



For and on behalf of
Parker-Hannifin Corporation

Appendix A

1. Transition Awards

1.1 Calculation of the reduction to LTIP Options, and the size of the Transition Awards

As set out in this letter, if any of your LTIP Options granted in 2019 vest on or before Court Sanction, the extent to which your LTIP Options vest will be subject to the satisfaction of applicable performance conditions and (if appropriate) the application of time pro-rating, which will be determined by the Remuneration Committee.

1.2 Terms of the Transition Awards

Grant of Transition Awards

You will be granted a Transition Award in respect of any LTIP Options granted in 2019 held by you and which vest on or before Court Sanction under the rules of the LTIP provided that you remain in employment with the Meggitt Group on Completion (or if you leave before Completion in certain leaver circumstances). Transition Awards will be granted by Parker conditional on Completion.

Size of Transition Awards

The Transition Awards will equal the aggregate of the value of the Meggitt Shares underlying the portion of your LTIP Options granted in 2019 that lapses due to the application of time pro-rating and/or any assessment of the applicable performance conditions in accordance with the rules of the LTIP, based on the same consideration payable per Meggitt Share as is payable under the Scheme.

Terms of Transition Awards

The Transition Awards will be granted pursuant to award letters to be issued by Parker as soon as practicable and in any event prior to Court Sanction, and will immediately vest on Completion.

Additional and where applicable modified terms will apply to individuals who are US tax resident, which will be set out in the Transition Award letter.

Performance condition applicable to Transition Awards

Transition Awards will not be subject to any performance conditions.

1.3 Do I need to do anything to receive my Transition Award?

No. If you hold LTIP Options granted in 2019 and you remain in employment with the Meggitt Group on Completion (or if you leave before Completion in certain leaver circumstances) you will be granted a Transition Award.

1.4 Further details?

Parker will contact you setting out the full terms of your Transition Award. If there is a conflict between this letter and the letter from Parker setting out the full terms of your Transition Award, the letter from Parker will prevail.

Appendix B

A brief explanation of some definitions

“Acquisition” means the proposed acquisition by Parker of the entire issued and to be issued ordinary share capital of Meggitt;

“Business Day” means a day (other than a Saturday, Sunday or public or bank holiday) on which clearing banks in London are generally open for normal business;

“Completion” means the date on which the Scheme takes effect;

“Court” means the High Court of Justice in England and Wales;

“Court Sanction” means the date on which the Court sanctions the Scheme under section 899 of the Companies Act 2006;

“EBT Trustee” means Ocorian Limited, a company incorporated in Jersey, Channel Islands with registered number 52417;

“LTIP” means the Meggitt 2014 Long Term Incentive Plan, as amended from time to time;

“LTIP Option” means a right to acquire Meggitt Shares granted under the LTIP in the form of a nil-cost option;

“Meggitt” means Meggitt PLC, a company incorporated in England and Wales with registered number 00432989;

“Meggitt Board” means the board of directors of Meggitt;

“Meggitt Directors” means the directors of Meggitt;

“Meggitt Group” means Meggitt and its subsidiaries and subsidiary undertakings from time to time;

“Meggitt Shareholders” means the registered holders of Meggitt Shares from time to time;

“Meggitt Shares” means ordinary shares of five pence each in the capital of Meggitt;

“Parker” means Parker-Hannifin Corporation, a corporation incorporated in the State of Ohio, United States of America;

“Parker Directors” means the directors of Parker;

“Parker Group” means Parker and its subsidiaries and subsidiary undertakings from time to time;

“Scheme” means the proposed scheme of arrangement under Part 26 of the Companies Act 2006 between Meggitt and holders of Meggitt Shares, as set out in Part IV (*The Scheme of Arrangement*) of the Scheme Document, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Meggitt and Parker, pursuant to which Parker will become the holder of the entire issued and to be issued ordinary share capital of Meggitt;

“Scheme Document” means the document setting out the terms of the Scheme dated 16 August 2021 sent to Meggitt Shareholders;

“Scheme Record Time” means 6:30 p.m. (London time) on the Business Day immediately after the day on which Court Sanction occurs;

“Unvested LTIP Option” means any LTIP Option which is not a Vested LTIP Option; and

“Vested LTIP Option” means any LTIP Option over Meggitt Shares granted to employees and former employees of the Meggitt Group which has vested and become exercisable subject to the rules of the LTIP.

Notes

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