THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART II OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH ARTICLE 126 OF THE COMPANIES (JERSEY) LAW 1991, AS AMENDED. If you are in any doubt as to the contents of this document or what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000, as amended ("FSMA") if you are resident in the UK or, if not, from another appropriately authorised independent financial adviser.

If you sell or otherwise transfer or have sold or otherwise transferred all of your shares in Old Ferguson, you should immediately forward this document and the accompanying documents (including the Forms of Proxy) to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, these documents should not be forwarded or transmitted (in whole or in part) in, into or from any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you sell or otherwise transfer or you have sold or otherwise transferred only part of your holding of shares in Old Ferguson, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document and/or the accompanying documents in or into jurisdictions other than the UK or Jersey may be restricted by law and therefore this document and/or the accompanying documents may not be distributed or published in any jurisdiction except under circumstances which result in compliance with any applicable laws and regulations. Persons into whose possession this document and/or the accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

A Prospectus relating to New Ferguson and Admission, prepared in accordance with the Prospectus Rules made under Section 73A of FSMA and in accordance with the Companies (General Provisions) (Jersey) Order 2002, is expected to be made available in accordance with Rule 3.2 of the Prospectus Rules in electronic form on the Group's website at www.fergusonplc.com, and may be inspected as described in paragraph 15 of Part II of this document after it has been approved by, and filed with, the Financial Conduct Authority (the "FCA") (expected to be on 26 April 2019). A copy of the Prospectus may also be obtained from such date until Admission (expected to be on 10 May 2019) on request, free of charge, by writing to the registered office of Old Ferguson (26 New Street, St. Helier, Jersey, JE2 3RA), to New Ferguson's principal place of business (1020 Eskdale Road, Winnersh Triangle, Wokingham RG41 5TS, United Kingdom) or to Old Ferguson's Registrars, Equiniti (Jersey) Limited, c/o Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

FERGUSON

Recommended Proposals for

the introduction of a new Jersey incorporated and UK tax-resident holding company by means of a scheme of arrangement under Article 125 of the Companies (Jersey) Law 1991, as amended,

and

Notices of Court Meeting and Scheme General Meeting

Barclays Bank PLC ("Barclays"), which is authorised by the Prudential Regulatory Authority (the "PRA") and regulated in the United Kingdom by the PRA and the FCA, is acting exclusively for Old Ferguson and New Ferguson and no one else in connection with the Proposals described in this document and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Proposals described in this document and will not be responsible to anyone (whether or not a recipient of this document) other than Old Ferguson and New Ferguson for providing the protections afforded to its clients or for providing advice in connection with the Proposals or any transaction or arrangement referred to in this document.

Shareholders should read the whole of this document.

Capitalised terms used in this document have the meanings ascribed to them in the section of this document headed Part V ("Definitions and Glossary"). References to times are to UK time unless otherwise stated.

Your attention is drawn to the letter from the Chairman of Old Ferguson in Part I of this document, which contains the unanimous recommendation of the Board that you vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the Scheme General Meeting. A letter from Barclays explaining the Scheme, which constitutes an Explanatory Statement in compliance with Article 126 of the Companies (Jersey) Law 1991, as amended, is set out in Part II of this document.

Meetings to consider the Proposals contained in this document will be held on 29 April 2019. The Court Meeting will start at 11.00 a.m. Swiss time on that date and the Scheme General Meeting at 11.15 a.m. Swiss time on that same date (or as soon thereafter as the Court Meeting concludes or is adjourned). Notices of the Court Meeting and the Scheme General Meeting, each of which will be held at IBZ Schulen AG, Landis + Gyr-Strasse 1, CH-6300 Zug, Switzerland, are set out in Part VI of this document.

The action to be taken by Old Ferguson Shareholders in respect of the Meetings is set out in paragraph 16 of Part II of this document. **Old Ferguson Shareholders will find enclosed with this document a blue Form of Proxy for use in connection with the Court Meeting and a white Form of Proxy for use in connection with the Scheme General Meeting. Whether or not you intend to be present at the Meetings in person, please complete and sign both of the enclosed Forms of Proxy in accordance with the instructions printed on them and return them to Old Ferguson's Registrars, Equiniti (Jersey) Limited, c/o Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, as soon as possible and, in any event, so as to be received by 11.00 a.m. Swiss time in the case of the blue Form of Proxy and 11.15 a.m. Swiss time in the case of the white Form of Proxy, both on 25 April 2019. Forms of Proxy returned by fax will not be accepted.**

If the blue Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to the Chairman of the Court Meeting or to Old Ferguson's Registrars at the Court Meeting, immediately prior to the start of the Court Meeting. However, in the case of the Scheme General Meeting, unless the white Form of Proxy is returned by the time mentioned in the instructions printed on it, it will be invalid. The completion and return of the relevant Form of Proxy will not prevent you from attending and voting in person at the Court Meeting or the Scheme General Meeting or any adjournment thereof, if you so wish and are so entitled.

Old Ferguson Shareholders who hold their shares through CREST and who wish to appoint a proxy or proxies for the Meetings or any adjournment(s) by using the CREST electronic proxy appointment service may do so by using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to that CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Further details are set out in Part II of this document.

If you have any practical questions about this document, the Court Meeting, the Scheme General Meeting or the Proposals or are in any doubt as to how to complete the Forms of Proxy, please call the shareholder helpline between 8.30 a.m. and 5.30 p.m. (UK time) Monday to Friday (except English and Welsh public holidays) Freephone (plus network charges) on 0800-085-4975 (from within the UK) or + 44 (0)121-415-0978 (from outside the UK). Calls to the shareholder helpline from outside the UK will be charged at international rates. Please note that calls may be monitored or recorded and the helpline cannot provide legal, financial or tax advice or advice on the merits of the Proposals.

Applications will be made to the FCA for New Ferguson to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Ferguson Shares to be admitted to trading on the London Stock Exchange's main market. If the Scheme proceeds as presently envisaged, it is expected that dealings in Old Ferguson Shares will continue until close of business on 9 May 2019 and that Admission of the New Ferguson Shares will become effective, and that dealings in New Ferguson Shares on the London Stock Exchange's main market for listed securities will commence, at 8.00 a.m. on 10 May 2019.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. The contents of this document are not to be construed as legal, financial or tax advice. Each prospective investor should consult his or her own independent legal, financial or tax adviser for legal, financial or tax advice.

NEW FERGUSON SHARES HAVE NEITHER BEEN MARKETED TO, NOR ARE AVAILABLE FOR PURCHASE OR EXCHANGE, IN WHOLE OR IN PART, BY, THE PUBLIC IN THE UNITED KINGDOM OR ELSEWHERE IN CONNECTION WITH THE INTRODUCTION OF THE NEW FERGUSON SHARES TO THE OFFICIAL LIST. THIS DOCUMENT IS NOT A PROSPECTUS BUT A SHAREHOLDER CIRCULAR AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO SELL OR THE SOLICITATION OF AN INVITATION OR OFFER TO BUY ANY SECURITY, NOR SHALL THERE BE ANY SALE, ISSUANCE, SUBSCRIPTION, PURCHASE, EXCHANGE OR TRANSFER OF THE SECURITIES REFERRED TO IN THIS DOCUMENT IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

Securities may not be offered or sold in the United States unless they are registered under the Securities Act of 1933, as amended (the "Securities Act") or are exempt from such registration. The New Ferguson Shares will not be, and are not required to be, registered with the Securities and Exchange Commission of the United States (the "SEC") under the Securities Act, in reliance upon the exemption from the registration requirements provided by Section 3(a)(10) of the Securities Act. **The New Ferguson Shares have not been approved or disapproved by the SEC, any state's securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ferguson Shares or the accuracy or adequacy of this document.**

The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada; no prospectus in relation to Admission has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission; and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to Admission of the New Ferguson Shares. Accordingly, subject to certain exceptions, the New Ferguson Shares may not, directly or indirectly, be offered or sold within Canada, Australia or Japan or offered or sold to a resident of Canada, Australia or Japan.

INFORMATION FOR UNITED STATES SHAREHOLDERS

This document is not an offer of securities for sale in the United States, or any other jurisdiction. The New Ferguson Shares to be issued to Old Ferguson Shareholders in connection with the Scheme will not be, and are not required to be, registered with the SEC under the Securities Act, in reliance upon the exemption from the registration requirements provided by Section 3(a)(10) of the Securities Act. For the purpose of qualifying for the Section 3(a)(10) exemption with respect to the New Ferguson Shares issued pursuant to the Scheme, Old Ferguson will advise the Royal Court that it will rely on the Section 3(a)(10) exemption based on the Royal Court's sanctioning of the Scheme, which will be relied upon by Old Ferguson as an approval of the Scheme following a hearing on its fairness to Old Ferguson Shareholders at which hearing all such Old Ferguson Shareholders will be entitled to attend in person or through an Advocate to support or oppose the sanctioning of the Scheme and with respect to which notification has been or will be given to all such Shareholders. Old Ferguson Shareholders who will be affiliates of New Ferguson after the Scheme Effective Date will be subject to certain US transfer restrictions relating to the New Ferguson Shares received pursuant to the Scheme.

The New Ferguson Shares have not been and will not be registered on a United States securities exchange or quoted on any inter-dealer quotation system in the United States. New Ferguson will not take any action to facilitate a market in New Ferguson Shares in the United States and it is unlikely that an active trading market in the United States will develop for the New Ferguson Shares.

The New Ferguson Shares will not be registered under the securities laws of any state of the United States, and will be issued in the United States pursuant to the Scheme in reliance on available exemptions from such state law registration requirements. The New Ferguson Shares may not be offered, sold, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Cautionary note regarding forward looking statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include, but are not limited to,

statements regarding the Directors' intentions, beliefs or current expectations concerning, among other things, the Group's business, results of operations, financial position, prospects, dividends, growth and strategies.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations, its financial position and dividends, and the development of the markets and the industries in which the Group operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. In addition, even if the Group's results of operations and financial position, and the development of the markets and the industries in which the Group operates, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document reflect the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's business, results of operations, financial condition, prospects, dividends, growth and strategies. Investors should specifically consider the factors identified in this document, which could cause actual results to differ, before making an investment decision. Subject to the requirements of the Listing Rules, the Prospectus Rules, Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 (or any equivalent or successor legislation) (the "Market Abuse Regulation") and the Disclosure Guidance and Transparency Rules (the "DTRs") produced by the FCA and forming part of the book and rules and guidance maintained by the FCA (the "FCA Handbook"), neither Old Ferguson nor New Ferguson undertakes no obligation to publicly release the result of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document.

You are advised to read this document, the accompanying documents, the Prospectus (when it is made available, which is expected to be on or around 26 April 2019) and the information incorporated by reference into the Prospectus in their entirety for a further discussion of the factors that could affect the Group's future performance and the industries and markets in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document, the accompanying documents, the Prospectus and/or the information incorporated by reference into the Prospectus may not occur.

Rounding

Some financial and other numerical information in this document has been rounded and, as a result, the numerical figures shown as totals in this document may vary slightly from the exact arithmetic aggregation of the figures that precede them.

No profit forecast

No statement in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings per New Ferguson Share for the current or future financial years would necessarily match or exceed the historical published earnings per Old Ferguson Share.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2019

Thursday 25 April at 11.00 a.m. Swiss time	**Latest time for receipt by Old Ferguson's Registrars of blue Form of Proxy from Old Ferguson Shareholders for the Court Meeting(1)**
Thursday 25 April at 11.15 a.m. Swiss time	**Latest time for receipt by Old Ferguson's Registrars of white Form of Proxy from Old Ferguson Shareholders for the Scheme General Meeting(2)**
Thursday 25 April at 7.30 p.m. Swiss time	Voting record time for the Court Meeting and the Scheme General Meeting(3)
Monday 29 April at 11.00 a.m. Swiss time	**Court Meeting**
Monday 29 April at 11.15 a.m. Swiss time	**Scheme General Meeting(4)**
Wednesday 8 May at 2.30 p.m.	Court Hearing to sanction the Scheme(5)
Thursday 9 May	Last day of dealings in, and for registration of transfers of, Old Ferguson Shares(5)
Thursday 9 May at 6.00 p.m.	**Scheme Record Time(5)**
Friday 10 May	**Scheme Effective Date(5)**
Friday 10 May at 8.00 a.m.	Delisting of Old Ferguson Shares, Admission and listing of New Ferguson Shares and commencement of dealings in New Ferguson Shares on the London Stock Exchange(5)
Friday 10 May	Credit of New Ferguson Shares in Uncertificated form to CREST accounts(5)
Friday 10 May	Reduction of Capital becomes effective(5)
By Friday 24 May	Despatch of share certificates in respect of New Ferguson Shares in Certificated form(5)

Unless otherwise stated, all references to times in this document are to UK time. The times and dates given are based on the Directors' expectations and may be subject to change. These times and dates are indicative only and will depend, amongst other things, on the date on which the Royal Court sanctions the Scheme. In particular, certain court dates are subject to confirmation by the Royal Court. If the scheduled date of the Court Hearing is changed, Old Ferguson will give adequate notice of the change by issuing an announcement through an RIS. Any changes to other times or dates indicated above may, in Old Ferguson's discretion, be notified in the same manner. **All Old Ferguson Shareholders have the right to attend the Court Hearing in person or through an Advocate to support or oppose the sanctioning of the Scheme. The Court Hearing will be held at 2.30 p.m. on Wednesday 8 May 2019 at the Royal Court of Jersey, Royal Court House, Royal Square, St. Helier, Jersey JE1 1JG.** Holders of Old Ferguson ADRs will be contacted by Deutsche Bank Trust Company Americas as depositary for the Old Ferguson ADRs (the "Depositary") with guidelines on how to provide voting instructions to the Depositary with respect to the Old Ferguson ADRs. In order to vote, holders of Old Ferguson ADRs are required to follow the voting instructions and to meet the deadlines provided by the Depositary.

Notes:

(1) Blue Forms of Proxy for the Court Meeting not returned by this time may be handed to the Chairman of the Court Meeting or to Old Ferguson's Registrars at the Court Meeting prior to the start of the Court Meeting.

(2) To be valid, white Forms of Proxy for the Scheme General Meeting must be lodged by 11.15 a.m. Swiss time on 25 April 2019 and may not be handed to the Chairman or Old Ferguson's Registrars at the Scheme General Meeting.

(3) If either the Court Meeting or the Scheme General Meeting is adjourned, the voting record time for the relevant adjourned meeting will be the time that is 48 hours (excluding non-working days) before the time and date set for the adjourned meeting. If both the Court Meeting and the Scheme General Meeting are adjourned to the same date, the voting record time for both meetings will be the time that is 48 hours (excluding non-working days) before the time and date set for the later to occur of the adjourned Court Meeting and the adjourned Scheme General Meeting.

(4) To commence at the time fixed or as soon thereafter as the Court Meeting concludes or is adjourned, whichever is the later.

(5) These times and dates are indicative only and will depend on, amongst other things, whether the Court Meeting and the Scheme General Meeting are adjourned for any reason, the date on which the Royal Court sanctions the Scheme, the date on which the Court Order issued by the Royal Court is delivered to the Jersey Registrar of Companies for registration and/or the date on which the solvency statement made in connection with the Reduction of Capital and the minute showing the information required by Jersey Companies Law are registered by the Jersey Registrar of Companies.

SUMMARY

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under FSMA if you are resident in the UK or, if not, from another appropriately authorised independent financial adviser.

This document tells you about the proposals:

(a) for a reorganisation of Ferguson plc ("Old Ferguson") and its subsidiaries which will result in a new Jersey-incorporated, UK tax-resident company ("New Ferguson") becoming the holding company of the Group;

(b) for New Ferguson to reduce its share capital by cancelling its share premium account to create a reserve of profit in the accounts of New Ferguson (as more fully explained in Question 7 below); and

(c) in respect of the employees' share schemes currently operated by the Group and the New Ferguson Employee Share Schemes to be adopted by New Ferguson.

Here is what you need to do now:

- read this summary;
- read the letter from the Chairman of Old Ferguson set out at Part I on pages 9 to 12 of this document. This explains what is happening and why the Board unanimously recommends that you should vote in favour of the Proposals;
- read the remainder of this document; and
- if you have any further queries, please call the shareholder helpline, the number of which is below.

Old Ferguson Shareholders should read the whole of this document and not just rely on this summary. This summary should not be regarded as a substitute for reading the whole document.

SHAREHOLDER HELPLINE TELEPHONE NUMBER:

Freephone (plus network charges) 0800-085-4975

(+ 44 (0)121-415-0978 if you are calling from outside the UK)
Monday to Friday, 8.30 a.m. to 5.30 p.m. (UK time)
Charges from mobiles and other operators may apply.

Note: For legal reasons, this helpline will only be able to provide practical information and will not provide advice on the merits of any of the Proposals or Admission or give any legal, financial or tax advice. For legal, financial or tax advice, you will need to consult an independent legal, financial or tax adviser.

To help you understand what is involved in the Scheme and the other matters referred to below, Old Ferguson has prepared this summary. You should read the whole of this document and not rely solely on the summary set out below.

1. Why is Old Ferguson proposing the Scheme?

Moving the Group's headquarters and tax residence to the UK facilitates the continued simplification of the Group's corporate structure in line with the Group's strategy. In addition, since relocating its corporate headquarters and tax residence to Switzerland in 2010, the benefits to the Group of being tax-resident in Switzerland have reduced and recently announced Swiss tax reform will make Switzerland a less

competitive tax environment for the Group's headquarters. At the same time, changes to the UK corporate tax regime since 2010 have made the UK a competitive tax environment for international businesses. Accordingly, the Board has concluded that the interests of the business and Shareholders of the Group would be best served by establishing a new corporate structure with the Group headquartered and tax-resident in the UK. If implemented, the Group's effective tax rate for the year ending 31 July 2020 is expected to be 25-26%, in line with previously announced guidance.

2. Why does the Group need a new parent company?

Inserting a new parent company above the existing corporate structure of the Group will allow the Group to relocate its tax residence from Switzerland to the UK and achieve the proposed benefits of relocating the Group's corporate headquarters and tax residence.

3. Why is Old Ferguson implementing the Proposals by way of a scheme of arrangement?

The Scheme is a formal procedure under Article 125 of Jersey Companies Law which is commonly used to carry out corporate reorganisations. It is an efficient means of effecting a share-for-share exchange. The Scheme requires the approval of Old Ferguson Shareholders and the sanction of the Royal Court. **All Old Ferguson Shareholders have the right to attend the Court Hearing in person or through an Advocate to support or oppose the sanctioning of the Scheme. The Court Hearing will be held at 2.30 p.m. on Wednesday 8 May 2019 at the Royal Court of Jersey, Royal Court House, Royal Square, St. Helier, Jersey JE1 1JG.** If the relevant approvals are obtained, all Old Ferguson Shareholders will be bound by the Scheme regardless of whether or how they voted.

4. Why is the parent company of the Group remaining Jersey registered?

The Board believes that having a new, Jersey incorporated parent company of the Group will maintain the benefits of being Jersey registered for Shareholders and the flexibility afforded to the Group under Jersey law, as currently enjoyed under the Group's existing corporate structure.

5. What will I end up with after the Scheme comes into effect?

If the Scheme becomes effective, you will receive one New Ferguson Share in place of each Old Ferguson Share held at the Scheme Record Time (which is expected to be 6.00 p.m. on 9 May 2019). The register of members of New Ferguson will be updated to reflect your shareholding on the Scheme becoming effective. If you hold your Old Ferguson Shares in a CREST account, the New Ferguson Shares will be credited to your CREST account and if you hold your Old Ferguson Shares in Certificated form, share certificates for the New Ferguson Shares will be sent to you in due course.

6. Do I have to pay anything under the Scheme?

No. All New Ferguson Shares being issued to Old Ferguson Shareholders pursuant to the Scheme are being exchanged for their existing Old Ferguson Shares. No additional payment is required.

7. What is the Reduction of Capital and why is it proposed?

It is proposed that the entire amount credited to New Ferguson's share premium account pursuant to the Scheme be cancelled after the Scheme becomes effective.

The Reduction of Capital is being proposed in order to create a reserve of profit in the accounts of New Ferguson. This will enable New Ferguson to pay dividends in accordance with Old Ferguson's method of paying dividends and support the making of other returns of capital to Shareholders.

The Directors expect that New Ferguson will undertake the Reduction of Capital on the Scheme Effective Date.

The necessary shareholder resolution for New Ferguson to implement the Reduction of Capital is expected to have been passed prior to the Scheme Effective Date by the current shareholders of New Ferguson, on the basis that it will be conditional upon the Scheme becoming effective. Confirmatory approval relating to the

Reduction of Capital is being sought from Old Ferguson Shareholders as one of the Special Resolutions to be proposed at the Scheme General Meeting.

8. Does this mean that the annual general meetings will now be held in the UK?

Yes. Following the Scheme Effective Date, annual general meetings of New Ferguson will be held in the UK.

9. What effect will the Scheme have on the Old Ferguson Employee Share Schemes?

Under the terms of the Old Ferguson Employee Share Schemes (with the exception of the Old Ferguson UK Sharesave) unvested participants' options and awards relating to Old Ferguson Shares will be exchanged automatically for equivalent rights relating to New Ferguson Shares. The replacement options and awards will be treated as having been granted at the same time as the old rights which they replace and they will become exercisable or vest on equivalent terms in accordance with the rules of the relevant Old Ferguson Employee Share Scheme. Under the Old Ferguson UK Sharesave, participants' options will be exchanged for equivalent rights relating to New Ferguson Shares unless they elect otherwise. If they do so, their options will continue to subsist over Old Ferguson Shares. If participants exercise their existing options after the Scheme Record Time, any Old Ferguson Shares acquired by participants will be automatically acquired by New Ferguson (or such other Group company as New Ferguson may nominate) for an equivalent number of New Ferguson Shares pursuant to a proposed amendment to the Old Ferguson Articles.

A summary of the proposals in relation to the Old Ferguson Employee Share Schemes is set out in paragraph 13.1 of Part III of this document. Old Ferguson will write to participants in the Old Ferguson Employee Share Schemes in due course to explain the effect on their participation in more detail. No further options or awards will be granted under the Old Ferguson Employee Share Schemes after the Scheme becomes effective.

In respect of any vested options over Old Ferguson Shares, for practical reasons there may be a delay in the processing of option exercises during the period of approximately one week preceding the publication of the Prospectus. Participants in the Old Ferguson Employee Share Schemes wishing to exercise unexercised vested options prior to such period should therefore take any necessary action to exercise their options before 19 April 2019. Participants are advised to seek their own independent advice regarding the financial or tax consequences of exercising options at that time.

In addition, the Directors expect that New Ferguson will adopt the New Ferguson Employee Share Schemes, subject to obtaining Old Ferguson Shareholder approval and the Scheme becoming effective (except that adoption of the DBP, OSP and POSP (as defined below) will not be subject to, or conditional upon, Old Ferguson Shareholder approval). The Old Ferguson Shareholders (who will become shareholders of New Ferguson pursuant to the Scheme) are being asked to give confirmatory approval to the adoption by New Ferguson of the New Ferguson Employee Share Schemes (with the exception of the DBP, OSP and POSP) at the Scheme General Meeting.

The New Ferguson Employee Share Schemes will relate to New Ferguson Shares but will otherwise replicate the terms of the Old Ferguson Employee Share Schemes. Details of the New Ferguson Employee Share Schemes are set out in paragraph 13.2 of Part III of this document.

10. Are the Proposals as a result of Brexit?

No. Notwithstanding remaining uncertainties surrounding the future relationship between the UK and the European Union in respect of the UK's decision to withdraw from the European Union (commonly known as "Brexit"), the Board believes that establishing a new corporate structure with the Group headquartered and tax-resident in the UK is in the best interests of the business and shareholders of the Group as this will enable the Group to benefit from a competitive tax environment and will also simplify the Group's corporate structure.

11. Why am I being sent this document?

The Scheme and the other Proposals require Old Ferguson Shareholders to vote on certain matters at both the Court Meeting and the Scheme General Meeting. This document contains information to assist you in your voting decision for both the Court Meeting and the Scheme General Meeting in relation to the Proposals.

12. Is there a prospectus relating to the New Ferguson Shares that I am being issued?

Yes. The Prospectus, which contains prescribed information relating to New Ferguson and New Ferguson Shares, will be made available in electronic form on the Group's corporate website at www.fergusonplc.com after it has been approved by, and filed with the FCA in accordance with the Prospectus Rules, and may be inspected at the London offices of Old Ferguson's solicitors, Freshfields Bruckhaus Deringer LLP, at 65 Fleet Street, London, EC4Y 1HS, United Kingdom and at the registered office of Old Ferguson at 26 New Street, St Helier, Jersey, JE2 3RA during normal business hours on any day (Saturdays, Sundays and public holidays excepted) until close of business on the Scheme Effective Date and will also be available for inspection for 15 minutes before and during the Court Meeting and the Scheme General Meeting.

The Prospectus is not being sent to Old Ferguson Shareholders or New Ferguson Shareholders. Following approval and filing with the FCA, a copy of it may be obtained on request from 26 April 2019 up until Admission free of charge by writing to the registered office of Old Ferguson (26 New Street, St Helier, Jersey, JE2 3RA) or to New Ferguson's principal place of business (1020 Eskdale Road, Winnersh Triangle, Wokingham RG41 5TS, United Kingdom) or to Old Ferguson's Registrars, c/o Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

13. Do I need to vote?

It is important that as many Old Ferguson Shareholders as possible cast their votes (whether in person or by proxy). This applies to both the Court Meeting and the Scheme General Meeting. **In particular, it is important that as many votes as possible are cast at the Court Meeting so as to demonstrate to the Royal Court that there is a fair representation of Old Ferguson Shareholder opinion.**

All Resolutions for consideration at both the Court Meeting and the Scheme General Meeting will be decided on a poll rather than on a show of hands. This means that each Old Ferguson Shareholder has one vote for every Old Ferguson Share held.

If you do not wish, or are unable, to attend the Court Meeting and/or the Scheme General Meeting you may appoint someone (known as a "proxy") to act on your behalf and vote at the Court Meeting and/or the Scheme General Meeting. You may appoint your proxy by completing the blue Form of Proxy (in relation to the Court Meeting) and the white Form of Proxy (in relation to the Scheme General Meeting) and returning them in accordance with the instructions set out in paragraph 5 of Part I and paragraph 16 of Part II of this document and on the relevant Form of Proxy.

You are therefore strongly encouraged to complete, sign and return your blue Form of Proxy and white Form of Proxy as soon as possible.

If you hold Old Ferguson Shares in Uncertificated form you may also appoint a proxy by completing and transmitting a CREST proxy instruction in accordance with the procedures set out in the CREST Manual ensuring that it is received by Old Ferguson's Registrars (under CREST participant ID 7RA01) by no later than 11.00 a.m. Swiss time on 25 April 2019 in the case of the blue Form of Proxy and 11.15 a.m Swiss time on 25 April 2019 in the case of the white Form of Proxy.

Holders of Old Ferguson ADRs will be contacted by the Depositary with guidelines on how to provide voting instructions to the Depositary with respect to the Old Ferguson ADRs. In order to vote, holders of Old Ferguson ADRs are required to follow the voting instructions and to meet the deadlines provided by the Depositary.

Should you later change your mind and decide to attend the Meetings in person, having returned the Forms of Proxy will not preclude you from doing so.

14. Why are there two meetings and do I need to attend both?

As explained in question 3 above, the Proposals are being implemented by way of a Jersey scheme of arrangement which requires two shareholder meetings to be held. These Meetings, being the Court Meeting and the subsequent Scheme General Meeting, are being called for different purposes and will be held on 29 April 2019 at the same venue (IBZ Schulen AG, Landis + Gyr-Strasse 1, CH-6300 Zug, Switzerland), one directly after the other.

The sole purpose of the Court Meeting is to seek the Old Ferguson Shareholders' approval of the Scheme. In order for the Scheme to be approved, a majority in number representing not less than three-fourths of the voting rights of the shares held by shareholders voting (in person or by proxy) will need to support the Scheme.

The subsequent Scheme General Meeting, which will be held immediately after the Court Meeting, is being called to enable Old Ferguson Shareholders to approve various matters in connection with the Scheme, the Reduction of Capital and the New Ferguson Employee Share Schemes (with the exception of the DBP, OSP and POSP), each as briefly described in Part I of this document.

If you are not able to attend either or both of the Meetings in person, your vote is still important and you are encouraged, regardless of the number of shares you own, to complete, sign and return the relevant Form of Proxy in accordance with the instructions set out in paragraph 5 of Part I and paragraph 16 of Part II of this document and on the relevant Form of Proxy.

15. What about future dividends? Do I need to change my existing instructions so far as the payment of dividends is concerned?

The Board expects to continue to make dividend payments in accordance with the Group's established capital allocation policies.

Your present dividend instructions will be continued for New Ferguson (in respect of New Ferguson Shares) after the Scheme becomes effective, unless you revoke them. If you wish to change your instructions, you should contact the shareholder helpline on telephone number Freephone (plus network charges) 0800-085-4975 (or + 44 (0)121-415-0978 if you are calling from outside the UK). Further details regarding the shareholder helpline, including charges, are included at the beginning of this summary.

16. What do I do with my old share certificates?

When the Scheme becomes effective, your holding of Old Ferguson Shares will be replaced by an equivalent holding of New Ferguson Shares. **Thus, all your certificates for Old Ferguson Shares held in Certificated form will cease to be valid. Upon receipt of your new certificates for New Ferguson Shares, your share certificates for Old Ferguson Shares should be destroyed.** Euroclear will be instructed to cancel or transfer entitlements to Old Ferguson Shares in Uncertificated form.

17. When will I receive share certificates for my New Ferguson Shares?

It is expected that share certificates for New Ferguson Shares held in Certificated form will be despatched to you by 24 May 2019. If you hold your Old Ferguson Shares in a CREST account, the New Ferguson Shares will be credited to your CREST account on 10 May 2019.

18. Will I have to pay any tax as a result of the Scheme?

There should be no tax liabilities for UK or US resident Old Ferguson Shareholders or US resident holders of Old Ferguson ADRs arising from the Scheme.

Details of the UK, Jersey and US federal tax treatment of Old Ferguson Shareholders arising under the Scheme are set out in paragraph 12 of Part III of this document.

If you are in any doubt about your tax position, you should consult a professional adviser.

19. Will my tax position change as a result of the Scheme?

There should be no difference to the tax position of UK or US resident Old Ferguson Shareholders or US resident holders of Old Ferguson ADRs as a result of the Scheme.

If you are in any doubt about your tax position, you should consult a professional adviser.

20. What if I hold my Old Ferguson Shares in an Individual Savings Account ("ISA")?

If you hold your Old Ferguson Shares in an ISA, you should be able to hold your replacement New Ferguson Shares in the ISA, depending on the ISA terms and conditions. If you require further details, you should contact your ISA manager.

21. Do I need to take further action?

It is important that you vote at the Court Meeting and the Scheme General Meeting. You are strongly encouraged to complete, sign and return your Forms of Proxy as soon as possible. See question 13 above and the instructions set out in paragraph 5 of Part I and paragraph 16 of Part II of this document and on the relevant Form of Proxy.

22. What if I still have questions?

If you have read this document and still have questions, please call the shareholder helpline, further details of which are included at the beginning of this summary.

Note: For legal reasons this helpline will only be able to provide practical information and will not provide advice on the merits of any of the Proposals or give any legal, financial or tax advice. For legal, financial or tax advice, you will need to consult an independent legal, financial or tax adviser.

PART I LETTER FROM THE CHAIRMAN

FERGUSON

Registered Office:

26 New Street
St Helier
Jersey
JE2 3RA

4 April 2019

To the holders of Old Ferguson Shares and holders of Old Ferguson ADRs, and for information only, to holders of options and awards granted under the Old Ferguson Employee Share Schemes.

Dear Shareholder,

Recommended Proposals in respect of the introduction of a new holding company and related matters

1. Introduction

On 26 March 2019, Old Ferguson announced its intention to put in place a new parent company for the Group – New Ferguson, a Jersey incorporated company that will be tax-resident in the UK. New Ferguson will be inserted immediately above Old Ferguson. It is intended that this new corporate structure will be implemented by means of a Jersey Court-sanctioned scheme of arrangement under Article 125 of Jersey Companies Law.

If the Scheme is approved and becomes effective, Old Ferguson Shareholders will receive New Ferguson Shares immediately following implementation of the Scheme in place of their Old Ferguson Shares held immediately prior to the implementation of the Scheme. Old Ferguson will then become a wholly-owned subsidiary of New Ferguson.

If the Scheme is implemented, Old Ferguson Shareholders at the Scheme Record Time (expected to be 6.00 p.m. on 9 May 2019) will receive, in exchange for their Old Ferguson Shares, New Ferguson Shares on the following basis:

for every one Old Ferguson Share, one New Ferguson Share.

With effect from the Scheme Effective Date, the rights attaching to the New Ferguson Shares will be the same as those attaching to the Old Ferguson Shares. Immediately following the implementation of the Scheme, a New Ferguson Shareholder will have the same proportionate interest in the profits, net assets and dividends of the Group as he or she had as an Old Ferguson Shareholder immediately prior to implementation of the Scheme.

The purpose of this document is to explain the Proposals and why the Board considers the Scheme to be on fair and reasonable terms and all of the Proposals to be in the best interests of Old Ferguson and its Shareholders as a whole. The Board is unanimously recommending that you vote in favour of the Proposals. **A summary of the action recommended to be taken is set out in paragraph 5 of this letter and on the Forms of Proxy accompanying this document**.

2. Background to and reasons for the Proposals

Moving the Group's headquarters and tax residence to the UK facilitates the continued simplification of the Group's corporate structure in line with the Group's strategy. In addition, since relocating its corporate headquarters and tax residence to Switzerland in 2010, the benefits to the Group of being tax-resident in Switzerland have reduced and recently announced Swiss tax reform will make Switzerland a less competitive tax environment for the Group's headquarters. At the same time, changes to the UK corporate tax regime since 2010 have made the UK a competitive tax environment for international businesses.

Accordingly, the Board has concluded that the interests of the business and Shareholders of the Group would be best served by establishing a new corporate structure with the Group headquartered and tax-resident in the UK. If implemented, the Group's effective tax rate for the year ending 31 July 2020 is expected to be 25-26%, in line with previously announced guidance.

3. Impact of the Proposals

3.1 ***Business and operations***

New Ferguson will have the same business and operations after the Scheme Effective Date as Old Ferguson had before the Scheme Effective Date.

The Proposals will not result in any changes in the day-to-day operations of the business of the Group or its strategy.

3.2 ***Corporate governance and Board of Directors***

The Proposals are not expected to have any adverse impact on Old Ferguson Shareholders as a whole. New Ferguson will have the same Board and management as Old Ferguson has prior to the Scheme Effective Date. New Ferguson will comply with the UK Corporate Governance Code, retaining the Group's strong commitment to the high standards of governance and corporate responsibility. Following the Scheme Effective Date, the annual general meetings of New Ferguson will be held in the UK.

Each Non Executive Director of Old Ferguson has entered into a letter of appointment with New Ferguson, the terms of which (including the expiry date) are the same as the terms of his or her appointment with Old Ferguson. The total fees payable to each of those Non Executive Directors will not be varied as a result of the Scheme.

Further details on the specific effects of the Proposals on the Directors are set out in paragraph 7 of Part II of this document.

3.3 ***London share listing and American depositary receipts***

Applications will be made to the FCA for the New Ferguson Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Ferguson Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. When admitted to trading, the New Ferguson Shares will be registered with ISIN: JE00BJVNSS43 and SEDOL: BJVNSS4.

The last day of dealings in Old Ferguson Shares is expected to be 9 May 2019. The last time for registration of transfers of Old Ferguson Shares is expected to be 6.00 p.m. on 9 May 2019, the Scheme Record Time. Admission of the New Ferguson Shares to the Official List is expected to become effective, and dealings in the New Ferguson Shares are expected to commence, at 8.00 a.m. on 10 May 2019. These dates may be deferred if it is necessary to adjourn either or both of the Court Meeting or the Scheme General Meeting, or if there is any delay in obtaining the Royal Court's sanction of the Scheme.

It is anticipated that New Ferguson will establish a new ADR facility that will be substantially similar to the arrangements under the existing Deposit Agreement.

Following the Scheme becoming effective, the Depositary will be issued one New Ferguson Share for every Old Ferguson Share it holds at the Scheme Record Time. Persons registered as holding Old Ferguson ADRs at 5.00 p.m. (Eastern Standard time) on the record date to be established by the Depositary will be entitled to receive New Ferguson ADRs when they have surrendered their Old Ferguson ADRs to the Depositary for exchange in accordance with the terms of the Deposit Agreement. Accordingly, all persons registered as holders of Old Ferguson ADRs on such record date will be requested to surrender their Old Ferguson ADRs in order to receive delivery of New Ferguson ADRs.

3.4 ***Ordinary dividends and Reduction of Capital***

The Board expects to continue to make ordinary dividend payments in accordance with the Group's established capital allocation policies.

It is proposed that the entire amount credited to New Ferguson's share premium account pursuant to the Scheme be cancelled after the Scheme becomes effective.

The Reduction of Capital is being proposed in order to create a reserve of profit in the accounts of New Ferguson. This will enable New Ferguson to pay dividends in accordance with Old Ferguson's method of paying dividends and support the making of other returns of capital to Shareholders.

The Directors expect that New Ferguson will undertake the Reduction of Capital on the Scheme Effective Date.

The amount of the reserve of profit to be created by the Reduction of Capital will depend upon the price at which New Ferguson Shares are issued by New Ferguson pursuant to the Scheme. Such New Ferguson Shares will be issued at a price equal to the actual closing price of Old Ferguson Shares on the last day of dealings in Old Ferguson Shares (currently anticipated to be 9 May 2019).

Based on the issued share capital (excluding treasury shares) of Old Ferguson as at 2 April 2019 (being the Latest Practicable Date) and on the closing price of an Old Ferguson Share of 5,068 pence on the same date, and assuming that no further Old Ferguson Shares are issued or repurchased after 2 April 2019, the Reduction of Capital will create a reserve of profit of approximately £11.73 billion, equivalent to approximately $15.29 billion based on a £:$ exchange rate of £1:$1.3032, in the accounts of New Ferguson and leave New Ferguson with paid up share capital of approximately £23.2 million.

The necessary New Ferguson Shareholder resolution for New Ferguson to implement the Reduction of Capital is expected to be passed by New Ferguson Shareholders prior to the Scheme Effective Date, conditional upon the Scheme becoming effective. Although not technically required, confirmatory approval relating to the Reduction of Capital is being sought from the Old Ferguson Shareholders as one of the Special Resolutions to be proposed at the Scheme General Meeting.

In addition to the Scheme having become effective and the approval (and confirmatory approval) of the Reduction of Capital by the New Ferguson Shareholders and the Old Ferguson Shareholders having been obtained, the Reduction of Capital is also conditional upon the New Ferguson Shares having been allotted and issued, the New Ferguson Directors having made a solvency statement and such solvency statement together with the minute showing the information required by Jersey Companies Law having been registered by the Jersey Registrar of Companies.

The Reduction of Capital is expected to become effective on 10 May 2019 shortly following the Scheme becoming effective.

3.5 ***Old Ferguson Employee Share Schemes and New Ferguson Employee Share Schemes***

Details of proposals to be made to holders of options and awards granted under the Old Ferguson Employee Share Schemes as a result of the Scheme are set out in paragraph 13.1 of Part III of this document. Details of the New Ferguson Employee Share Schemes expected to be adopted by New Ferguson, subject to the confirmatory approval of such adoption (other than in respect of the DBP, OSP and POSP) by the Old Ferguson Shareholders at the Scheme General Meeting and the Scheme becoming effective, are set out in paragraph 13.2 of Part III of this document.

4. Taxation

UK, Jersey and US Federal taxation

Your attention is drawn to paragraph 12 of Part III of this document for further information about the taxation consequences of the Scheme.

The summary information on taxation in this document is intended as a guide only and holders of Old Ferguson Shares who are in any doubt about their tax position, or who are resident for tax purposes outside the UK, Jersey or the US, are strongly advised to contact an appropriate professional, independent adviser immediately.

5. Action to be taken

The Scheme is conditional upon a number of matters which are set out in full in the explanatory letter from Barclays contained in Part II of this document, including approval of the Scheme by the Old Ferguson Shareholders at the Court Meeting and of the Resolutions at the Scheme General Meeting. Full particulars of the Court Meeting and the Scheme General Meeting are also contained in Part II of this document, including the action to be taken by Old Ferguson Shareholders.

In order that the Royal Court can be satisfied that the votes cast fairly represent the views of Old Ferguson Shareholders, it is important that as many votes as possible are cast at the Court Meeting. Old Ferguson Shareholders are therefore urged to attend the Court Meeting in person or by proxy. Separate Forms of Proxy for use at the Court Meeting (blue) and the Scheme General Meeting (white) are enclosed. Whether or not you intend to attend in person at the meeting in question, you are encouraged to complete, sign and return the appropriate Forms of Proxy, as explained in paragraph 16 of the explanatory letter from Barclays contained in Part II of this document.

If you have any practical questions about this document, the Court Meeting, the Scheme General Meeting or the Proposals or are in any doubt as to how to complete the Forms of Proxy, please call the shareholder helpline between 8.30 a.m. and 5.30 p.m. Monday to Friday (except English and Welsh public holidays) on Freephone (plus network charges) 0800-085-4975 (from within the UK) or + 44 (0)121-415-0978 (from outside the UK). Calls to the shareholder helpline from outside the UK will be charged at international rates. Other telephone provider costs may apply. Please note that calls may be monitored or recorded and the helpline cannot provide legal, financial or tax advice or advice on the merits of the Proposals.

6. Overseas Shareholders

If you are a citizen, resident or national of a jurisdiction outside of the United Kingdom, your attention is drawn to paragraph 10 of Part II of this document for further details concerning the Scheme.

7. Recommendation

The Board considers the Proposals and their terms to be fair and reasonable and in the best interests of Old Ferguson and Old Ferguson Shareholders as a whole.

Accordingly, the Board unanimously recommends Old Ferguson Shareholders and holders of Old Ferguson ADRs to vote in favour of the Scheme at the Court Meeting and to vote in favour of all of the Resolutions proposed at the Scheme General Meeting.

The Directors intend to vote in respect of their own beneficial holdings of Old Ferguson Shares in favour of the Scheme and of all Resolutions proposed at the Scheme General Meeting.

The Directors strongly encourage you to complete, sign and return the enclosed Forms of Proxy as soon as possible, and, in any event, by no later than 11.00 a.m. Swiss time in the case of the blue Form of Proxy and 11.15 a.m. Swiss time in the case of the white Form of Proxy, both on 25 April 2019.

Yours faithfully



Gareth Davis
Chairman

PART II EXPLANATION OF THE SCHEME AND ITS EFFECTS

(EXPLANATORY STATEMENT IN COMPLIANCE WITH ARTICLE 126 OF JERSEY COMPANIES LAW)

4 April 2019

To the holders of Old Ferguson Shares and holders of Old Ferguson ADRs, and for information only, to the holders of options and awards granted under the Old Ferguson Employee Share Schemes.

Dear Shareholder,

Recommended Proposals in respect of the introduction of a new holding company and related matters

1. Introduction

On 26 March 2019, Old Ferguson announced its intention to put in place a new parent company for the Group – New Ferguson, a Jersey-incorporated company that will be tax-resident in the UK. New Ferguson will be inserted immediately above Old Ferguson. It is intended that this new corporate structure will be implemented by means of a Jersey court-sanctioned scheme of arrangement under Article 125 of Jersey Companies Law.

The Scheme will require the approval of Old Ferguson Shareholders at the Court Meeting and the passing of the Resolutions at a separate general meeting of Old Ferguson Shareholders, as explained under "Meetings and consents for implementation of the Scheme" in paragraph 12 of this Part II.

This explanatory statement only relates to the Scheme and not to the other Proposals. Your attention is drawn to the letter from the Chairman of Old Ferguson set out in Part I of this document, which forms part of this Explanatory Statement. That letter contains, *inter alia*, the unanimous recommendation by the Directors to Old Ferguson Shareholders to vote in favour of the Scheme at the Court Meeting and to vote in favour of all of the Resolutions proposed at the Scheme General Meeting. The Directors intend to vote in respect of their own beneficial holdings of Old Ferguson Shares, being in aggregate 196,300 Old Ferguson Shares, which represent approximately 0.085% of Old Ferguson's issued ordinary share capital (as at 2 April 2019, being the Latest Practicable Date) in favour of the Scheme and all Resolutions proposed at the Scheme General Meeting.

That letter also states that the Directors consider the Proposals and their terms to be fair and reasonable and in the best interests of Old Ferguson and Old Ferguson Shareholders as a whole.

We have been authorised by the Directors to write to you to set out the terms of the Scheme and to provide you with other relevant information. Statements made in this letter which refer to the background to the recommendation of the Directors reflect the views of the Directors.

A description of the action recommended to be taken by Old Ferguson Shareholders in relation to the Court Meeting and the Scheme General Meeting is set out in paragraph 16 of this Part II. The full text of the Scheme is set out in Part IV of this document. The full text of each of the resolutions to be proposed at the Court Meeting and the Scheme General Meeting is set out in Part VI of this document.

It is expected that, if the conditions to the Scheme have been satisfied, the Scheme will become effective and trading in the New Ferguson Shares will commence on 10 May 2019.

2. Summary of the Scheme

The principal steps involved in the Scheme are as follows:

(a) *Transfer and delisting of Scheme Shares*

Under the Scheme, all of the Scheme Shares will be transferred to New Ferguson on the Scheme Effective Date (which is expected to be 10 May 2019). Old Ferguson intends to seek the cancellation of listing of the Scheme Shares on the Official List and of trading on the London Stock Exchange's main market for listed securities with effect from the Scheme Effective Date.

In consideration for the transfer of the Scheme Shares to New Ferguson, the Scheme Shareholders will receive, in respect of any Scheme Shares held as at the Scheme Record Time (which is expected to be 6.00 p.m. on 9 May 2019):

for every one Scheme Share transferred, one New Ferguson Share.

With effect from the Scheme Effective Date, the rights attaching to the New Ferguson Shares will be the same as those attaching to the Old Ferguson Shares. A summary of the rights attaching to the New Ferguson Shares is set out in paragraph 10.1 of Part III of this document.

(b) *Establishing New Ferguson as the new holding company of the Group*

Following the transfer of the Scheme Shares, New Ferguson will become the holding company of Old Ferguson and the Group. Immediately following implementation of the Scheme, the holders of Old Ferguson Shares will hold New Ferguson Shares in the same number and the same proportions in which they hold Old Ferguson Shares immediately prior to the Scheme becoming effective.

(c) *Amendments to Old Ferguson's Articles of Association*

In some cases, Old Ferguson Shares may need to be allotted (for example, because of the exercise of rights granted by Old Ferguson under the Old Ferguson Employee Share Schemes) but the timing of their allotment could mean that they are not classified as Scheme Shares and are therefore outside the scope of the Scheme. It is proposed that the Old Ferguson Articles be amended in such a way as to ensure that: (i) any Old Ferguson Shares which are issued before the Scheme Record Time are allotted subject to the terms of the Scheme and the holders of such shares will be bound by the Scheme accordingly; (ii) any Old Ferguson Shares which are allotted after the Scheme Record Time will be immediately transferred to New Ferguson (or to such other Group company as New Ferguson may nominate) in exchange for the issue or transfer to the relevant allottees of one New Ferguson Share for every Old Ferguson Share transferred. The Old Ferguson Articles will also provide that if any Old Ferguson Shares are allotted to any person within (ii) above following any variation in the share capital of either Old Ferguson or New Ferguson after the Scheme Effective Date or such other event as the New Ferguson Directors consider fair and reasonable, the number of New Ferguson Shares to be issued or transferred to that person will be adjusted in an appropriate manner.

These measures will avoid any person other than New Ferguson (or another wholly-owned subsidiary of New Ferguson) being left with Old Ferguson Shares after dealings in such shares have ceased on the London Stock Exchange. Equivalent provisions will be included in the Old Ferguson Amended Articles.

3. Conditions to implementation of the Scheme

The implementation of the Scheme is conditional upon:

(a) the approval of the Scheme by a majority in number, representing not less than three-fourths of the voting rights of the Old Ferguson Shares held by the Old Ferguson Shareholders present and voting, either in person or by proxy, at the Court Meeting (or at any adjournment of such meeting);

(b) the passing of the Resolutions set out in the notice of the Scheme General Meeting to approve the Scheme and various matters in connection with the Scheme at the Scheme General Meeting (or any

adjournment of such meeting) including: (i) the transfer of the Scheme Shares; (ii) changes to the Old Ferguson Articles; (iii) confirmatory approval of the Reduction of Capital; (iv) the delisting of Old Ferguson Shares; (v) the approval of the adoption by New Ferguson of the New Ferguson Employee Share Schemes (except in respect of the DBP, OSP and POSP); and (vi) approval of Old Ferguson's change of name to Ferguson Holdings Limited;

(c) the sanction of the Scheme by the Royal Court at the Court Hearing; and

(d) a copy of the Court Order having been delivered to the Jersey Registrar of Companies for registration.

The Court Hearing is expected to be held at 2.30 p.m. on Wednesday 8 May 2019 at the Royal Court of Jersey, Royal Court House, Royal Square, St. Helier, Jersey JE1 1JG. Old Ferguson Shareholders who wish to support or oppose the Scheme are entitled to appear in person, or be represented by an Advocate, at the Court Hearing.

In addition, the Directors will not take the necessary steps to enable the Scheme to become effective unless, at the relevant time, the following conditions have been satisfied:

(a) the formal processes having been put in place to delist the Old Ferguson Shares and to approve the application to admit (subject to the allotment of the New Ferguson Shares and the satisfaction of conditions (a) to (d) above, save to the extent such conditions are already satisfied) the New Ferguson Shares to be issued in connection with the Scheme to the Official List with a premium listing (including a listing hearing having been held); and

(b) the London Stock Exchange having agreed to admit the New Ferguson Shares to be issued in connection with the Scheme to trading on its main market for listed securities with a premium listing and its agreement not having been withdrawn prior to the Scheme Effective Date.

If the Scheme is sanctioned by the Royal Court and the other conditions to the Scheme are satisfied or waived, the Scheme is expected to become effective, and dealings in New Ferguson Shares to be issued pursuant to the Scheme are expected to commence, on 10 May 2019, the Scheme Effective Date.

If the Scheme has not become effective by 31 May 2019 (or such later date as Old Ferguson and New Ferguson may agree and the Royal Court may allow), it will lapse, in which event the Scheme will not proceed, Old Ferguson Shareholders will remain shareholders of Old Ferguson and the Old Ferguson Shares will continue to be listed on the premium listing segment of the Official List and admitted to trading on the main market of the London Stock Exchange.

The Scheme contains a provision for Old Ferguson and New Ferguson jointly to consent, on behalf of all persons concerned, to any modification of or addition to the Scheme, or to any condition that the Royal Court may think fit to approve or impose. Old Ferguson has been advised by its legal advisers that the Royal Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of Old Ferguson Shareholders unless Old Ferguson Shareholders were informed of any such modification, addition or condition. It will be a matter for the Royal Court to decide, in its discretion, whether or not further meetings of Old Ferguson Shareholders should be held. If the Royal Court does approve or impose a modification of, or addition or condition to, the Scheme which, in the opinion of the Directors, is such as to require the consent of the Old Ferguson Shareholders, the Directors will not take the necessary steps to enable the Scheme to become effective unless and until such consent is obtained.

The full text of the Scheme and of the Resolutions to be proposed at the Court Meeting and the Scheme General Meeting are set out in Part IV and Part VI, respectively of this document.

4. Effect of the Scheme

The effect of implementation of the Scheme will be as follows:

(a) instead of having its ordinary share capital owned by the current Old Ferguson Shareholders, Old Ferguson will become a wholly-owned subsidiary of New Ferguson and Old Ferguson will be re-registered as a private limited company with effect from the Scheme Effective Date;

(b) instead of owning Old Ferguson Shares, each current Old Ferguson Shareholder will own the same number of New Ferguson Shares; and

(c) New Ferguson, a Jersey-incorporated, UK tax-resident, company will be the holding company of the Group.

The proportions of New Ferguson Shares which will be held by Old Ferguson Shareholders after the Scheme Effective Date may be affected to a small extent by the exercise of outstanding options or vesting of outstanding awards to subscribe for Old Ferguson Shares pursuant to the Old Ferguson Employee Share Schemes. However, were the Scheme not to become effective, the proportions in which Old Ferguson Shareholders would have held Old Ferguson Shares would have been affected to the same extent by the exercise or vesting of equivalent rights over Old Ferguson Shares, in any case.

The proportion of New Ferguson Shares which will be held by Old Ferguson Shareholders will also be affected by the exercise of options or vesting of awards under the New Ferguson Employee Share Schemes, if such New Ferguson Employee Share Schemes (with the exception of the OSP, POSP and DBP) are approved at the Scheme General Meeting.

Immediately following the Scheme becoming effective, New Ferguson will own no assets other than the ordinary share capital of Old Ferguson and nominal cash balances.

5. Taxation

Your attention is drawn to paragraph 12 of Part III of this document for further information about the taxation consequences of the Scheme.

The summary information on taxation in this document is intended as a guide only and holders of Old Ferguson Shares who are in any doubt about their tax position, or who are resident for tax purposes outside the UK, Jersey or the US, are strongly advised to contact an appropriate professional, independent adviser immediately.

6. Memorandum and articles of association of New Ferguson

A summary of the New Ferguson Articles is set out in paragraph 10 of Part III of this document.

7. Directors' and other interests

On the Scheme Effective Date, the board of New Ferguson is expected to be the same as the board of Old Ferguson prior to the Scheme becoming effective. Each of the Executive Directors will continue to be employed by Wolseley Limited. John Martin, Mike Powell and Kevin Murphy have been appointed as Directors of New Ferguson (with John Martin and Mike Powell appointed on 8 March 2019 and Kevin Murphy appointed on 22 March 2019), in each case pursuant to a letter of appointment with New Ferguson, governing the terms of their engagement as a New Ferguson Director.

The overall level of remuneration of Executive Directors will remain unchanged. On and conditional upon the Scheme becoming effective, the Executive Directors' appointments as directors of Old Ferguson will terminate.

Each Non Executive Director has entered into a letter of appointment with New Ferguson (on 22 March 2019), the terms of which (including the expiry date) are the same as the terms of his or her appointment with Old Ferguson. On and conditional upon the Scheme becoming effective, the Non Executive Directors' appointments as directors of Old Ferguson will terminate and the Non Executive Directors will receive their

fees from New Ferguson. The total fees payable to each of those Non Executive Directors will not be varied as a result of the Scheme. Non Executive Directors are normally expected to serve for two or three 3-year terms and service as a Non Executive Director of Old Ferguson will be taken into account in determining these terms.

The interests of the Directors in the existing share capital (excluding treasury shares) of Old Ferguson as at 2 April 2019 (being the Latest Practicable Date) are set out in paragraph 4 of Part III of this document.

Save as described above, the effect of the Scheme on the interests of the Directors (details of which are set out in paragraph 4.1 of Part III of this document) does not differ from its effect on the interests of other Old Ferguson Shareholders.

8. Employee share schemes

8.1 ***Old Ferguson Employee Share Schemes***

Participants in the Old Ferguson Employee Share Schemes will be written to separately to explain the impact of the Scheme on their participation in these schemes. The implications of the Scheme for the Old Ferguson Employee Share Schemes are summarised at paragraph 13.1 of Part III of this document.

The Board and the Remuneration Committee will seek (where permitted under the rules of the Old Ferguson Employee Share Schemes) to ensure that participants' rights under the Old Ferguson Employee Share Schemes are rolled over into equivalent rights relating to the New Ferguson Shares when the Scheme becomes effective.

No further options or awards will be granted under the Old Ferguson Employee Share Schemes after the Scheme becomes effective.

8.2 ***New Ferguson Employee Share Schemes***

In order to continue to provide share based incentives to employees within the Group, the Directors expect that New Ferguson will operate the New Ferguson Employee Share Schemes which will, other than the fact that they relate to New Ferguson Shares, replicate the terms of the equivalent Old Ferguson Employee Share Schemes currently operated by Old Ferguson.

Subject to confirmatory approval by Old Ferguson Shareholders of the New Ferguson Employee Share Schemes (save for the DBP, OSP and POSP), it is expected that New Ferguson will adopt each of the New Ferguson Employee Share Schemes conditional on the Scheme becoming effective. Further information in relation to the New Ferguson Employee Share Schemes is set out in paragraph 13.2 of Part III of this document.

9. CREST

It is proposed that the New Ferguson Shares be made eligible for settlement in CREST, the paperless system for settlement of securities listed by the FCA, and traded on the London Stock Exchange's main market for listed securities with a premium listing. Euroclear requires New Ferguson to confirm to it that certain conditions imposed by the CREST Regulations are satisfied before Euroclear will admit any security to CREST. It is expected that these conditions will be satisfied in respect of the New Ferguson Shares on Admission of the New Ferguson Shares to the Official List. As soon as practicable after satisfaction of the conditions to the Scheme, it is expected that New Ferguson will confirm this to Euroclear.

Further information on the CREST settlement system will be set out in paragraph 3.6 of Part I of the Prospectus, which is expected to be made available on or around 26 April 2019.

Information on listing, dealings, share certificates and settlement is set out in paragraph 11 of this Part II.

10. Overseas Shareholders

The implications of the Scheme for, and the distribution of this document to, Overseas Shareholders may be affected by the laws of other (non Jersey and UK) jurisdictions. Overseas Shareholders should inform themselves about and observe all applicable legal requirements.

It is the responsibility of any person into whose possession this document comes to satisfy himself or herself as to the full observance of the laws of the relevant jurisdiction in connection with the Scheme and the distribution of this document and/or the accompanying documents, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies due in such jurisdiction.

To the extent that, due to regulatory restrictions or requirements in overseas territories, there are difficulties associated with Overseas Shareholders holding New Ferguson Shares, it is currently envisaged that (as is customary under schemes of arrangement) the terms of the Scheme will enable New Ferguson to determine that the New Ferguson Shares shall be issued to that Overseas Shareholder (or a nominee for such Overseas Shareholder) and sold on his or her behalf as soon as reasonably practicable after the Scheme becomes effective, with the net proceeds of sale being remitted to the Overseas Shareholder concerned at the risk of such Overseas Shareholder.

Overseas Shareholders should consult their own legal, financial and tax advisers with respect to the legal, financial and tax consequences of the Scheme in their particular circumstances. For additional information relating to the US federal income tax consequences of the Scheme for certain categories of US Shareholders see paragraph 12 of Part III of this document.

THIS DOCUMENT DOES NOT CONSTITUTE AN INVITATION OR OFFER TO SELL OR THE SOLICITATION OF AN INVITATION OR OFFER TO BUY ANY SECURITY. NONE OF THE SECURITIES REFERRED TO IN THIS DOCUMENT SHALL BE SOLD, ISSUED, SUBSCRIBED FOR, PURCHASED, EXCHANGED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

The New Ferguson Shares to be issued to Old Ferguson Shareholders in connection with the Scheme have not been, will not be, and are not required to be, registered under the Securities Act in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) of the Securities Act. For the purpose of qualifying for the Section 3(a)(10) exemption with respect to the New Ferguson Shares issued pursuant to the Scheme, Old Ferguson and New Ferguson will advise the Royal Court that it will rely on the Section 3(a)(10) exemption based on the Royal Court's sanctioning of the Scheme, which will be relied upon by Old Ferguson as an approval of the Scheme following a hearing on its fairness to Old Ferguson Shareholders at which hearing all such Old Ferguson Shareholders will be entitled to attend in person or through an Advocate to support or oppose the sanctioning of the Scheme and with respect to which notification has been or will be given to all such shareholders.

The New Ferguson Shares will not be registered under the securities laws of any state of the United States, and will be issued pursuant to the Scheme in reliance on available exemptions from such state law registration requirements.

Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved of the New Ferguson Shares or passed any opinion upon the accuracy or adequacy of this document.

11. Listing, dealings, share certificates and settlement

Applications will be made to the FCA for the New Ferguson Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Ferguson Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. When admitted to trading, the New Ferguson Shares will be registered with ISIN: JE00BJVNSS43 and SEDOL: BJVNSS4.

If all the conditions to the Scheme are satisfied, Old Ferguson intends to seek the cancellation of listing of the Old Ferguson Shares on the Official List and of trading on the London Stock Exchange's main market for listed securities with effect from the Scheme Effective Date.

The last day of dealings in Old Ferguson Shares is expected to be 9 May 2019. The last time for registration of transfers of Old Ferguson Shares is expected to be 6.00 p.m. on 9 May 2019, the Scheme Record Time.

Admission of the New Ferguson Shares to the Official List is expected to become effective, and dealings in the New Ferguson Shares are expected to commence, at 8.00 a.m. on 10 May 2019. These dates may be deferred if it is necessary to adjourn either or both of the Court Meeting or the Scheme General Meeting, or if there is any delay in obtaining the Royal Court's sanction of the Scheme. In the event of a delay, the application for the Old Ferguson Shares to be delisted will be deferred, so that the listing will not be cancelled until immediately before the Scheme becomes effective.

With effect from (and including) the Scheme Effective Date, all share certificates representing the Old Ferguson Shares will cease to be valid. Upon receipt of your new certificates for New Ferguson Shares, your share certificates for Old Ferguson Shares should be destroyed.

Definitive share certificates for the New Ferguson Shares of Old Ferguson Shareholders who held their Old Ferguson Shares in Certificated form are expected to be despatched within ten Business Days after the Scheme Effective Date. In the case of joint holders, share certificates will be despatched to the joint holder whose name appears first in the register. All share certificates will be sent by pre-paid first class post at the risk of the person entitled thereto.

Old Ferguson Shares held in Uncertificated form will be disabled in CREST on the Scheme Effective Date. For Old Ferguson Shareholders who hold their Old Ferguson Shares in a CREST account, New Ferguson Shares are expected to be credited to the relevant CREST accounts on 10 May 2019. CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The New Ferguson Articles permit the holding of New Ferguson Shares under the CREST system. Application will be made for the New Ferguson Shares to be admitted to CREST with effect from Admission of the New Ferguson Shares. Accordingly, settlement of transactions in New Ferguson Shares following Admission may take place within the CREST system. CREST is a voluntary system and holders of New Ferguson Shares who wish to receive and retain share certificates will be able to do so.

New Ferguson will have the right to issue New Ferguson Shares to all shareholders in Certificated form if, for any reason, it wishes to do so.

All mandates in force at the Scheme Record Time relating to payment of dividends on Old Ferguson Shares and all instructions then in force relating to notices and other communications will, unless and until varied or revoked, be deemed from the Scheme Effective Date to be valid and effective mandates or instructions to New Ferguson in relation to the corresponding holding of New Ferguson Shares.

12. Meetings and consents for implementation of the Scheme

The Scheme will require the approval of Old Ferguson Shareholders at the Court Meeting, convened pursuant to an order of the Royal Court, and the passing by Old Ferguson Shareholders of the Resolutions set out in the notice of the Scheme General Meeting. Both Meetings have been convened for 29 April 2019. The Scheme also requires a separate sanction from the Royal Court.

It is expected that New Ferguson will agree to appear by an Advocate at the hearing to sanction the Scheme and to undertake to be bound by the Scheme.

Notices of the Court Meeting and the Scheme General Meeting can be found in Part VI of this document. Entitlement to attend and vote at these Meetings and the number of votes which may be cast thereat will be determined by reference to the register of members of Old Ferguson at the Scheme Voting Record Time. All Old Ferguson Shareholders whose names appear on the register of members of Old Ferguson at the Scheme

Voting Record Time shall be entitled to attend and speak and vote at the relevant Meeting in respect of the number of Old Ferguson Shares registered in their name at that time.

12.1 ***Court Meeting***

The Court Meeting has been convened for 11.00 a.m. Swiss time on 29 April 2019 pursuant to an order of the Royal Court granted on 3 April 2019. At the Court Meeting, or at any adjournment thereof, the Old Ferguson Shareholders will (including as instructed by, or represented by, holders of Old Ferguson ADRs) consider and, if thought fit, approve the Scheme.

Voting will be by poll and not on a show of hands at the Court Meeting and each Old Ferguson Shareholder entitled to attend and who is present in person or by proxy will be entitled to one vote for each Old Ferguson Share held. The statutory majority required to approve the Scheme at the Court Meeting is a majority in number of the Old Ferguson Shareholders present and voting (either in person or by proxy) representing not less than three-fourths of the voting rights of the Old Ferguson Shares voted (either in person or by proxy) by such Old Ferguson Shareholders.

In order that the Royal Court can be satisfied that the votes cast constitute a fair representation of the views of the Old Ferguson Shareholders, it is important that as many votes as possible are cast at the Court Meeting. Old Ferguson Shareholders are therefore strongly encouraged to take the action referred to in paragraph 16 of this Part II.

It is also particularly important for you to be aware that if the Scheme becomes effective, it will be binding on all Scheme Shareholders irrespective of whether they attended the Court Meeting and irrespective of the manner in which they voted.

12.2 ***The Scheme General Meeting***

The Scheme General Meeting has been convened for 11.15 a.m. Swiss time on 29 April 2019 (or as soon thereafter as the Court Meeting has been concluded). At the Scheme General Meeting or at any adjournment thereof, Old Ferguson Shareholders will consider and, if thought fit, pass the Resolutions set out in the notice of the Scheme General Meeting contained in Part VI of this document.

(a) ***Special Resolutions***

The Special Resolutions set out in the notice of the Scheme General Meeting are proposed in order to approve:

(i) the Scheme;

(ii) the amendments to the Old Ferguson Articles in connection with the Scheme;

(iii) the Reduction of Capital;

(iv) the delisting of the Old Ferguson Shares;

(v) the re-registration of Old Ferguson as a private company limited by shares;

(vi) the change of name of Old Ferguson from Ferguson plc to Ferguson Holdings Limited; and

(vii) the adoption by Old Ferguson of the Old Ferguson Amended Articles.

The majority required for the passing of the Special Resolutions is not less than 75% of the votes cast (in person or by proxy) at the Scheme General Meeting. Voting on the Special Resolutions will be by poll and not on a show of hands

(b) ***Ordinary Resolution***

The Ordinary Resolution set out in the notice of the Scheme General Meeting is proposed in order to:

(i) give confirmatory approval for the adoption by New Ferguson of the New Ferguson Employee Share Schemes (except that adoption of the DBP, OSP and POSP will not be subject to, or conditional upon, Old Ferguson Shareholder approval) as described in paragraph 13.2 of Part III of this document.

The majority required for the passing of the Ordinary Resolution is a simple majority of the votes cast (in person or by proxy) at the Scheme General Meeting. Voting on the Ordinary Resolution will be by poll and not on a show of hands.

12.3 ***Proxy Forms***

For your convenience, the Forms of Proxy are pre-paid (no stamp required if posted within the UK) and addressed to Old Ferguson's Registrars, Equiniti (Jersey) Limited. No envelope is necessary but if you wish you may use an envelope and address it to Equiniti (Jersey) Limited, FREEPOST RTHJ-CLLL-KBKU, c/o Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA (no stamp required if posted within the UK), as soon as possible and, in any event, so as to be received no later than 11.00 a.m. Swiss time on 25 April 2019 in the case of the blue Form of Proxy and 11.15 a.m. Swiss time on 25 April 2019 in the case of the white Form of Proxy. If the blue Form of Proxy for use at the Court Meeting is not returned by the above time, it may be handed to Old Ferguson's Registrars, Equiniti (Jersey) Limited, or the Chairman of the Court Meeting, before the start of that Meeting. However, in the case of the Scheme General Meeting, unless the white Form of Proxy is returned by the time mentioned in the instructions printed on it, it will be invalid. The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the Scheme General Meeting, or at any adjournment thereof, if you so wish and are so entitled. Holders of Old Ferguson ADRs will be contacted by the Depositary with guidelines on how to provide voting instructions to the Depositary with respect to the Old Ferguson ADRs. In order to vote, holders of Old Ferguson ADRs are required to follow the voting instructions and to meet the deadlines provided by the Depositary.

12.4 ***Sanction of the Scheme by the Royal Court***

The Court Hearing to sanction the Scheme is expected to be held on 8 May 2019 at 2.30 p.m. All Old Ferguson Shareholders are entitled to attend the Court Hearing in person or through an Advocate to support or oppose the sanctioning of the Scheme. The Court Hearing will be held at the Royal Court of Jersey, Royal Court House, Royal Square, St. Helier, Jersey JE1 1JG. The Scheme is expected to become effective on 10 May 2019.

If the Scheme becomes effective, it will be binding on all Old Ferguson Shareholders, including those who do not vote to approve the Scheme and those who vote against the Scheme at the Court Meeting and/or at the Scheme General Meeting.

Unless the Scheme becomes effective by no later than 31 May 2019, or such later date allowed by the Royal Court and/or agreed by Old Ferguson and New Ferguson, the Scheme will not become effective.

When the Scheme becomes effective, your holding of Old Ferguson Shares will be replaced by an equivalent holding of New Ferguson Shares. Thus, all your certificates for Old Ferguson Shares held in Certificated form will cease to be valid. Upon receipt of your new certificates for New Ferguson Shares, your Share certificates for Old Ferguson Shares should be destroyed. Euroclear will be instructed to cancel or transfer entitlements to Old Ferguson Shares in Uncertificated form.

13. Authorities relating to New Ferguson

Prior to the Scheme Effective Date, the holders of the New Ferguson Subscriber Shares and the Board of New Ferguson are expected to pass certain resolutions in order to, among other matters, authorise New Ferguson to carry out the actions required of it in relation to the Proposals and enable New Ferguson to operate as the new parent company of the Group from the Scheme Effective Date, including approval of the:

(a) allotment of the New Ferguson Shares in connection with the Scheme to the Old Ferguson Shareholders;

(b) allotment of further New Ferguson Shares, which approval will be equivalent to the corresponding shareholder authority granted at the 2018 AGM;

(c) re-purchase of New Ferguson Shares, which approval will be equivalent to the corresponding shareholder authority granted at the 2018 AGM;

(d) disapplication of pre-emption rights with respect to the allotment of New Ferguson Shares, which approval will be equivalent to the corresponding shareholder authority granted at the 2018 AGM;

(e) making of political donations and the incurring of political expenditure, which approval will be equivalent to the corresponding shareholder authority granted at the 2018 AGM;

(f) appointment of Deloitte LLP as New Ferguson's auditors (and for the remuneration of Deloitte LLP to be agreed by the Audit Committee on behalf of the New Ferguson Directors);

(g) Reduction of Capital;

(h) adoption by New Ferguson of the New Ferguson Employee Share Schemes;

(i) adoption of the New Ferguson Articles; and

(j) change of name of New Ferguson to Ferguson plc.

Paragraph 3.2 of Part VII of the Prospectus (which is expected to be made available on or around 26 April 2019) will contain additional details in relation to these resolutions.

14. Prospectus

A Prospectus relating to New Ferguson and Admission, prepared in accordance with the Prospectus Rules made under Section 73A of FSMA and in accordance with the Companies (General Provisions) (Jersey) Order 2002, is expected to be made available to the public in accordance with Rule 3.2 of the Prospectus Rules in electronic form on the Group's website at www.fergusonplc.com once approved by and filed with the FCA. It is expected that copies may also be obtained from on or around 26 April 2019 up until Admission on request, free of charge by writing to the registered office of Old Ferguson (26 New Street, St. Helier, Jersey, JE2 3RA), to New Ferguson's principal place of business (1020 Eskdale Road, Winnersh Triangle, Wokingham RG41 5TS, United Kingdom) or to Old Ferguson's Registrars, Equiniti (Jersey) Limited, c/o Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. A copy of the Prospectus will also be available upon request from the shareholder helpline, further details of which are included on page 3 of this document.

The information in the Prospectus will include financial information and an operating and financial review in relation to the Group, a business overview of the Group and a section of additional information, including details of the remuneration and interests of the Directors, material contracts and capital resources of the Group and details of litigation concerning the Group, all of which will be relevant to New Ferguson as the new holding company of the Group. Some of this information will be incorporated into the Prospectus by reference.

15. Further information

You should read the whole of this document.

Your attention is drawn, in particular, to the summary set out at the front of this document, to the letter from your Chairman in Part I, to the Scheme set out in Part IV and to the notices of Meetings in Part VI. You should also read the Prospectus which is expected to be published on or around 26 April 2019.

Copies of:

(a) the Old Ferguson Articles in their present form;

(b) the proposed Old Ferguson Amended Articles;

(c) the memorandum of association of New Ferguson and the New Ferguson Articles;

(d) a document showing the differences between the Old Ferguson Articles in their present form and the New Ferguson Articles;

(e) the annual reports and accounts of Old Ferguson for the financial years ended 31 July 2016, 31 July 2017 and 31 July 2018, including the audited consolidated accounts and the independent auditors' reports for each of those financial years;

(f) the rules of the Old Ferguson Employee Share Schemes and draft rules of the New Ferguson Employee Share Schemes referred to in paragraph 13 of Part III of this document;

(g) the Prospectus (from the date of its publication, expected to be on or around 26 April 2019); and

(h) this document,

can be inspected at the London offices of Old Ferguson's solicitors, Freshfields Bruckhaus Deringer LLP, at 65 Fleet Street, London, EC4Y 1HS, United Kingdom and at the registered office of Old Ferguson at 26 New Street, St. Helier, Jersey, JE2 3RA during normal business hours on any day (Saturdays, Sundays and public holidays excepted) until close of business on the Scheme Effective Date and will also be available for inspection for 15 minutes before and during the Court Meeting and the Scheme General Meeting. This document is also available in electronic form on the Group's website at www.fergusonplc.com and the Prospectus is expected to be made available in electronic form on the same website on or around 26 April 2019.

In the case of joint holders of Old Ferguson Shares, one copy of this document is being delivered to the first registered joint holder. Further copies of this document may be requested by joint holders other than the first registered joint holder by application in writing to the Company Secretariat at Ferguson plc, 26 New Street, St. Helier, Jersey, JE2 3RA, or by telephone on +44 (0) 118 927 3800.

16. Action to be taken

Old Ferguson Shareholders will find enclosed with this document:

(a) a blue Form of Proxy for use at the Court Meeting; and

(b) a white Form of Proxy for use at the Scheme General Meeting.

It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Royal Court may be satisfied that there is a fair and reasonable representation of Old Ferguson Shareholder opinion. Whether or not you plan to attend the meetings in person, you are strongly encouraged to sign and return your Forms of Proxy or to appoint a proxy electronically as referred to below, as soon as possible and in any event so as to be received by Old Ferguson's Registrars, Equiniti (Jersey) Limited, c/o Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA:

(a) Blue Forms of Proxy for the Court Meeting by 11.00 a.m. Swiss time on 25 April 2019; and

(b) White Forms of Proxy for the Scheme General Meeting by 11.15 a.m. Swiss time on 25 April 2019,

(or, in the case of an adjourned meeting, not less than 48 hours (excluding non-working days) prior to the time and date set for the adjourned meeting, provided that if both the Court Meeting and the Scheme General Meeting are adjourned to the same date, the voting record time for both meetings will be the time that is 48 hours (excluding non-working days) before the time and date set for the later to occur of the adjourned Court Meeting and the adjourned Scheme General Meeting).

If you hold your Old Ferguson Shares in Uncertificated form (i.e. in CREST), you may vote using the CREST voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes for the notice of the Scheme General Meeting set out at the end of Part VI of this document). Proxies submitted via CREST (under CREST participant ID 7RA01) must be received by Old Ferguson's Registrars, Equiniti (Jersey) Limited, not later than 11.00 a.m. Swiss time on 25 April 2019 in the case of the blue Form of Proxy for the Court Meeting and by 11.15 a.m. Swiss time on 25 April 2019 in the case of the white Form of Proxy for the Scheme General Meeting (or, in the case of an adjourned meeting, not less than 48 hours (excluding non-working days) prior to the time and date set for the adjourned meeting, provided that if both the Court Meeting and the Scheme General Meeting are adjourned to the same date, the voting record time for both meetings will be the time that is 48 hours (excluding non-working days) before the time and date set for the later to occur of the adjourned Court Meeting and the adjourned Scheme General Meeting).

The return of the Forms of Proxy will not prevent you from attending either of the Meetings and voting in person if you wish. In each case, the forms and cards should be completed in accordance with the instructions printed on them.

The blue Form of Proxy in respect of the Court Meeting may also be handed to Old Ferguson's Registrars, Equiniti (Jersey) Limited, or the Chairman at the Court Meeting, before the start of the Meeting. However, in the case of the Scheme General Meeting, the white Form of Proxy will be invalid unless it is lodged with Old Ferguson's Registrars, Equiniti (Jersey) Limited, so as to be received by 11.15 a.m. Swiss time on 25 April 2019.

Yours faithfully,

Barclays

PART III ADDITIONAL INFORMATION

1. Responsibility

Old Ferguson and the Old Ferguson Directors, whose names appear in paragraph 3 of this Part III, accept responsibility for the information contained in this document. To the best of the knowledge of Old Ferguson and the Old Ferguson Directors, each of whom has taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

2. Information on Old Ferguson

Old Ferguson is a public limited company incorporated in, and operating under the legislation of, Jersey. Its registered office is 26 New Street, St. Helier, Jersey, JE2 3RA.

3. Directors and New Ferguson Directors

3.1 The Directors of Old Ferguson and their functions are as follows:

Gareth Davis	Chairman and Non Executive Director
John Martin	Group Chief Executive and Executive Director
Mike Powell	Group Chief Financial Officer and Executive Director
Kevin Murphy	Chief Executive Officer, USA and Executive Director
Tessa Bamford	Independent Non Executive Director
Cathy Halligan	Independent Non Executive Director
Alan Murray	Senior Independent Non Executive Director
Tom Schmitt	Independent Non Executive Director
Darren Shapland	Independent Non Executive Director
Nadia Shouraboura	Independent Non Executive Director
Jacky Simmonds	Independent Non Executive Director

3.2 John Martin and Mike Powell were appointed as New Ferguson Directors on 8 March 2019, while the remaining individuals in the table in paragraph 3.1 above were appointed as New Ferguson Directors on 22 March 2019.

3.3 The business address of each of the Directors of Old Ferguson is Grafenauweg 10, CH-6301, Zug, Switzerland.

3.4 Brief biographical details of the New Ferguson Directors will be contained in paragraph 8 of Part VII of the Prospectus (which is expected to be made available on or around 26 April 2019).

3.5 The appointment of all current Directors of Old Ferguson will terminate with effect from the Scheme Effective Date. It is intended that Old Ferguson will appoint three new directors with effect from the Scheme Effective Date. As a non-listed company from the Scheme Effective Date, Old Ferguson will not require a large board of executive and non-executive directors.

4. Directors' interests

4.1 On the Scheme becoming effective, assuming that no further Old Ferguson Shares have been purchased by them or issued to them after 2 April 2019 (being the Latest Practicable Date), the New Ferguson Directors will have the following beneficial interests in New Ferguson Shares by virtue of the effect of the Scheme on their Old Ferguson Shares.

Name	Number of Old Ferguson Shares	Percentage of Issued Share Capital of Old Ferguson[1]	Number of New Ferguson Shares	Percentage of Issued Share Capital of New Ferguson
Directors				
Gareth Davis	14,538	0.006	14,538	0.006
John Martin	133,537	0.058	133,537	0.058
Mike Powell	10,028	0.004	10,028	0.004
Kevin Murphy	30,006	0.013	30,006	0.013
Tessa Bamford	1,940	0.001	1,940	0.001
Cathy Halligan	–	0.000	–	0.000
Alan Murray	2,368	0.001	2,368	0.001
Tom Schmitt	–	0.000	–	0.000
Darren Shapland	1,989	0.001	1,989	0.001
Nadia Shouraboura	–	0.000	–	0.000
Jacky Simmonds	1,894	0.001	1,894	0.001

Notes:

(1) The percentages of share capital are exclusive of treasury shares.

4.2 The interests of the Directors together represent approximately 0.085% of the issued share capital (excluding treasury shares) of Old Ferguson in existence as at 2 April 2019, the Latest Practicable Date.

4.3 The interests in paragraph 4.1 above are based upon the interests of the Directors in Old Ferguson Shares which (a) have been notified by the relevant Director to Old Ferguson pursuant to Chapter 3 of the DTRs before 2 April 2019 (the Latest Practicable Date), or (b) are interests of a connected person (within the meaning of the DTRs) of a Director which have been notified to Old Ferguson by each connected person (within the meaning of the DTRs) pursuant to Chapter 3 of the DTRs before 2 April 2019.

5. Directors' incentive awards

5.1 As at the Latest Practicable Date, awards to the Directors under the Group's incentive employee share schemes were as follows:

	Unvested Awards[1]		
Name	Awards With Performance Conditions[2]	Awards Without Performance Conditions	Total Awards (Unexercised)
Directors			
John Martin	156,354[3]	344[4]	156,698
Mike Powell	65,356[5]	4,024[6]	69,380
Kevin Murphy	79,509[7]	5,638[8]	85,147

Notes:

(1) Neither the Chairman nor any Non Executive Director participates in any of the Group's employee share schemes.

(2) For details of the particular performance-based conditions to which an award made to Executive Directors is subject, see the Directors' Remuneration Report contained in the Group's Annual Report and Accounts for the financial years ended 2018, 2017 and 2016, which are incorporated by reference into the Prospectus as set forth in Part VIII of the Prospectus.

(3) This aggregate figure is comprised of various awards made to John Martin under the LTIP and is in the form of nil cost options.

(4) This award is comprised of options to purchase 344 Old Ferguson Shares granted under the UK SAYE Appendix of the ISP.

(5) This aggregate figure is comprised of awards of nil cost options to purchase 46,497 Old Ferguson Shares granted under the LTIP and 18,859 conditional shares awarded under the PBBO. The PBBO award was made in June 2017 and will normally vest in November 2019, subject to the same performance conditions as those applied to the LTIP award made in the financial year ended 31 July 2017 (see the Directors' Remuneration Report in the Group's 2018 Annual Report and Accounts incorporated by reference into the Prospectus).

(6) This aggregate figure is comprised of an award of 2,439 conditional shares under the RSBO, nil cost options to purchase 1,379 Old Ferguson Shares granted under the DBP, and options to purchase 206 Old Ferguson Shares granted under the UK SAYE Appendix of the ISP.

(7) This aggregate figure is comprised of an award of nil cost options to purchase 65,573 Old Ferguson Shares awarded under the LTIP and 13,936 conditional shares awarded under the POSP. The POSP award was granted in November 2016 and will normally vest in November 2019, subject to performance conditions relating to trading profit growth of the Group's US segment over a three-year period ending 31 July 2019.

(8) This aggregate figure is comprised of an award of 5,574 conditional shares under the OSP and options to purchase 64 Old Ferguson Shares granted under the ESPP. The OSP award was granted in November 2017 and will normally vest in November 2020 and is not subject to performance conditions.

5.2 Save as set out in paragraphs 4.1 and 5.1 of this Part III, no Director (nor any person connected with a Director): (a) has any interests (beneficial or non-beneficial) in the share capital of Old Ferguson or New Ferguson; or (b) holds any interest in any other securities of the Group.

6. Directors' employment contracts and letters of appointment

6.1 ***Executive Directors***

Each of the Executive Directors will continue to be employed by Wolseley Limited.

John Martin, Mike Powell and Kevin Murphy have been appointed as New Ferguson Directors (with John Martin and Mike Powell appointed on 8 March 2019 and Kevin Murphy appointed on 22 March 2019), in each case pursuant to letters of appointment with New Ferguson.

The overall level of remuneration of Executive Directors will remain unchanged. On and conditional upon the Scheme becoming effective, the Executive Directors' appointments as directors of Old Ferguson will terminate.

6.2 ***Non Executive Directors***

All Non Executive Directors have letters of appointment with Old Ferguson which set out the specific terms of engagement, details of which are set out in paragraphs 7.2 to 7.5 of this Part III. Each Non Executive Director has entered into a letter of appointment (which is conditional upon the Scheme becoming effective) with New Ferguson (on 22 March 2019), the terms of which (including the expiry date) are the same as the terms of appointment with Old Ferguson.

On and conditional upon the Scheme becoming effective, the Non Executive Directors' appointments as directors of Old Ferguson will terminate and the Non Executive Directors will receive their fees from New Ferguson. The total fees payable to each of those Non Executive Directors will not be varied as a result of the Scheme.

Non Executive Directors are normally expected to serve for two or three 3-year terms and service as a Non Executive Director of Old Ferguson will be taken into account in determining these terms.

7. Directors' remuneration

7.1 ***Executive Directors***

The remuneration of the Executive Directors for the year ended 31 July 2018 is as follows:

Executive Director	Appointment date	Fees/ salary[1]	Annual incentives[2]	Benefits[3]	LTIP[4]
		'000	'000	'000	'000
John Martin	1 April 2010	£877.2	£1,003.5	£315.1	£1,756.4
Mike Powell	1 June 2017	£510.0	£521.2	£147.4	–
Kevin Murphy.....	1 August 2017	$900.0	$1,060.2	$218.7	–

Notes:

(1) For the financial year ended 31 July 2019, John Martin, Mike Powell and Kevin Murphy will be paid the following base salaries, respectively, £899,160, £550,000 and $975,000.

(2) Annual incentives comprise bonuses earned during the period.

(3) Benefits include: (i) pre-tax figures for private health insurance, car benefit (car allowance, car, driver), tax and financial advice and tax gross up arrangements; (ii) shares in all-employee share plans granted during the year (John Martin, Mike Powell and Kevin Murphy entered into a five year sharesave contract, three year sharesave contract and a one year ESPP savings contract, respectively), the value of which represents the gain, calculated by determining the difference between the option price and the share price at the date the option price was set on the maximum number of shares granted, and (iii) pension benefits (Kevin Murphy participates in the defined contribution pension arrangements of Ferguson Enterprises, LLC receiving contributions of 16% of base salary from Ferguson Enterprises, LLC; during the financial year ended 31 July 2018, John Martin and Mike Powell received salary supplements in lieu of Group pension scheme membership).

(4) The award vested on 19 January 2019 and John Martin exercised this award on 21 January 2019. The value of the long term incentive award was determined using the share price on the date of exercise of 5,337 pence. In addition, a dividend equivalent cash payment of £108,823 is included in this figure.

(a) *John Martin*

John Martin is employed by Wolseley Limited as Group Chief Executive of Old Ferguson, pursuant to a service agreement dated 31 August 2016. John Martin's annual base salary is currently £899,160, and he is eligible to participate in an annual discretionary performance-related bonus plans. John Martin may also be granted shares and/or options under the Old Ferguson Employee Share Schemes or, following the Scheme Effective Date the New Ferguson Employee Share Schemes.

The service agreement is not for a fixed term although it is subject to earlier termination for cause. The agreement may be terminated by Wolseley Limited giving 12 months' written notice or John Martin giving six months' written notice. Wolseley Limited reserves the right to pay John Martin in lieu of notice. If Wolseley Limited terminates the agreement by exercising its right to pay in lieu of notice, Wolseley Limited is required to make a payment equal to the aggregate of John Martin's basic salary, the value of company pension contributions which he would have been entitled to and the cost to Wolseley Limited of providing all other benefits for the unexpired notice period. Wolseley Limited may make the payment in lieu of notice in equal monthly instalments during the payment in lieu of notice period subject to mitigation. The first instalment shall be made to John Martin within one month of the date upon which his employment terminates.

John Martin does not participate in any Group pension arrangements but is instead paid a salary supplement of 30% of base salary in lieu of membership of the Group's pension scheme. Otherwise, the agreement makes no provision for benefits upon termination of employment.

John Martin is entitled to be reimbursed for all reasonable expenses (incurred with the prior approval of the Board) and the provision of healthcare insurance and car benefits.

(b) *Mike Powell*

Mike Powell's service agreement has the same terms as those of John Martin's outlined in clause 7.1(a) save that Mike Powell is employed by Wolseley Limited as Group Chief Financial

Officer of Old Ferguson, pursuant to a service agreement dated 28 February 2017. His annual base salary is currently £550,000. He receives a salary supplement of 25% of base salary in lieu of membership of the Group's pension scheme.

(c) *Kevin Murphy*

Kevin Murphy's service agreement has the same terms as those of John Martin's outlined in clause 7.1(a) save that Kevin Murphy is employed by Wolseley Limited as Chief Executive Officer of Ferguson Enterprises, LLC, pursuant to a service agreement dated 17 July 2017. His annual base salary is currently $975,000. He participates in a defined contribution pension arrangement and receives a company contribution of 16% of base salary, which includes a 401k plan and Ferguson Executive Retirement Plan arrangements.

7.2 ***Non Executive Directors***

Brief details of the terms of appointment of the Non Executive Directors are set out below.

Non Executive Director	Date of appointment	Notice period	Annual fees (2018/2019) '000
Gareth Davis	29 May 2003	6 months	£393.0
Cathy Halligan	1 January 2019	6 months	£68.5
Tessa Bamford	22 March 2011	6 months	£68.5
Alan Murray	12 December 2012	6 months	£82.5[(1)]
Tom Schmitt	11 February 2019	6 months	£68.5
Darren Shapland	1 May 2014	6 months	£88.5
Nadia Shouraboura	7 June 2017	6 months	£68.5
Jacky Simmonds	21 May 2014	6 months	£88.5

Note:

(1) Alan Murray will be appointed as Employee Engagement Director from July 2019, in connection with which he will receive an additional annual fee of £10,000.

7.3 All Non Executive Directors have letters of appointment with Old Ferguson which set out the specific terms of engagement. The fees paid to each of the Non Executive Directors consist of a basic fee and, as relevant, additional fees for acting as chair of the Audit and Remuneration Committees (currently Darren Shapland and Jacky Simmonds, respectively, who each receive an additional annual fee of £20,000), an additional annual fee for the Director nominated as Senior Independent Director (currently Alan Murray who receives an additional fee of £14,000) and an additional annual fee for the Director nominated as the Employee Engagement Director (which will be Alan Murray who will receive an additional annual fee of £10,000 commencing from July 2019, pro-rated for the current financial year). Fees are benchmarked against comparable companies in the sector and are determined by the Board. The Non Executive Directors do not participate in any of the Old Ferguson Employee Share Schemes (nor will they participate in any New Ferguson Employee Share Scheme) nor is any pension payable in respect of their services as Non Executive Directors.

7.4 Each Non Executive Director is entitled to reimbursement of reasonable expenses incurred in the course of his or her duties and to a travel allowance of £2,500 (each way) where there is a need for intercontinental flight in excess of five hours, based on the home location of the Non Executive Director and the location of the Board or Committee meeting. This allowance is subject to a maximum of £30,000 per annum.

7.5 No Non Executive Director is entitled to any benefit upon the termination of his or her appointment.

8. Directors' interests in transactions

Save in respect of Old Ferguson related party transactions as set out below, no Director of Old Ferguson has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of Old Ferguson or any members of the Group and which were effected by Old Ferguson or any member of the Group during the current or immediately preceding financial year and which remain in any respect outstanding or unperformed.

Related party transactions requiring disclosure under IAS 24 being the compensation of key management personnel:

Key management personnel compensation (including Directors):

	Year ended 31 July 2018 $m
Salaries, bonuses and other short-term employee benefits	14
Post-employment benefits	1
Termination benefits	4
Share-based payments	9
Total compensation	**28**

9. Interests of major shareholders

9.1 As at 2 April 2019 (being the Latest Practicable Date), in so far as it has been notified to Old Ferguson pursuant to the DTRs, the name of each person, other than a Director who, directly or indirectly, has a notifiable interest in 3% or more of Old Ferguson's issued share capital (excluding treasury shares), and the amount of such person's interest, are set forth below:

	Shares Beneficially Held Immediately Prior to Admission		Shares Beneficially Held Immediately Following Admission	
Name	**Number of Old Ferguson Shares[1]**	**Percentage of Old Ferguson Share Capital[2]**	**Number of New Ferguson Shares[1]**	**Percentage of New Ferguson Share Capital[2]**
BlackRock, Inc.	24,276,845	10.47	24,276,845	10.47
FIL Limited	12,339,472	5.32	12,339,472	5.32
Norges Bank	8,660,609	3.73	8,660,609	3.73

Notes:

(1) This is the number of Old Ferguson Shares that have been notified to Old Ferguson by the respective major shareholders adjusted, as appropriate, to take into account subsequent consolidations of Old Ferguson's share capital. Since the disclosure date, shareholders' interests in the Company may have changed.

(2) The percentages of share capital are exclusive of treasury shares and calculated as at 2 April 2019 (being the Latest Practicable Date). Since the disclosure date, shareholders' interests in the Company may have changed.

9.2 None of the major shareholders listed above will have voting rights that are different to those of any other holder of New Ferguson Shares.

9.3 Save as disclosed in paragraph 9.1 above, Old Ferguson is not aware of any person who is, or will be, immediately following the Scheme directly or indirectly, interested in 3% or more of the Old Ferguson Shares as at the Latest Practicable Date.

9.4 Old Ferguson is not aware of any person who, following implementation of the Scheme, directly or indirectly, acting jointly or with others or acting alone, could exercise control over New Ferguson.

10. Summary of the New Ferguson Articles

The following summary of certain provisions of the New Ferguson Articles does not purport to be complete and is qualified in its entirety by the full terms of the New Ferguson Articles.

In all material respects, the New Ferguson Articles are the same as the Old Ferguson Articles. As New Ferguson is incorporated and registered in Jersey, all of the provisions of Old Ferguson Articles which reflect applicable requirements or provisions of Jersey law are also included in the New Ferguson Articles. In addition, where permitted under Jersey Companies Law, the Old Ferguson Articles contain provisions to enshrine certain rights that are not conferred by Jersey Companies Law but which shareholders in a company listed on the London Stock Exchange would expect to have. These provisions are also included in the New Ferguson Articles. These provisions are marked with an asterisk in the summary below.

The New Ferguson Articles do not contain an objects clause and therefore New Ferguson's objects are not restricted.

10.1 ***Share rights***

Subject to the provisions of Jersey Companies Law relating to authority to allot, pre-emption rights or otherwise and to any resolution of New Ferguson in a general meeting passed pursuant to those provisions and any provision of the New Ferguson Articles, all unissued shares for the time being in the capital of New Ferguson are at the disposal of the Board. The Board of New Ferguson may allot such shares on any terms and conditions, grant options over them, offer them for sale or otherwise dispose of them in any other way. The Board of New Ferguson may issue shares which are to be redeemed or are liable to be redeemed at the option of New Ferguson or the holder on such terms as provided by the New Ferguson Articles subject to the provisions of Jersey Companies Law.

(a) *Voting rights on new shares*

Subject to any rights or restrictions as to voting attached to any shares, on a show of hands, every member present in person or (subject to certain conditions) by proxy shall have one vote, and, on a poll, every member present in person or by proxy has one vote for every share of which he or she is the holder.

If at the time of any general meeting or class meeting, a member owes New Ferguson any money in relation to his or her share, he or she will not be entitled to vote that share (either in person or by proxy) or exercise any other right attached to that share at that general meeting or class meeting. A member may not (amongst other things) exercise voting rights in New Ferguson in respect of shares which are the subject of a restriction notice served after failure to provide New Ferguson with information concerning interests in certain shares required to be provided by New Ferguson in accordance with the New Ferguson Articles.

(b) *Dividends*

Subject to the provisions of Jersey Companies Law, the members may by ordinary resolution declare dividends, but no dividend shall exceed the amount recommended by the Board of New Ferguson. Subject to the provisions of Jersey Companies Law, the Board of New Ferguson may pay interim dividends if it appears to the Board that it is justified by the financial position of New Ferguson.

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during the whole period in respect of which the dividend is paid. Any amount paid on a share in advance of the date on which a call is payable will not be treated as paid up for these purposes.

New Ferguson does not have to pay interest on any dividend or other money due to a member in respect of his or her shares, unless the rights of the share state otherwise. If a dividend or other money payable in respect of a share remains unclaimed for 12 years from the date it was declared or became due for payment, the Board of New Ferguson can pass a resolution to forfeit the payment and the member will lose the right to the dividend.

If recommended by the Board of New Ferguson, members can pass an ordinary resolution to direct that a dividend will be satisfied in whole or in part by distributing assets instead of cash. This includes, amongst other things, paid up shares or debentures of another company. The Board of New Ferguson can make any arrangements it wishes to settle any difficulties which may arise in connection with the distribution, including for example (a) the valuation of the assets, or (b) the payment of cash to any member on the basis of that value in order to adjust the rights of members, and (c) the transfer of any asset to a trustee. The Board of New Ferguson may, if authorised by an ordinary resolution of New Ferguson, offer members the right to elect to receive shares by way of scrip dividend (which are credited as fully paid) instead of cash in respect of some or all of their dividend.

(c) *Variation of rights*

Subject to the provisions of Jersey Companies Law, rights attached to any class of shares in the capital of New Ferguson may be varied or abrogated either with the written consent of the holders of at least three quarters in nominal value of the issued shares of the class, or with the sanction of a special resolution passed at a separate class meeting of the class of members affected. If New Ferguson's shares are divided into different classes, the rights of a share will be treated as varied if either (a) the capital paid up on that share or class of shares is reduced (unless this results from New Ferguson buying back or redeeming its own shares), or (b) another share is allotted which has (i) priority for payment of a dividend, (ii) priority on a return of capital or (iii) voting rights more favourable than those attached to that share or class of shares.

(d) *Lien and forfeiture*

New Ferguson has the right to any unpaid money on a partly paid share. This covers any money which is owed to New Ferguson by the member, where the money has been called for or is payable under the terms on which the share was issued. New Ferguson has the right to sell any partly paid share if a member fails to pay any money due on the partly paid share within 14 clear days of notice of the amount of money owed being given to the holder of the share or to the person entitled to the share by transmission.

The Board of New Ferguson can call at any time on members on one or more occasions to pay any money which they owe to New Ferguson on a share, provided that there must be at least one month between the payment dates of two consecutive calls and that the call is made in accordance with the New Ferguson Articles and the terms of allotment of the relevant share. Members must be given at least one month's notice of a requirement to pay and the notice must state when and where the payment is to be made. If a member does not pay the money due under a call or any instalment of a call by the due date, he or she must pay interest on the amount due from the due date until it is actually paid. If the terms of any allotment of any share require money to be paid when the share is allotted or on a fixed date, the amount payable will be treated in the same way as if a valid call had been made for that money on the same date the money is due. If the money is not paid, the provisions of the New Ferguson Articles relating to calls and forfeiture will apply as if the member had been notified of a valid call for that amount on that date.

(e) *Ownership of shares by non-UK persons*

There are no provisions in the New Ferguson Articles that restrict non-UK resident or Overseas Shareholders from holding shares or from exercising voting rights attaching to shares.

(f) *Transfer of shares*

A transfer of a Certificated share must be in writing, either by the usual transfer form or in any other form which the Board of New Ferguson approves. The transfer form must be signed by or on behalf of the person transferring the share and, unless the share is fully paid, by or on behalf of the person acquiring the share. The transfer form does not need to have a seal attached. If the Certificated shares being transferred are only partly paid, the Board of New Ferguson is entitled to refuse to register the transfer without giving any reason for the refusal as long as it does not prevent dealings in shares from taking place on an open and proper basis. The Board of New Ferguson can also refuse to register the transfer of a Certificated share if: (a) the transfer form is not lodged, properly stamped (if stamping is required), at the registered office (or any other place chosen by the Board) together with the appropriate share certificate for the shares being transferred and any other evidence of transfer that the Board reasonably asks for; (b) the transfer is for more than one class of shares; or (c) the transfer is to more than four joint members.

If the Board of New Ferguson refuses to register a transfer of a share, it must notify the person to whom the shares were being transferred of this refusal. This notice must be sent out within two months of the date on which the transfer form was received by New Ferguson (in the case of Certificated shares). An instrument of transfer which the Board of New Ferguson refuses to register shall be returned to the person lodging it when notice of the refusal is sent. If the transfer is of shares in CREST, the notice must be sent out within two months of the date on which the operator instruction was received by New Ferguson. Neither the Board of New Ferguson nor anyone else can charge a member for registering a transfer form or other documents relating to his or her shares or affecting his or her title to a share.

(g) *Pre-emption rights*[*]

If New Ferguson issues certain specific kinds of additional securities, current members will generally have pre-emption rights to those securities on a *pro rata* basis. Pre-emption rights are transferable during the subscription period relating to a particular offering. The members may, by way of special resolution, grant authority to the Board of New Ferguson to allot shares as if the pre-emption rights did not apply.

(h) *Liquidation rights*

If New Ferguson is wound up, the liquidator can, with the approval of a special resolution passed by the members and any other sanction required by Jersey Companies Law, divide some or all of New Ferguson's assets among the members. The liquidator may determine the value of such assets and how they are to be divided between the members.

(i) *Disclosure of shareholdings*

Pursuant to the New Ferguson Articles, the provisions of chapter five of the DTRs are deemed to be incorporated by reference in the New Ferguson Articles as if New Ferguson were a UK issuer. Accordingly, the New Ferguson Articles require members to notify New Ferguson if the voting rights attached to shares held by them (subject to some exceptions) reach, exceed or fall below 3% and each 1% threshold thereafter up to 100%. In addition, pursuant to the New Ferguson Articles, New Ferguson may also send a notice to any person whom it knows or believes to be interested in its shares, requiring such person to confirm whether he or she has such an interest and, if so, details of that interest. Under the New Ferguson Articles, if a member fails to supply the information requested in the notice or provides information that is materially inaccurate, the Board of New Ferguson may serve a restriction notice on such person stating amongst other things that the member may not attend or vote at any general meeting or class meeting in respect of some or all of his or her shares.

(j) *Rights to share in New Ferguson's profits*

If authorised by ordinary resolution of the members, the Board of New Ferguson can pass a resolution to capitalise any undistributed profits (unless required for paying a preferential dividend) or other sum in any reserve or fund. The amount capitalised must be distributed to the members or holders of shares of any class on the record date as if it were distributed by way of dividend.

(k) *Circulation of Shareholder resolutions*[*]

Members of New Ferguson may require New Ferguson to circulate a notice of a resolution to members. For this purpose, the members must represent (i) at least 5% of the total voting rights of all members who have a right to vote on the relevant resolution, or (ii) not less than 100 in number who have a right to vote on such resolution and hold an average of at least £100 of nominal value, per member, of paid up shares in New Ferguson. Similarly, if so requested New Ferguson shall also circulate to members a statement of not more than 1,000 words with respect to a matter referred to in a proposed resolution to be dealt with at a particular meeting or other business to be dealt with at that meeting.

(l) *Information rights*[*]

A member has the right to nominate another person, on whose behalf he or she holds shares, to enjoy the same information rights as defined and stipulated in sections 146 to 149 of the UK Companies Act (with certain exceptions).

(m) *Power to require website publication of audit concerns*[*]

If so requested by members, New Ferguson shall publish on its website a statement setting out any matter relating to the audit of its accounts or any circumstances connected with an auditor of New Ferguson ceasing to hold office. For this purpose, the members must represent (i) at least 5% of the total voting rights of all members who have a right to vote at the relevant general meeting, or (ii) not less than 100 in number who have a right to vote at such meeting and hold an average of at least £100 of nominal value, per member, of paid up shares in New Ferguson.

(n) *Independent report on poll*[*]

Members may require the Board of New Ferguson to obtain an independent report on any poll taken, or to be taken, at a general meeting of New Ferguson in accordance with the UK Companies Act (with certain exceptions).

10.2 ***General meetings***

New Ferguson will hold an annual general meeting each year in accordance with the requirements of Jersey Companies Law. All other general meetings of the members are called general meetings. The Board of New Ferguson can call a general meeting whenever it decides to, and may make arrangements for persons entitled to attend the general meeting to do so by simultaneous attendance and participation at a satellite meeting place anywhere in the world. All annual general meetings can only be held if members have been given at least 21 clear days' notice. Members must be given at least 14 clear days' notice of all other general meetings. The members can require the Board of New Ferguson to call a general meeting in accordance with Jersey Companies Law.

Notice of a general meeting must be sent to all of New Ferguson's members (subject to certain exceptions for holders of partly-paid shares), the Board and the auditors. The notice calling a general meeting must specify the place, day, time and general nature of the business of the meeting. A notice calling an annual general meeting must state that the meeting is an annual general meeting. A member may attend and/or vote at general meetings or class meetings in person or by proxy. The New Ferguson Articles contain provisions for the appointment of proxies, including electronic communication of appointments and cut off times for appointments prior to general meetings. Even

if a Director is not a member, he or she is entitled to attend and speak at any general meeting or class meeting. A quorum for a general meeting is three people (including members and/or proxies) entitled to vote at the meeting. If a quorum is not present within 30 minutes of the time set for the general meeting (or such longer time not exceeding one hour as the chair of the meeting may determine), the meeting shall be adjourned to such later time and date as the chair of the meeting may determine, unless the meeting was called at the request of the members in which case it shall be dissolved. If the general meeting is adjourned for more than 30 days, the Board of New Ferguson must give members at least seven clear days' notice of the adjourned meeting.

10.3 ***Directors***

(a) *Appointment of Directors*

New Ferguson must have at least two Directors on the Board of New Ferguson (not counting alternate directors). There is no maximum number of directors. Subject to the New Ferguson Articles, members (by ordinary resolution) or the Board can appoint any person willing to be a director either to fill a vacancy or as an additional director. Where the appointment is made by the Board, the director must retire at the next general meeting and can then be put forward by the Board for reappointment by Shareholders in accordance with the New Ferguson Articles.

(b) *Eligibility of new Directors*

A person will only be eligible for appointment as a Director of the Board of New Ferguson if: (a) he or she is a retiring Director; or (b) he or she is recommended by the Board; or (c) a member who is entitled to vote at the general meeting has given New Ferguson a written notice at least seven days (but not more than 21 days) before the date for which the meeting is called of his or her intention to propose someone (other than himself or herself) as a Director. The notice must include all the details of that person which would be required to be included in the register of Directors, and be accompanied by a written confirmation from the proposed Director confirming his or her willingness to be appointed as a Director.

(c) *No Share qualification*

Directors do not need to be Shareholders in New Ferguson.

(d) *Retirement of Directors by rotation*

At every annual general meeting, one third of the Directors on the Board of New Ferguson must retire or, if the number of directors is not divisible by three, the number of directors nearest to one third shall retire from office but: (a) if any Directors will have been a Director for three years or more since he or she was last appointed (or re-appointed) at the date fixed for the annual general meeting, he or she must retire; and (b) if there is only one Director, he or she must retire. A Director who retires at an annual general meeting may be proposed for re-appointment if he or she is willing to act as a Director. Subject to Jersey Companies Law and the New Ferguson Articles, the Directors to retire by rotation will firstly be those Directors who wish to retire without re-appointment, and secondly those who have served the longest as a Director since their last appointment or re-appointment. If Directors were last re-appointed directors on the same day, they can agree among themselves who is to retire. If they cannot agree, then they must draw lots to decide. In the event that all Directors retire at an annual general meeting and at the end of such meeting the number of Directors that have been appointed or re-appointed is less than the minimum number of directors required under the New Ferguson Articles, all retiring Directors will be deemed to have been re-appointed as Directors to act for the purpose of filling vacancies and calling a general meeting as soon as reasonably practicable thereafter (at which point they shall retire).

(e) *Remuneration of Directors**

The total fees paid to Non Executive Directors (other than amounts payable under any other article) must not exceed £1,500,000 a year or any other sum agreed by ordinary resolution at a general meeting.

If a Non Executive Director performs any other service which in the Board of New Ferguson's opinion is beyond the scope of his or her role as a Non Executive Director, the Board of New Ferguson can decide to pay him or her additional remuneration. This can take the form of a salary, commission or anything else the Board of New Ferguson decides. The benefits paid to an Executive Director will be decided by the Board of New Ferguson (or any duly constituted committee of the Board of New Ferguson), and can be of any description. This includes, but is not limited to: (i) admission to, or continuance of, membership of any scheme (including a share purchase scheme) or fund established or financed or contributed to by New Ferguson for the provision of pensions, life assurance or other benefits for employees or their dependants, and (ii) the payment of a pension or other benefits to him or her or to his or her dependants on or after his or her retirement or death.

The provisions contained in sections 215 to 221 of the UK Companies Act in relation to payments made to directors (or a person connected to such directors) for loss of office and the circumstances in which such payments would require the approval of members broadly apply to New Ferguson, and New Ferguson shall comply with such provisions as if it were a company incorporated in the UK.

(f) *Appointment of Executive Directors*

Subject to Jersey Companies Law, the Board of New Ferguson can appoint a Director to any executive position, on such terms and for such period as it thinks fit. The Board of New Ferguson can also terminate or vary an executive appointment whenever it wishes and decide on any fee or other form of remuneration to be paid for such appointment. This fee or other remuneration may be as well as or instead of any fees payable as a Director.

(g) *Permitted interests of Directors*

Subject to the provisions of Jersey Companies Law, as long as a Director has disclosed the nature and extent of his or her interest to the Board of New Ferguson, a Director can: (a) be a party to, or otherwise have an interest in, any transaction or arrangement with New Ferguson or in which New Ferguson has a direct or indirect interest; (b) act by himself or herself or through his or her firm in a paid professional role for New Ferguson (other than as auditor); and (c) be a Director, officer or employee of or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which New Ferguson has any interest whether direct or indirect.

A Director who has, and is permitted to have, any interest referred to in the above paragraph can keep any remuneration or other benefit which he or she derives as a result of having that interest as if he or she were not a Director. Any disclosure may be made at a meeting of the Board of New Ferguson, by notice in writing or by general notice or otherwise in accordance with Jersey Companies Law. The Board of New Ferguson may authorise Directors' actual and potential conflicts of interests, provided that any Director concerned does not vote or count towards the quorum at the meeting where the matter is considered. Where a Director's relationship with another person has been authorised and such relationship gives rise to an actual or potential conflict of interest, the Director will not be in breach of the general duties he or she owes to New Ferguson if he or she absents himself or herself from meetings, or makes arrangements not to receive documents and information, relating to the actual or potential conflict of interest for so long as he or she reasonably believes that the same subsists.

10.4 ***Borrowing powers***

Subject to the relevant legislation and the New Ferguson Articles, the Board of New Ferguson can exercise all New Ferguson's powers relating to borrowing money, giving security over all or any of New Ferguson's business and activities, property, assets (present and future) and uncalled capital, and issuing debentures and other securities.

10.5 ***Indemnity of officers***

As long as New Ferguson complies with the provisions of Jersey Companies Law relating to the indemnification of officers, it will indemnify every Director or other officer of New Ferguson out of the assets of New Ferguson against any liability incurred by him or her for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of New Ferguson. This provision does not affect any indemnity which a Director or officer is otherwise entitled to.

10.6 ***Other***

New Ferguson is to comply with the provisions of Listing Rules 9.4.1 to 9.4.3 in relation to its adoption of employee share schemes or long term incentive plans, which require such schemes or plans to be approved by Shareholders in a general meeting.

Each member must comply with the notification obligations to New Ferguson contained in Chapter 5 of the DTRs including, without limitation, the provisions of DTR 5.1.2 as if New Ferguson were a UK issuer. The vote holder and issuer notification rules contained in chapter five of the DTRs shall apply to New Ferguson as well as to each holder of shares on the same basis.

If a member fails to comply with obligations under the relevant rule, the Board of New Ferguson may impose certain restrictions on that member, including giving a notice to the relevant member requiring the member to change the relevant shares held in Uncertificated form to Certificated form, or that the member may not change any of the relevant shares held in Certificated form to Uncertificated form. If the member does not comply with the notice, the Board may authorise any person to instruct an authorised operator to change the relevant shares held in Uncertificated form to Certificated form.

New Ferguson may not make a political donation to a political party or other political organisation, or to an independent election candidate, or incur any political expenditure, unless such donation or expenditure is authorised by an ordinary resolution in accordance with the New Ferguson Articles and is passed before the donation is made or the expenditure incurred.

11. Further information for Overseas Shareholders

If you are a citizen, resident or national of a jurisdiction outside of the United Kingdom, your attention is drawn to paragraph 10 of Part II of this document for further details concerning the Scheme.

For information on UK, Jersey and US federal taxation, your attention is drawn to paragraph 12 of this Part III. **The summary information is intended as a guide only and holders of Old Ferguson Shares who are in any doubt about their tax position, or who are resident for tax purposes outside the UK or the US, are strongly advised to contact an appropriate professional, independent adviser immediately.**

Certain US securities law considerations

The New Ferguson Shares to be issued to Old Ferguson Shareholders in connection with the Scheme will not be, and are not required to be, registered with the SEC under the Securities Act and will be issued pursuant to the Scheme in reliance on the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) of the Securities Act. For the purpose of qualifying for the Section 3(a)(10) exemption with respect to the New Ferguson Shares issued pursuant to the Scheme, Old Ferguson will advise the Royal Court that it will rely on the Section 3(a)(10) exemption based on the Royal Court's sanctioning of the Scheme, which will be relied upon by Old Ferguson as an approval of the Scheme following a hearing on its fairness to Old Ferguson Shareholders at which hearing all such Old Ferguson Shareholders will be

entitled to attend in person or through an Advocate to support or oppose the sanctioning of the Scheme and with respect to which notification has been or will be given to all such Shareholders.

The New Ferguson Shares will not be registered under the securities laws of any state of the United States, and will be issued pursuant to the Scheme in reliance on available exemptions from such state law registration requirements or the pre-emption of such requirements by the Securities Act.

Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved the New Ferguson Shares or passed on the accuracy or adequacy of this document.

Old Ferguson is exempt from reporting under the US Exchange Act pursuant to Rule 12g3-2(b) thereunder, and once the Scheme becomes effective, New Ferguson expects to rely on the exemption provided in Rule 12g3-2(b) under the US Exchange Act.

US Shareholders should note that no appraisal or similar rights of dissenting Shareholders are to apply in connection with the Scheme as none are required as a matter of English law.

12. Taxation

The following statements are intended only as a general guide to certain UK, Jersey and US tax considerations and do not purport to be a complete analysis of all potential UK, Jersey and US tax consequences of acquiring, holding or disposing of New Ferguson Shares. They are based on current UK, Jersey and US law and what is understood to be the current practice of HMRC, Revenue Jersey and the IRS as at the date of this document, all of which may change, possibly with retroactive effect. They apply only to New Ferguson Shareholders who are resident and, in the case of individuals domiciled, for tax purposes in (and only in) the UK or the US (except insofar as express reference is made to the treatment of non-UK or non-US residents), who hold their New Ferguson Shares as an investment (other than in an individual savings account or pension arrangement) and who are the absolute beneficial owners of both the New Ferguson Shares and any dividends paid on them. The tax position of certain categories of New Ferguson Shareholders who are subject to special rules (such as persons acquiring their New Ferguson Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) is not considered. The following statements do not purport to be a legal opinion. The summary assumes the Proposals have been effected in full and that New Ferguson will be treated as tax resident solely in the UK.

Shareholders who are in any doubt as to their tax position or who may be subject to tax in another jurisdiction should consult their professional advisers without delay.

UK Taxation

12.1 ***Implementation of the Scheme and Reduction of Capital***

(a) *Taxation of Income*

The Scheme should not be treated as involving a distribution subject to UK tax as income.

(b) *Taxation of Chargeable Gains*

For the purposes of UK taxation of chargeable gains ("CGT"), the issue of New Ferguson Shares to Old Ferguson Shareholders in consideration for the transfer of their Old Ferguson Shares should be treated as a reorganisation of share capital. Accordingly, Old Ferguson Shareholders should not be treated as making a disposal of all or part of their holding of Old Ferguson Shares and no liability to CGT should arise. Instead, the New Ferguson Shares acquired and the Old Ferguson Shares transferred will, for CGT purposes, be treated as the same asset and as having been acquired at the same time as the Old Ferguson Shares.

If an Old Ferguson Shareholder alone, or together with persons connected with him or her, holds more than 5% of, or any class of, the shares in or debentures of Old Ferguson (including the Old Ferguson Shares), such Old Ferguson Shareholder will be eligible for the above treatment only if the Scheme is effected for *bona fide* commercial reasons and does not form

part of a scheme or arrangement of which the main purpose, or one of the main purposes, is avoidance of liability to CGT or corporation tax on chargeable gains. If these conditions are not met, then such Old Ferguson Shareholders will be treated as receiving New Ferguson Shares in consideration for the transfer of his or her Old Ferguson Shares which may, depending on the individual circumstances, give rise to a chargeable gain or allowable loss for CGT purposes. Clearance has been obtained from HMRC under section 138 TCGA 1992 that the Scheme will be effected for *bona fide* commercial reasons and will not form part of such a scheme or arrangement.

(c) *Reduction of Capital*

The Reduction of Capital should not have any UK tax consequences for New Ferguson Shareholders. It should not result in a disposal by any New Ferguson Shareholders of any of their New Ferguson Shares, either on the basis that there is no disposal as a general matter or because the Reduction of Capital is treated as a reorganisation of the share capital of New Ferguson.

12.2 ***Income from New Ferguson Shares***

New Ferguson is not required to withhold UK tax when paying a dividend. Liability to tax on dividends will depend upon the individual circumstances of a New Ferguson Shareholder.

(a) *UK Resident Individual New Ferguson Shareholders*

Under current UK tax rules specific rates of tax apply to dividend income. These include a nil rate of tax (the "nil rate band") for the first £2,000 of dividend income in any tax year and different rates of tax for dividend income that exceeds the nil rate band. No tax credit attaches to dividend income. For these purposes "dividend income" includes UK and non-UK source dividends and certain other distributions in respect of shares.

An individual New Ferguson Shareholder who is resident for tax purposes in the UK and who receives a dividend from New Ferguson will not be liable to UK tax on the dividend to the extent that (taking account of any other dividend income received by the New Ferguson Shareholder in the same tax year) that dividend falls within the nil rate band.

To the extent that (taking account of any other dividend income received by the New Ferguson Shareholder in the same tax year) the dividend exceeds the nil rate band, it will be subject to income tax at 7.5% to the extent that it falls below the threshold for higher rate income tax. To the extent that (taking account of other dividend income received by the New Ferguson Shareholder in the same tax year) it falls above the threshold for higher rate income tax then the dividend will be taxed at 32.5% to the extent that it is within the higher rate band, or 38.1% to the extent that it is within the additional rate band. For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a New Ferguson Shareholder's income. In addition, dividends within the nil rate band which would (if there was no nil rate band) have fallen within the basic or higher rate bands will use up those bands respectively for the purposes of determining whether the threshold for higher rate or additional rate income tax is exceeded.

(b) *UK Resident Corporate New Ferguson Shareholders*

It is likely that most dividends paid on the New Ferguson Shares to UK resident corporate shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules.

(c) *UK Resident Exempt New Ferguson Shareholders*

UK resident New Ferguson Shareholders who are not liable to UK tax on dividends, including exempt pension funds and charities, are not entitled to any tax credit in respect of dividends paid by New Ferguson.

(d) *Non-UK Resident New Ferguson Shareholders*

No tax credit will attach to any dividend paid by New Ferguson. A New Ferguson Shareholder resident outside the UK may also be subject to non-UK taxation on dividend income under local law. A New Ferguson Shareholder who is resident outside the UK for tax purposes should consult his or her own tax adviser concerning his or her tax position on dividends received from New Ferguson.

12.3 ***Disposal of New Ferguson Shares***

(a) *UK Resident New Ferguson Shareholders*

A disposal or deemed disposal of New Ferguson Shares by a New Ferguson Shareholder who is resident in the UK for tax purposes may, depending upon the New Ferguson Shareholder's circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

(b) *Non-UK Resident New Ferguson Shareholders*

New Ferguson Shareholders who are not resident in the UK will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of New Ferguson Shares unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate New Ferguson Shareholder, a permanent establishment) in connection with which the New Ferguson Shares are used, held or acquired. Non-UK tax resident New Ferguson Shareholders may be subject to non-UK taxation on any gain under local law.

An individual New Ferguson Shareholder who has been resident for tax purposes in the UK but who ceases to be so resident or becomes treated as resident outside the UK for the purposes of a double tax treaty for a period of five years or fewer and who disposes of all or part of his or her New Ferguson Shares during that period may be liable to capital gains tax on his or her return to the UK, subject to any available exemptions or reliefs.

12.4 ***Stamp Duty and SDRT***

No UK stamp duty or SDRT will be payable on the issue of New Ferguson Shares under the Scheme.

UK stamp duty will in principle be payable on any instrument of transfer of the New Ferguson Shares which is executed in the UK or which "relates to any matter or thing done or to be done" in the UK. However, in practice, UK stamp duty should generally not need to be paid on any instruments transferring New Ferguson Shares, provided that such transfer instruments are executed and retained outside of the UK.

No UK SDRT will be payable in respect of any agreement to transfer New Ferguson Shares.

The statements in this paragraph summarise the current position on stamp duty and SDRT and are intended as a general guide only. These statements have been prepared on the basis that the New Ferguson Shares are not registered in a register kept in the UK by or on behalf of New Ferguson. It is not intended that such a register will be kept in the UK. The New Ferguson Shares will be registered in a register kept in Jersey.

12.5 ***Inheritance Tax***

Liability to UK inheritance tax may arise in respect of New Ferguson Shares on the death of, or on a gift of New Ferguson Shares by, an individual holder of such New Ferguson Shares who is domiciled, or deemed to be domiciled, in the UK.

The New Ferguson Shares should not be assets situated in the UK for the purposes of UK inheritance tax. Accordingly, neither the death of a holder of such New Ferguson Shares, nor a gift of such New Ferguson Shares by a holder, should give rise to a liability to UK inheritance tax if the holder is neither domiciled nor deemed to be domiciled in the UK.

For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold New Ferguson Shares, bringing them within the charge to inheritance tax. Shareholders should consult an appropriate tax adviser if they make a gift or transfer at less than full market value or if they intend to hold any New Ferguson Shares through trust arrangements.

Jersey Taxation

The following summary of the anticipated treatment of New Ferguson and holders of New Ferguson Shares (other than residents of Jersey) is based on Jersey taxation law and practice as it is understood to apply at the date of this document. It does not constitute legal, financial or tax advice and does not address all aspects of Jersey tax law and practice. Shareholders should consult their professional advisers on the implications of acquiring, buying, holding, selling or otherwise disposing of New Ferguson Shares under the laws of the jurisdictions in which they may be liable to taxation. Shareholders should be aware that tax laws, rules and practice and their interpretation may change.

12.6 ***Taxation of New Ferguson***

On the basis that it is centrally managed and controlled and considered resident for tax purposes in the UK, New Ferguson should not be regarded as resident for tax purposes in Jersey. Therefore, New Ferguson will not be liable for Jersey income tax other than on Jersey source income (except where such income is exempted from income tax pursuant to the Income Tax (Jersey) Law 1961, as amended) and dividends on New Ferguson Shares may be paid by New Ferguson without withholding or deduction for or on account of Jersey income tax. The holders of New Ferguson Shares (other than residents of Jersey) will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such New Ferguson Shares.

12.7 ***Stamp Duty***

In Jersey, no stamp duty is levied on the issue or transfer of the New Ferguson Shares except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer New Ferguson Shares on the death of a holder of such New Ferguson Shares. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the estate (wherever situate in respect of a holder of New Ferguson Shares domiciled in Jersey, or situate in Jersey in respect of a holder of New Ferguson Shares domiciled outside Jersey) and is payable on a sliding scale at a rate of up to 0.75% of such estate, capped at £100,000.

Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there other estate duties.

US Taxation

The following is a general summary based on present law of certain US federal income tax considerations relevant to the exchange of Old Ferguson Shares and Old Ferguson ADRs for New Ferguson Shares and New Ferguson ADRs pursuant to the Scheme and the ownership of New Ferguson Shares and New Ferguson ADRs. It addresses only US Holders (as defined below) that exchange Old Ferguson Shares or Old Ferguson ADRs pursuant to the Scheme, hold their Old Ferguson Shares or Old Ferguson ADRs and will hold their

New Ferguson Shares or New Ferguson ADRs as capital assets and use the US dollar as their functional currency.

This summary is for general information only and is not a substitute for tax advice. It is not a complete description of all of the tax considerations that may be relevant to a particular US Holder. It does not address all of the considerations relevant to US Holders subject to special tax regimes, such as banks and other financial institutions, insurance companies, dealers in currencies and securities, traders in securities that elect mark-to-market treatment, regulated investment companies, real estate investment trusts, tax-exempt entities, pass-through entities (including S-corporations), US expatriates, investors liable for alternative minimum tax or persons holding Old Ferguson Shares, Old Ferguson ADRs, New Ferguson Shares or New Ferguson ADRs as part of a hedge, straddle, conversion or other integrated financial transaction. It does not address persons resident or ordinarily resident in the UK or that hold Old Ferguson Shares, Old Ferguson ADRs, New Ferguson Shares or New Ferguson ADRs through a permanent establishment or fixed base outside the US. It does not consider consequences for persons that own directly, indirectly or constructively, 5% or more (by voting power or value) of the equity interests of Old Ferguson or of New Ferguson. It also does not address US federal taxes other than the income tax (such as estate and gift tax) or US state and local tax or non-US tax considerations.

As used here, "US Holder" means a beneficial owner of Old Ferguson Shares, Old Ferguson ADRs, New Ferguson Shares or New Ferguson ADRs that for US federal income tax purposes is (i) an individual citizen or resident of the US, (ii) a corporation organised in or under the laws of the US, any state thereof, or the District of Columbia, (iii) a trust subject to the control of a US person and the primary supervision of a US court or (iv) an estate the income of which is subject to US federal income taxation regardless of its source.

The US federal tax consequences to a partner in a partnership generally will depend on the status of the partner and the activities of the partnership. US Holders that are partnerships are urged to consult their own tax advisers about the tax consequences to their partners of receiving New Ferguson Shares or New Ferguson ADRs in connection with the Scheme and owning and disposing of New Ferguson Shares or New Ferguson ADRs.

Holders of Old Ferguson ADRs or New Ferguson ADRs generally will be treated for US federal income tax purposes as holding the Old Ferguson Shares or New Ferguson Shares, respectively, represented by the Old Ferguson ADRs or New Ferguson ADRs.

The Directors believe, and this discussion assumes, that Old Ferguson is not, nor has it been, a passive foreign investment company (a "PFIC") for US federal income tax purposes. In addition, the Directors believe and this discussion assumes that New Ferguson will not be a PFIC for the current taxable year or in the foreseeable future. New Ferguson's status as a PFIC must be determined annually, and it therefore could change. If Old Ferguson has been a PFIC for any year during a US Holder's holding period, or if New Ferguson were to be a PFIC in any year during any US Holder's holding period, such US Holder could suffer material adverse tax consequences.

12.8 ***Share Exchange in the Scheme***

Old Ferguson and New Ferguson intend to treat the Scheme as a tax-free reorganisation for US federal income tax purposes under section 368(a) of the US Revenue Code (a "reorganisation"). In the event that the Scheme does not qualify as a tax-free reorganisation, Old Ferguson and New Ferguson intend to treat the Scheme as a tax-free transaction in which Old Ferguson is contributed to New Ferguson in an incorporation of a new holding company and no gain or loss is required to be recognised by US Holders that receive only New Ferguson Shares or New Ferguson ADRs in exchange for their Old Ferguson Shares or Old Ferguson ADRs (a tax-free "incorporation exchange"). The proper US federal income treatment of the Scheme is not certain, however, and neither Old Ferguson nor New Ferguson has sought a ruling from US federal tax authorities or an opinion from US federal tax counsel on the proper treatment of the Scheme. **Although the discussion in this section assumes that the Scheme constitutes a tax-free reorganisation or a tax-free incorporation exchange, each Holder should consult his or her own tax adviser about the proper US federal, state and local income tax treatment of the Scheme.**

Assuming that the Scheme is a tax-free reorganisation or a tax-free incorporation exchange, a US Holder will recognise no gain or loss on exchange of Old Ferguson Shares or Old Ferguson ADRs for New Ferguson Shares or New Ferguson ADRs. A US Holder's basis in New Ferguson Shares or New Ferguson ADRs will equal his or her aggregate adjusted tax basis in the Old Ferguson Shares or Old Ferguson ADRs surrendered in the Scheme, and his or her holding period in the New Ferguson Shares or New Ferguson ADRs will include the period it held the Old Ferguson Shares or Old Ferguson ADRs. If a US Holder acquired different blocks of Old Ferguson Shares or Old Ferguson ADRs at different times or at different prices, the US Holder's basis and holding period in the New Ferguson Shares or New Ferguson ADRs will be determined separately for each block of Old Ferguson Shares or Old Ferguson ADRs.

A US Holder may be required to attach to his or her tax return for the year in which it receives New Ferguson Shares or New Ferguson ADRs a statement regarding application of the tax-free reorganisation requirements (including information about the Old Ferguson Shares or Old Ferguson ADRs it exchanged and the New Ferguson Shares or New Ferguson ADRs it received) and to maintain certain records regarding the Scheme.

If the Scheme were not a tax-free reorganisation and also does not qualify as a tax-free incorporation exchange in which no gain or loss is recognised, a US Holder receiving New Ferguson Shares or New Ferguson ADRs in exchange for Old Ferguson Shares or Old Ferguson ADRs pursuant to the Scheme would recognise a capital gain or loss equal to the difference between (x) the fair market value of the New Ferguson Shares or New Ferguson ADRs as at the time the Scheme becomes effective and (y) his or her adjusted tax basis in the Old Ferguson Shares or Old Ferguson ADRs surrendered in the Scheme. Any gain would be a long-term gain if the US Holder held the Old Ferguson Shares or Old Ferguson ADRs for more than one year and a gain realised by non-corporate US Holders generally would be included in determining net investment income that may be subject to the 3.8% Medicare surtax on net investment income. Deductions for capital losses are subject to limitations. Any gain or loss generally would be treated as arising from US sources. The holder would have a tax basis in the New Ferguson Shares or New Ferguson ADRs equal to their fair market value as at the time the Scheme becomes effective and a holding period beginning on the day following the Scheme Effective Date. US Holders should consult their tax advisers regarding any special rules relating to "extraordinary dividends" that may be potentially applicable to them if they have received a dividend from Old Ferguson in an amount greater than 10% of that US holder's tax basis in his or her Old Ferguson Shares or Old Ferguson ADRs.

12.9 ***Dividends on New Ferguson Shares or New Ferguson ADRs***

US Holders generally must include dividends paid on New Ferguson Shares or New Ferguson ADRs in their gross income as ordinary income from foreign sources. Distributions in excess of New Ferguson's current and accumulated earnings and profits should be a non-taxable return of capital to the extent of the US Holder's basis in the New Ferguson Shares or New Ferguson ADRs and thereafter as a capital gain. However, New Ferguson does not maintain calculations of its earnings and profits in accordance with US federal income tax principles. US Holders therefore should assume that any distribution by New Ferguson with respect to New Ferguson Shares or New Ferguson ADRs will be treated as ordinary dividend income. Dividends will not be eligible for the dividends-received deduction generally available to US corporations. However, dividends should be eligible for the reduced rate on qualified dividend income available to certain eligible non-corporate US Holders that satisfy a minimum holding period and other generally applicable requirements if New Ferguson qualifies for benefits under the income tax treaty between the UK and the US (the "US-UK Treaty"). New Ferguson expects to qualify for benefits under the US-UK Treaty.

Dividends paid to US Holders in a currency other than US dollars will be includible in income in a US dollar amount determined at the spot rate on the date of receipt whether or not converted into US dollars at that time. A US Holder will have a basis in the non-US currency received equal to his or her US dollar value on the date of receipt. Gain or loss on a subsequent conversion or other disposition

of the non-US currency for a different amount generally will be treated as ordinary income or loss from sources within the US for foreign tax credit limitation purposes.

12.10 ***Dispositions of New Ferguson Shares or New Ferguson ADRs***

US Holders will generally recognise a capital gain or loss on the sale or other disposition of New Ferguson Shares or New Ferguson ADRs in an amount equal to the difference between their adjusted tax basis in the shares or ADRs and the US dollar value of the amount realised. Any gain will be a long-term gain if the US Holder has held the Old Ferguson Shares or Old Ferguson ADRs and the New Ferguson Shares and New Ferguson ADRs for a combined period longer than one year. Any loss will be a long-term loss if the US Holder has held the Old Ferguson Shares or Old Ferguson ADRs and the New Ferguson Shares and New Ferguson ADRs for a combined period longer than one year. Deductions for capital losses are subject to limitations. Any gain or loss generally will be treated as arising from US sources. US Holders should consult their tax advisers regarding any special rules relating to "extraordinary dividends" that may be potentially applicable to them if they have received a dividend from New Ferguson or Old Ferguson in an amount greater than 10% of that US holder's tax basis in his or her New Ferguson Shares or New Ferguson ADRs.

A US Holder that receives a currency other than US dollars in exchange for his or her shares will realise an amount equal to the US dollar value of the currency received at the spot rate on the date of disposition (or, if the shares are traded on an established securities market and a US Holder is a cash-basis or electing accrual-basis taxpayer, at the spot rate on the settlement date). A US Holder will have a tax basis in the currency received equal to the US dollar value of the currency on the settlement date. Any currency gain or loss realised on the settlement date or on a subsequent conversion or other disposition of the currency for a different US dollar amount generally will be US source ordinary income or loss.

12.11 ***Medicare Tax on Net Investment Income***

Certain non-corporate US Holders whose income exceeds certain thresholds will generally be subject to a 3.8% surtax on their "net investment income" (which generally includes, among other things, dividends on, and capital and foreign currency gain from the sale or other disposition of New Ferguson Shares or New Ferguson ADRs). Non-corporate US Holders should consult their own tax advisers regarding the possible effect of such tax on their ownership and disposition of New Ferguson Shares or New Ferguson ADRs.

12.12 ***Information Reporting and Backup Withholding***

Dividends on the New Ferguson Shares or New Ferguson ADRs and proceeds from the disposition of those shares may be reported to the IRS unless the US Holder is a corporation or otherwise establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting if the US Holder fails to provide an accurate taxpayer identification number or to meet other conditions. The amount of any backup withholding tax may be credited against or refunded to the extent it exceeds the US Holder's US federal income tax liability.

A US Holder may be required specifically to report the receipt of New Ferguson Shares or New Ferguson ADRs in the Scheme. A US Holder may also be required specifically to report a sale or other taxable disposition of the Old Ferguson Shares, New Ferguson Shares, Old Ferguson ADRs or New Ferguson ADRs to the IRS if he or she recognises a foreign currency or other loss from a single transaction that exceeds, in the case of an individual or trust, $50,000 in a single taxable year or, in other cases, various higher thresholds. US Holders should consult their tax advisers about these possible reporting requirements.

Certain US Holders are required to report information to the IRS with respect to an account with a non-US financial institution through which such US Holders' shares or ADRs are held. Investors who fail to report required information could become subject to substantial penalties. US Holders are encouraged to consult with their own tax advisers about these and any other reporting obligations arising from their investment in shares or ADRs.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR HOLDER. EACH HOLDER SHOULD CONSULT HIS OR HER OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES OF PARTICIPATING IN THE SCHEME AND HOLDING NEW FERGUSON SHARES OR NEW FERGUSON ADRS UNDER THE HOLDER'S OWN CIRCUMSTANCES.

13. The Ferguson Group Employee Share Schemes

13.1 ***Old Ferguson Employee Share Schemes***

The following sets out a summary of the Board's intention with respect to the Old Ferguson Employee Share Schemes. Details of the impact of the Scheme on participants in the Old Ferguson Employee Share Schemes will be sent separately to the participants. Details of the options and awards granted to the Executive Directors under each of the Old Ferguson Employee Share Schemes are set out in paragraph 5.1 of Part III of this document.

In respect of vested options under the Old Ferguson Employee Share Schemes, for practical reasons there may be a delay in the processing of option exercises during the period of approximately one week preceding the publication of the Prospectus. Participants in the Old Ferguson Employee Share Schemes wishing to exercise unexercised vested options prior to such period should therefore take any necessary action to exercise their options before 19 April 2019. Participants are advised to seek their own independent advice regarding the financial or tax consequences of exercising options at that time.

(a) *Old Ferguson Employee Share Schemes excluding the Old Ferguson UK Sharesave*

Where necessary, the Board (or a duly authorised committee) has exercised its discretion so that unvested options and awards under these plans will not vest or become exercisable by virtue of the Scheme and instead will be automatically rolled over into equivalent options and awards relating to New Ferguson Shares.

The replacement options and awards will be treated as having been granted at the same time as the old rights which they replace and exercisable on similar terms subject to the rules of the relevant Old Ferguson Employee Share Scheme. They will be subject to the same performance criteria as the old rights but based on the performance of New Ferguson.

(b) *Old Ferguson UK Sharesave*

Under the rules of the plan, participants may elect not to roll over their unvested options into equivalent rights relating to New Ferguson Shares. These options will not lapse if a participant elects not to roll over these options, but rather they will continue on their existing terms over Old Ferguson Shares.

It is intended that no further rights will be granted under any of the Old Ferguson Employee Share Schemes after the Scheme Effective Date.

(c) *Amendment to Old Ferguson's Articles of Association*

If Old Ferguson UK Sharesave participants exercise their existing options over Old Ferguson Shares after the Scheme Record Time, any Old Ferguson Shares acquired by participants will be automatically acquired by New Ferguson (or such other Group company as New Ferguson may nominate) for an equal number of New Ferguson Shares pursuant to a proposed amendment to the Old Ferguson Articles or the Old Ferguson Amended Articles (as in force at the relevant time).

13.2 ***New Ferguson Employee Share Schemes***

The following is a summary of the main provisions of the New Ferguson Employee Share Schemes which have been adopted by New Ferguson, conditional upon the Old Ferguson Shareholders approving their adoption by New Ferguson at the Scheme General Meeting to be held on 29 April 2019 and subject to the Scheme becoming effective (except that adoption of the DBP, OSP and POSP will not be subject to, or conditional upon, Old Ferguson Shareholder approval). The New Ferguson Employee Share Schemes replicate the terms of the existing Old Ferguson Employee Share Schemes which they replace. Participation in the schemes by the Executive Directors of New Ferguson will be on terms that are consistent with New Ferguson's remuneration policy from time to time.

New Ferguson will operate the following share schemes for employees (subject to the Scheme becoming effective):

- The Ferguson Group Deferred Bonus Plan 2019 ("DBP");
- The Ferguson Group Employee Share Purchase Plan 2019 ("ESPP");
- The Ferguson Group International Sharesave Plan 2019 ("ISP");
- The Ferguson Group Long Term Incentive Plan 2019 ("LTIP");
- The Ferguson Group Ordinary Share Plan 2019 ("OSP");
- The Ferguson Group Performance Ordinary Share Plan 2019 ("POSP");

(together, the "New Ferguson Employee Share Schemes").

The following terms are common to each of the New Ferguson Employee Share Schemes:

Dilution Limits

New Ferguson Shares may be issued to satisfy options and awards granted under any of the New Ferguson Employee Share Schemes, save for the DBP, OSP and POSP.

No option or award may be granted under the New Ferguson Employee Share Schemes, excluding the DBP, OSP and POSP, if it would cause the number of New Ferguson Shares and Old Ferguson Shares that have been issued pursuant to awards or options granted in the preceding 10 years under the New Ferguson Employee Share Schemes and the Old Ferguson Employee Share Schemes to exceed 10% of New Ferguson's issued ordinary share capital at the proposed date of grant. In addition, no option or award may be granted under the discretionary share plans operated by New Ferguson if it would cause the number of New Ferguson Shares and Old Ferguson Shares that have been issued or may be issued pursuant to awards and options granted in the preceding 10 years under such plans and any discretionary Old Ferguson Employee Share Scheme to exceed 5% of New Ferguson's issued ordinary share capital at the proposed date of grant.

These limits do not include options or awards which have lapsed. The limits do not relate to New Ferguson Shares purchased in the market unless they are held in treasury.

Timing of Grants

Awards and options under the New Ferguson Employee Share Schemes may normally only be granted within 42 days after the announcement of New Ferguson's results for any period, although, they may be granted at other times if the Remuneration Committee of New Ferguson considers that there are exceptional circumstances justifying a grant.

Variations of Share Capital

Options and awards under the New Ferguson Employee Share Schemes may be adjusted if there is a variation in New Ferguson's share capital (including a rights issue or any sub-division or

consolidation of the share capital) or in the event of a demerger, or payment of a special dividend or similar event which materially affects the market price of the New Ferguson Shares.

Amendments

The Board or, where appropriate, the Remuneration Committee of New Ferguson, may amend the New Ferguson Employee Share Schemes provided that (except in respect of the DBP, OSP or POSP) the prior approval of New Ferguson Shareholders in a general meeting is obtained to any amendments which advantage participants and which relate to eligibility, the number of New Ferguson Shares that may be issued under the relevant scheme, the individual limit on participation, the terms on the vesting of options or awards, the rights attaching to the New Ferguson Shares or the adjustment of options or awards. New Ferguson Shareholders' approval is not required for minor amendments to benefit the administration of a scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or New Ferguson.

Other Provisions

Options and awards granted under the New Ferguson Employee Share Schemes are personal to the participant and may not be transferred except on death. They are not pensionable.

The New Ferguson Shares allotted or transferred on vesting of an option or award will rank equally with other New Ferguson Shares then in issue.

The New Ferguson Employee Share Schemes may be terminated or suspended at any time but any termination will not affect participants' subsisting rights.

(a) *The Ferguson Group Deferred Bonus Plan 2019 ("DBP")*

The Remuneration Committee may grant an award under the DBP to any employee (including an Executive Director) who was a participant in any annual bonus plan operated by the Group during the financial year immediately preceding the proposed date of grant as a means of deferring part of that employee's annual bonus into New Ferguson Shares.

The Remuneration Committee shall decide whether the award shall be granted in the form of an option, a conditional award or a phantom award, or any combination of these awards. No consideration shall be payable for the grant of such awards. An award shall be over such number of New Ferguson shares as have a value equal to the amount of a participant's annual bonus which they are required to defer.

The vesting date of an award shall be the third anniversary of the last day of the financial year immediately preceding the proposed date of grant, or such other date as the Remuneration Committee considers appropriate.

If, before an award has vested, a participant ceases to be an employee of the Group then the award shall continue on its original vesting timetable, save that (i) awards will lapse on the date of cessation if a participant ceases to be an employee of the Group by reason of misconduct and (ii) subject to the Remuneration Committee's discretion, awards may vest on the date of death of an employee or on cessation of employment in other exceptional circumstances.

In the event of a takeover or scheme of arrangement of New Ferguson, awards will vest automatically, subject to the Remuneration Committee's discretion to determine that they will be rolled-over into awards over shares in the acquiring company.

Copies of the rules of the New Ferguson Employee Share Schemes will be available for inspection as described in paragraph 15 of Part II of this document.

(b) *The Ferguson Group Employee Share Purchase Plan 2019 ("ESPP")*

The ESPP is designed to qualify as a share purchase plan for the purposes of the US Internal Revenue Code. Under the ESPP, eligible employees of participating companies in the Group

may be invited to apply for options to acquire New Ferguson Shares or ADRs at an exercise price fixed at the date of grant. An employee (including an Executive Director) of a participating company in the Group will be eligible to participate in the ESPP if they have been continuously employed for at least one year prior to the date of grant and customarily work more than twenty hours per week and more than five months in a calendar year.

A participant is required to make savings from pay in USD with a minimum contribution of $25 (or, in Canada, the Canadian Dollar equivalent) and a maximum contribution that reflects the maximum sterling amount permitted under the ISP. The savings may be used to exercise the related option at the end of the relevant option period. The exercise price per New Ferguson Share payable on exercise of an option may not be less than 85% of the market value of a New Ferguson Share on the date of grant. The number of New Ferguson Shares or ADRs over which an option is granted will be such that the total exercise price payable will correspond to the total savings payable from the savings arrangement at the end of the one year savings period.

An option will be exercised automatically on the exercise date specified by the Board of New Ferguson at the time of grant, which may be no later than 60 days following the first anniversary of the date of grant unless the participant has left employment or withdrawn from the ESPP before that date.

Options normally lapse if a participant leaves employment. However, if the employment ends no more than three months prior to the normal exercise date by reason of redundancy, injury or disability, retirement, death, the sale of the company or business in which they work or any other reason at the Board's discretion, the participant (or executor or heir) may retain the option until the earlier of the normal exercise date and three months from the date of termination (although they may not make any further savings contributions) and their option may be exercised over such number of New Ferguson Shares (or ADRs as may be acquired) at the exercise price using the savings made up to the date of death or cessation of employment.

Options will, subject to the discretion of the Remuneration Committee to require roll-over, be automatically exercised following a takeover, scheme of arrangement or winding-up of New Ferguson over the lower of (i) such number of New Ferguson Shares or ADRs as may be acquired at the exercise price with the savings made up to the date of the relevant event and (ii) the number of New Ferguson Shares over which the option was granted.

(c) *The Ferguson Group International Sharesave Plan 2019 ("ISP")*

Under the ISP, eligible employees may be invited to apply for options to acquire New Ferguson Shares at the end of a fixed option period which will not normally be fewer than three years from the date of grant of an option at an exercise price fixed at the date of grant. The ISP includes a UK Sharesave Plan under which eligible employees in the UK shall benefit from favourable tax treatment in respect of options granted to them (a "*UK Sharesave*"). An employee of a participating subsidiary in the Group will be eligible to participate in the ISP if, at the date of invitation, they have been employed for such continuous period as the Board of New Ferguson may determine (not exceeding one year, or five years in the case of the UK Sharesave).

A participant is required to enter into a savings contract with a nominated bank or savings carrier under which he or she may choose to make monthly savings from pay of between £10 and such amount as may be determined by the Board but not exceeding £500 (or such greater amount as is permitted under the UK Sharesave in accordance with applicable tax legislation) over the relevant savings period. The minimum and maximum savings amounts for participants outside the UK are the local currency equivalent of the Sterling amounts set out above. The savings may be used to exercise the related option at the end of the relevant option period. The exercise price per New Ferguson Share payable on exercise of an option may not be less than 80% of the market value of a New Ferguson Share on the date of grant. The number of New Ferguson Shares over which an option is granted will be such that the total exercise price

payable will correspond to the total savings payable from the savings arrangement at the end of the savings period.

Options will be exercisable for a period of six months after the end of the option period. Options normally lapse if a participant leaves employment. However, if the employment ends by reason of retirement, disability, injury, redundancy, the sale of the company or business in which they work or any other reason at the Board's discretion, options may be exercised for up to six months after leaving over such number of New Ferguson Shares as may be acquired at the exercise price together with the savings that have accrued up to the date of exercise, after which they will lapse. If the employment ends by reason of death, such options may be exercised for up to 12 months after the date of death.

Subject to the discretion of the Remuneration Committee to require (or, in the case of the UK Sharesave, permit) rollover, options will be exercisable for a period of six months following a takeover, scheme of arrangement or winding-up of New Ferguson over the lower of (i) such number of New Ferguson Shares as may be acquired at the exercise price with the savings made up to the date of the relevant event, and (ii) the number of New Ferguson Shares over which the option was granted.

(d) *The Ferguson Group Long Term Incentive Plan 2019 ("LTIP")*

All employees of the Group, including Executive Directors, will be eligible to participate in the LTIP at the discretion of the Remuneration Committee. The Remuneration Committee shall decide whether an award under the LTIP will take the form of an option, a restricted share award, a conditional award or a phantom award, or any combination of these awards. Awards under the LTIP will entitle participants to acquire New Ferguson Shares or ADRs for no consideration to the extent that specified performance targets have been satisfied over a three year performance period. In respect of any financial year, an employee may not be granted an award over New Ferguson Shares with a market value in excess of three and a half times the employee's salary.

An award will vest on the third anniversary of the date of grant, to the extent that the performance condition has been satisfied, conditional on the participant remaining in employment (except in certain specified circumstances). Where it is impractical for legal or regulatory reasons to deliver New Ferguson Shares following the vesting of an award, New Ferguson may pay, or procure the payment of, an equivalent cash amount, subject to all necessary deductions.

New Ferguson's shareholding guidelines require Executive Directors to retain vested shares (after taking into account any shares sold to pay tax, social security or similar liabilities) received from awards made under the LTIP for two years from the vesting date (except in exceptional circumstances and with the approval of the Remuneration Committee). For awards granted as options, it will be sufficient to hold the vested but unexercised nil cost options for this period.

Awards will normally be forfeited if a participant leaves employment. However, if the employment ends by reason of injury, ill health, disability, redundancy, the sale of a participant's employing company or the business in which he or she works or any other reason at the discretion of the Remuneration Committee, awards will vest on the original vesting date to the extent the performance condition has been met at such date, unless the Remuneration Committee determines that it should vest on the date of cessation to the extent that the performance condition has been met at such date. In the case of death, an award will vest immediately to the extent the performance condition has been met at such date. Vested awards will be subject to time pro-rating, unless the Remuneration Committee determines otherwise.

Awards may also vest early in the event of a takeover, scheme of arrangement or winding-up of New Ferguson to the extent that the performance condition has been satisfied up to the date of the relevant event.

(e) *The Ferguson Group Ordinary Share Plan 2019 ("OSP")*

Any employees of the Group excluding Executive Directors of New Ferguson will be eligible to participate in the OSP at the discretion of the Remuneration Committee. The Remuneration Committee shall decide whether an award under the OSP will take the form of an option, a restricted share award, a conditional award or a phantom award, or any combination of these awards. Options and awards may be over New Ferguson Shares or ADRs. No consideration is payable for the grant of such awards.

In respect of any financial year, the maximum total market value of New Ferguson Shares over which an award is granted to a participant may not exceed 100% of the participant's salary (subject to the discretion of the Remuneration Committee to determine otherwise). The Remuneration Committee shall determine the vesting date, which shall not (unless it determines otherwise) be earlier than the third anniversary of the date of grant. Where it is impractical for legal or regulatory reasons to deliver New Ferguson Shares following the vesting of an award, New Ferguson may pay, or procure the payment of, an equivalent cash amount, subject to all necessary deductions.

Awards will normally be forfeited if a participant leaves employment. However, if the employment ends by reason of redundancy, death, injury or disability, retirement, the sale of a participant's employing company or the business in which he or she works or any other reason at the discretion of the Remuneration Committee, awards will vest on the date of cessation.

In the event of a takeover, scheme of arrangement or winding up of New Ferguson, subject to the discretion of the Remuneration Committee to require roll-over, all outstanding awards will automatically vest and awards granted in the form of an option shall be automatically exercised provided that any exercise price payable by the participant on exercise is no more than the offer price or consideration.

On the vesting of an award which takes the form of an option, the participant may exercise the option during the period of 90 days following the vesting date, save that if the award has vested due to a participant's death or if the participant dies during the 90 day period, the award may be exercised during the period of 12 months following the date of death.

(f) *The Ferguson Group Performance Ordinary Share Plan 2019 ("POSP")*

Any employees of the Group excluding Executive Directors of New Ferguson will be eligible to participate in the POSP at the discretion of the Remuneration Committee. The Remuneration Committee shall decide whether an award under the POSP will take the form of an option, a restricted share award, a conditional award or a phantom award, or any combination of these awards. Options and awards may be over New Ferguson Shares or ADRs. No consideration is payable for the grant of such awards.

The Remuneration Committee shall determine the vesting date which shall not (unless the Remuneration Committee determines otherwise) be earlier than the third anniversary of the date of grant. Vesting is subject to the satisfaction of performance conditions set by the Remuneration Committee. Where it is impractical for legal or regulatory reasons to deliver New Ferguson Shares following the vesting of an award, New Ferguson may pay, or procure the payment of, an equivalent cash amount, subject to all necessary deductions.

Awards will normally be forfeited if a participant leaves employment. However, if the employment ends by reason of injury, ill health, disability, redundancy, retirement, the sale of a participant's employing company or the business in which he or she works or any other reason at the discretion of the Remuneration Committee, awards will vest on the original

vesting date to the extent the performance condition has been met at such date, unless the Remuneration Committee determines that it should vest on the date of cessation to the extent that the performance condition has been met at such date. In the case of death, an award will vest immediately to the extent the performance condition has been met at such date.

In the event of a takeover, scheme of arrangement or winding up of New Ferguson, subject to the discretion of the Remuneration Committee to require roll-over, all outstanding awards will automatically vest and awards granted in the form of an option shall be automatically exercised provided that any exercise price payable by the participant on exercise is no more than the offer price or consideration.

On the vesting of an award which takes the form of an option, the participant may exercise the option during the period of 90 days following the vesting date, save that if the award has vested due to a participant's death or if the participant dies during the 90 day period, the award may be exercised during the period of 12 months following the date of death.

13.3 ***Employee Benefit Trusts***

Old Ferguson has two employee benefit trusts which are resident and administered in Jersey and the US, respectively. Any Old Ferguson Shares held by such trusts at the Scheme Record Time on behalf of some or all of the employees of the Group will be replaced with New Ferguson Shares upon the Scheme becoming effective and will continue to be held in the relevant trust subject to the same terms and conditions as the Old Ferguson Shares that they replace and will be used to satisfy options and awards which have been exchanged for options and awards which relate to New Ferguson Shares.

It is expected that New Ferguson will establish a new employee benefit trust following the Scheme Effective Date which will be resident and administered in Jersey, and will assume the US resident employee benefit trust currently operated by Old Ferguson.

14. Consent

Barclays has given and not withdrawn its written consent to the inclusion of references to its name in this document in the form and context in which they appear. Barclays has not provided legal or taxation advice in relation to the Scheme.

15. Costs and expenses regarding issue of documentation

All costs and expenses relating to the issue of this document and the Prospectus and in relation to the preparation and implementation of the Scheme will be borne by the Group.

PART IV SCHEME OF ARRANGEMENT

File No. 2019/089

IN THE ROYAL COURT OF JERSEY

IN THE MATTER OF FERGUSON PLC

–and–

IN THE MATTER OF THE COMPANIES (JERSEY) LAW 1991, AS AMENDED

SCHEME OF ARRANGEMENT

(under Article 125 of the Companies (Jersey) Law 1991, as amended)

BETWEEN

FERGUSON PLC

AND

THE HOLDERS OF SCHEME SHARES

(as hereinafter defined)

Preliminary

(A) In this scheme of arrangement, references to Clauses are references to clauses of this scheme of arrangement and the following expressions shall, unless inconsistent with the subject or context, bear the following meanings:

£, pence or sterling	the lawful currency of the United Kingdom;
ADR	an American depositary receipt;
ADS	an American depositary share;
Business Day	any day other than a Saturday or Sunday on which banks in London and Jersey are open for normal business;
Certificated or in Certificated form	in relation to a share, ADR or other security, a share or other security which is not in uncertificated form;
Court Hearing	the hearing by the Royal Court of Old Ferguson's representation to sanction the Scheme under Article 125 of Jersey Companies Law;
Court Meeting	the meeting of Old Ferguson Shareholders convened pursuant to an order of the Royal Court pursuant to Article 125 of Jersey Companies Law, to be held at IBZ Schulen AG, Landis + Gyr-Strasse 1, CH-6300 Zug, Switzerland at 11.00 a.m. Swiss time on 29 April 2019 to consider and, if thought fit, approve the Scheme, including any adjournment thereof;
Court Order	the Act of Court sanctioning the Scheme under Article 125 of Jersey Companies Law;

CREST	the relevant system (as defined in the CREST Regulations) for the paperless settlement of trades in listed securities in the United Kingdom, of which Euroclear is the operator (as defined in the CREST Regulations);
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
Depositary	Deutsche Bank Trust Company Americas, as depositary for the Old Ferguson ADRs and the New Ferguson ADRs;
Effective	the Scheme having become effective in accordance with its terms, expected to occur on 10 May 2019;
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST;
holder	a registered holder, including any person entitled by transmission;
Jersey Companies Law	the Companies (Jersey) Law 1991, as amended;
Jersey Registrar of Companies	the Registrar of Companies in Jersey;
members	members of Old Ferguson on the register of members at any relevant date;
New Ferguson	Ferguson NewCo plc, a company incorporated in Jersey on 8 March 2019 under the name "Alpha JCo Limited", with registered number 128484, which is expected to be renamed "Ferguson plc" on the Scheme Effective Date, subject to and conditional on the Scheme becoming effective;
New Ferguson ADR	an ADR, issued by the Depositary, representing an interest in New Ferguson ADSs;
New Ferguson ADS	an ADS representing one-tenth of a New Ferguson Share;
New Ferguson Shareholder	a holder of New Ferguson Shares from time to time;
New Ferguson Shares	ordinary shares of 10 pence each in the share capital of New Ferguson;
New Ferguson Subscriber Shares	the two subscriber ordinary shares with a nominal value of 10 pence each in the capital of New Ferguson;
Old Ferguson	Ferguson plc, a company incorporated in Jersey with registered number 106605, whose registered office is at 26 New Street, St. Helier, Jersey JE2 3RA (to be renamed "Ferguson Holdings Limited" on the Scheme Effective Date subject to and conditional on the Scheme becoming effective);
Old Ferguson ADR	an ADR, issued by the Depositary, representing an interest in Old Ferguson ADSs;
Old Ferguson ADS	an ADS representing one-tenth of an Old Ferguson Share;
Old Ferguson Shareholder	a holder of Old Ferguson Shares from time to time (other than New Ferguson);

Old Ferguson Shares	ordinary shares of $11\frac{227}{563}$ pence each in the capital of Old Ferguson in issue prior to the Scheme Effective Date;
Overseas Shareholder	Scheme Shareholders who are resident in, ordinarily resident in, or citizens or nationals of, jurisdictions outside the United Kingdom or Jersey;
Royal Court	the Royal Court of Jersey;
Scheme	this scheme of arrangement in its present form or with any modification thereof or addition thereto or condition approved or imposed by the Royal Court and agreed to by Old Ferguson and New Ferguson;
Scheme Document	the circular dated 4 April 2019 sent by Old Ferguson to the Old Ferguson Shareholders, of which this Scheme forms a part;
Scheme Effective Date	the date on which the Scheme becomes Effective in accordance with its terms;
Scheme Effective Time	the time at which the Scheme becomes Effective on the Scheme Effective Date;
Scheme General Meeting	the general meeting of Old Ferguson to be held at IBZ Schulen AG, Landis + Gyr-Strasse 1, CH-6300 Zug, Switzerland at 11.15 a.m. Swiss time on 29 April 2019 (or as soon as possible after the conclusion or adjournment of the Court Meeting) and any adjournment thereof;
Scheme Record Time	6.00 p.m. on the Business Day immediately prior to the Scheme Effective Date;
Scheme Shareholder	a holder of Scheme Shares;
Scheme Shares	(i) all Old Ferguson Shares in issue at the date of the Scheme and remaining in issue at the Scheme Record Time; (ii) all additional (if any) Old Ferguson Shares in issue at the Scheme Voting Record Time and remaining in issue at the Scheme Record Time; and (iii) all further (if any) Old Ferguson Shares which may be in issue at or after the Scheme Voting Record Time in respect of which the original or any subsequent holders shall be bound by the Scheme or in respect of which the original or any subsequent holders shall have agreed in writing to be so bound, and remaining in issue at the Scheme Record Time, excluding in each case Old Ferguson Shares held by New Ferguson;
Scheme Voting Record Time	7.30 p.m. Swiss time on Thursday 25 April 2019 or, if either the Court Meeting or Scheme General Meeting is adjourned, the time that is 48 hours (excluding non-working days) before the time and date set for the adjourned meeting. If both the Court Meeting and the Scheme General Meeting are adjourned to the same date, the voting record time for both

	meetings will be the time that is 48 hours (excluding non-working days) before the time and date set for the later to occur of the adjourned Court Meeting and the adjourned Scheme General Meeting;
Uncertificated or in Uncertificated form	in relation to a share or other security, a share or other security, title to which is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST; and
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland.

(B) The authorised share capital of Old Ferguson as at the date of this Scheme is £50,000,000.32 divided into 438,473,523 Old Ferguson Shares of $11\frac{227}{563}$ pence each, of which 231,969,985 are in issue and fully paid up (excluding treasury shares).

(C) New Ferguson was incorporated and registered in Jersey on 8 March 2019 under Jersey Companies Law as a private company limited by shares under the name "Alpha JCo Limited" with registered number 128484. It was re-registered as a public company and its name changed to Ferguson NewCo plc pursuant to a special resolution passed on 26 March 2019. The authorised share capital of New Ferguson at the date of this Scheme is £50,000,000 divided into 500,000,000 New Ferguson Shares of 10 pence each. On 8 March 2019, 2 ordinary shares of 10 pence each in New Ferguson were issued (fully paid up) to the subscriber to the memorandum of New Ferguson.

(D) New Ferguson has agreed to appear by an Advocate at the Court Hearing to sanction this Scheme and to undertake to the Royal Court to be bound by this Scheme and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

The Scheme

1. ***Transfer of the Scheme Shares***

(a) Upon and with effect from the Scheme Effective Time, the Scheme Shares shall be transferred to New Ferguson and/or its nominee(s) credited as fully paid-up, free from all liens, equities, charges, encumbrances and other interests, and together with all rights at the Scheme Effective Time or thereafter attached thereto, including the right to receive and retain all dividends and other distributions (if any).

(b) For such purposes and to give effect to such transfer, any person may be appointed by New Ferguson and/or its nominee(s) to execute any form or forms of transfer of any Scheme Shares and every instrument or instruction of transfer so executed or instruction given shall be effective as if it had been executed or given by the holder or holders if the Scheme Shares thereby transferred.

(c) Pending the transfer of the Scheme Shares pursuant to Clauses 1(a) and 1(b) above, each Scheme Shareholder irrevocably appoints New Ferguson (or its nominee(s)) as his or her attorney and agent to exercise any voting rights attached to the Scheme Shares and any or all rights and privileges attaching to the Scheme Shares.

2. ***New Ferguson Shares***

(a) In consideration of the transfer of the Scheme Shares to New Ferguson and/or its nominee(s) pursuant to Clause 1, New Ferguson shall (subject to, and in accordance with, the remaining provisions in this Scheme) allot and issue (credited as fully paid) New Ferguson Shares to the Scheme Shareholders on the following basis:

one New Ferguson Share for each Scheme Share held at the Scheme Record Time.

(b) The provisions of Clause 2(a) shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if, in respect of any Overseas Shareholder, New Ferguson is advised that the allotment and issue of New Ferguson Shares pursuant to this Clause would or might infringe the laws of any jurisdiction outside Jersey or the United Kingdom or would or might require New Ferguson to obtain any governmental or other consent or effect any registration, filing or other formality, then New Ferguson may in its sole discretion determine that:

(i) New Ferguson Shares shall not be allotted and issued to such Overseas Shareholder under this Clause, but shall instead be allotted to a nominee appointed by New Ferguson, as trustee for such Overseas Shareholder, on terms that they shall, as soon as reasonably practicable following the Scheme Effective Date, be sold on behalf of such Overseas Shareholder at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale shall (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) be paid to such Overseas Shareholder by sending a cheque or warrant to such Overseas Shareholder in accordance with the provisions of Clause 3(c). None of Old Ferguson, New Ferguson, any nominee referred to in this Clause 2(b)(i) or any broker or agent of any of them shall have any liability (save in the case of fraud) for any loss arising as a result of the timing or terms of any such sale; or

(ii) such New Ferguson Shares shall be sold, in which event the New Ferguson Shares shall be issued to such Overseas Shareholder and New Ferguson shall appoint a person to act pursuant to this Clause 2(b)(ii) and such person shall be authorised on behalf of such Overseas Shareholder to procure that any shares in respect of which New Ferguson has made such a determination shall, as soon as practicable following the Scheme Effective Date, be sold at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale shall (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) be paid to such Overseas Shareholder by sending a cheque or warrant to such Overseas Shareholder in accordance with the provisions of Clause 3 (c). To give effect to any such sale, the person so appointed shall be authorised on behalf of such holder to execute and deliver a form of transfer and to give instructions and do all such things which he or she may consider necessary or expedient in connection with such sale. None of Old Ferguson, New Ferguson, any appointee referred to in this Clause 2(b)(ii) or any broker or agent of any of them shall have any liability (save in the case of fraud) for any loss arising as a result of the timing or terms of any such sale.

3. ***Certificates and payment***

(a) On the Scheme Effective Date, New Ferguson shall allot and issue all the New Ferguson Shares which it is required to allot and issue to give effect to this Scheme pursuant to Clause 2(a) and not later than ten (10) Business Days after the Scheme Effective Date, New Ferguson shall send by post to the allottees of the allotted and issued New Ferguson Shares certificates in respect of such shares, save that where Scheme Shares are held in Uncertificated form, New Ferguson shall procure that Euroclear is instructed to cancel the entitlement to Scheme Shares of each of the Scheme Shareholders concerned and to credit to the appropriate stock accounts in CREST of the Scheme Shareholder concerned such shareholder's entitlement to New Ferguson Shares.

(b) Not later than ten (10) Business Days after the Scheme Effective Date, Old Ferguson shall arrange for the delivery to New Ferguson of certificates in respect of its holding of Old Ferguson Shares.

(c) Not later than five (5) Business Days following the sale of any relevant New Ferguson Shares pursuant to Clause 2(b)(ii), New Ferguson shall procure that the nominee or appointee, as the case may be, shall account for the cash payable by dispatching to the persons respectively entitled thereto, cheques or warrants by post or by any direct, bank or other funds transfer or, in the case of an Uncertificated share, by the relevant system. None of Old Ferguson, New Ferguson, any nominee referred to in this Scheme or any broker or agent of any of them shall have any liability (save in the case of fraud) for any loss arising as a result of the timing or terms of any sale of New Ferguson Shares.

(d) All certificates required to be sent by New Ferguson pursuant to Clause 3(a) and all cheques or warrants required to be sent pursuant to Clause 3(c) shall be sent by post in pre-paid envelopes addressed to the persons respectively entitled thereto at their respective addresses appearing in the register of members of Old Ferguson at the Scheme Record Time (or, in the case of joint holders, to the address of that one of the joint holders whose name stands first in the register in respect of the joint holding) or in accordance with any special instructions regarding communications received at the registered office of Old Ferguson prior to the Scheme Record Time.

(e) None of Old Ferguson, New Ferguson or such person appointed to act under Clause 2(b)(ii) or any nominee referred to in Clause 2(b)(i) or any agent of any of them shall be responsible for any loss or delay in transmission of certificates or cheques sent in accordance with this Clause.

(f) Clauses 3(a) to 3(e) shall take effect subject to any prohibition or condition imposed by law.

(g) All cheques shall be made payable to the Scheme Shareholder or, in the case of joint holders, to all such holders of the Scheme Shares concerned in sterling drawn on a UK clearing bank and the encashment of any such cheque shall be a complete discharge of New Ferguson for the moneys represented thereby. The transfer of funds by the bank instructed to make such transfer or through the relevant system shall be a complete discharge of New Ferguson for the moneys represented thereby.

4. ***Certificates representing Scheme Shares***

(a) With effect from and including the Scheme Effective Date, all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein and every holder of Scheme Shares shall destroy such certificates upon receipt of new certificates for New Ferguson Shares.

(b) With effect from and including the Scheme Effective Date, Euroclear shall be instructed to cancel or transfer the entitlements to Scheme Shares of holders of Scheme Shares in Uncertificated form. As regards Certificated Scheme Shares, appropriate entries will be made in Old Ferguson's register of members with effect from the Scheme Effective Date to reflect the transfer of the Scheme Shares.

5. ***Mandates***

Each mandate in force and duly notified to Old Ferguson at the Scheme Record Time relating to the payment of dividends on Scheme Shares and each instruction then in force as to notices and other communications from Old Ferguson shall, unless and until varied or revoked, be deemed, from and including the Scheme Effective Date, to be a valid and effective mandate or instruction to New Ferguson in relation to the corresponding New Ferguson Shares to be allotted and issued pursuant to this Scheme.

6. ***Scheme Effective Date***

(a) The Scheme shall become Effective as soon as the Court Order shall have been duly delivered to the Jersey Registrar of Companies for registration.

(b) Unless the Scheme shall have become Effective on or before midnight on 31 May 2019 or such later date, if any, as Old Ferguson and New Ferguson may agree and the Royal Court may allow, it shall lapse.

7. ***Modification***

Old Ferguson and New Ferguson may jointly consent on behalf of all persons concerned to any modification of, or addition to, the Scheme or to any condition which the Royal Court may think fit to approve or impose.

8. ***Costs***

Old Ferguson is authorised and permitted to pay all the costs and expenses relating to the negotiation, preparation and implementation of the Scheme.

9. ***ADR Facility***

(a) In connection with the transfer of the Old Ferguson Shares to New Ferguson, the ADR facility which is currently in place in the US in respect of the Old Ferguson Shares will be terminated. A new ADR facility (on substantially the same terms) will be established in respect of the New Ferguson Shares issued pursuant to the Scheme.

(b) Upon the Scheme becoming effective, the existing Old Ferguson Shares underlying each Old Ferguson ADS will be transferred to New Ferguson and the Depositary will receive one New Ferguson Share for every Old Ferguson Share it holds at the Scheme Record Time.

(c) New Ferguson shall cause New Ferguson ADSs to be issued by the Depositary in respect of the New Ferguson Shares that have been issued to the Depositary. Each New Ferguson ADS will represent one-tenth of one New Ferguson Share. Persons registered as holding Old Ferguson ADRs at 5.00 p.m. (Eastern Standard time) on the record date to be established by the Depositary will be entitled to receive New Ferguson ADRs when they have surrendered their Old Ferguson ADRs to the Depositary for cancellation in accordance with the terms of the Old Ferguson deposit agreement. Accordingly, all persons registered as holders of Old Ferguson ADRs on such record date will be requested to surrender their Old Ferguson ADRs for cancellation in order to receive delivery of New Ferguson ADRs.

(d) Holders of Old Ferguson ADSs at the record date set by the Depositary will own the same proportion of ordinary share capital of New Ferguson, in the form of New Ferguson ADSs, immediately after the Scheme Effective Date as they held in the ordinary share capital of Old Ferguson by virtue of their Old Ferguson ADSs immediately prior to the Scheme Effective Date.

(e) Old Ferguson shall cause the Depositary to send a notice to the registered holders of Old Ferguson ADRs regarding the mechanics of surrendering their Old Ferguson ADRs for cancellation against issuance of New Ferguson ADRs. Holders of Certificated Old Ferguson ADRs will need to follow the instructions set out in that notice to exchange their Old Ferguson ADRs for cancellation and to receive the New Ferguson ADRs.

(f) To the extent Old Ferguson ADSs are held through a bank, broker or other firm holding Old Ferguson ADSs in the Depositary Trust Company ("DTC"), Old Ferguson shall cause the Depositary to arrange for DTC to surrender their entire position of Old Ferguson ADSs for cancellation and the Depositary will deliver New Ferguson ADSs through the DTC settlement system, in each case with no action being required on the part of the persons holding Old Ferguson ADSs. Holders of Old Ferguson ADSs who hold such Old Ferguson ADSs via the direct registration system will automatically receive their New Ferguson ADSs through the direct registration system maintained by the Depositary.

Dated 4 April 2019

PART V DEFINITIONS AND GLOSSARY

The following definitions apply throughout this document (except in those parts of this document containing the Scheme of Arrangement, which contain separate definitions) unless the context requires otherwise:

"$" or "US$" or "US dollars" or "USD" or "cents"	the lawful currency of the United States;
"£" or "sterling" or "pounds sterling" or "GBP" or "pence"	the lawful currency of the United Kingdom;
"€" or "euro" or "Euro"	the lawful currency of the member states of the EU that adopted the euro in Stage Three of the Treaty establishing the Economic Monetary Union on 1 January 1999;
"2018 AGM"	the annual general meeting of Old Ferguson held on 29 November 2018 in Zug, Switzerland;
"Admission"	admission of the New Ferguson Shares to the premium listing segment of the Official List and to trading on the LSE's main market for listed securities;
"ADR"	an American depositary receipt;
"ADS"	an American depositary share;
"Advocate"	a person entitled to practise as an advocate before the Royal Court of Jersey pursuant to the Advocates and Solicitors (Jersey) Law of 1997, as amended, modified or re-enacted from time to time;
"Audit Committee"	the Audit Committee of Old Ferguson, or, from the Scheme Effective Date, of New Ferguson;
"Auditor"	the Group's auditor, Deloitte LLP;
"Barclays"	Barclays Bank PLC;
"Board"	(i) prior to the Scheme Effective Date, the board of Directors of Old Ferguson; and (ii) from and subsequent to the Scheme Effective Date, the board of Directors of New Ferguson, unless the context requires otherwise;
"Business Day"	any day other than a Saturday or Sunday on which banks in London and Jersey are open for normal business;
"Certificated" or "in Certificated form"	in relation to a share, ADR or other security, a share or other security which is not in Uncertificated form;
"CGT"	UK taxation of chargeable gains;
"Court Hearing"	the hearing by the Royal Court of Old Ferguson's representation to sanction the Scheme under Article 125 of Jersey Companies Law;
"Court Meeting"	the meeting of Old Ferguson Shareholders (including as instructed by, or represented by, holders of Old Ferguson ADRs) convened pursuant to an order of the Royal Court pursuant to Article 125 of Jersey Companies Law, to be held at IBZ Schulen AG, Landis + Gyr-Strasse 1, CH-6300 Zug, Switzerland at 11.00 a.m. Swiss time on 29 April 2019 to consider and, if thought fit, approve the

	Scheme, including any adjournment thereof, notice of which is set out in Part VI of this document, and any adjournment thereof;
"Court Order"	the Act of Court sanctioning the Scheme under Article 125 of Jersey Companies Law;
"CREST Manual"	the CREST manual referred to in agreements entered into by Euroclear;
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
"CREST"	the relevant system (as defined in the CREST Regulations) for the paperless settlement of trades in listed securities in the United Kingdom, of which Euroclear is the operator (as defined in the CREST Regulations);
"DBP"	The Ferguson Group Deferred Bonus Plan 2019 and the Ferguson Group Deferred Bonus Plan 2015 (as the case may be);
"Deposit Agreement"	the agreement between Deutsche Bank Trust Company Americas, as depositary, and the owners of the Old Ferguson ADRs or the New Ferguson ADRs (as the context requires), as amended from time to time;
"Depositary"	Deutsche Bank Trust Company Americas, as depositary for the sponsored Tier I ADR facility of Old Ferguson and, from the Scheme Effective Date, New Ferguson;
"Directors"	(i) prior to the Scheme Effective Date, the Directors of Old Ferguson and (ii) from the Scheme Effective Date, the Directors of New Ferguson (referred to singularly as a "Director");
"Disclosure Guidance and Transparency Rules" or "DTRs"	the Disclosure Guidance and Transparency Rules produced by the Financial Conduct Authority and forming part of the FCA Handbook;
"ESPP"	The Ferguson Group Employee Share Purchase Plan 2019 and the Ferguson Group Employee Share Purchase Plan 2011 (as the case may be);
"EU"	the European Union;
"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST;
"Executive Committee"	(i) prior to the Scheme Effective Date, the Executive Committee of Old Ferguson and (ii) from and subsequent to the Scheme Effective Date, the Executive Committee of New Ferguson, in each case which provides day-to-day direction of the Group;
"Executive Directors"	the Executive Directors as at the date of this document, or, where the context so requires, the Executive Directors from time to time;
"Explanatory Statement"	means the explanatory statement required to be furnished pursuant to Article 126 of the Companies (Jersey) Law 1991, as amended;
"FCA Handbook"	the book of rules and guidance maintained by the FCA;
"FCA"	the Financial Conduct Authority of the United Kingdom;

"Form(s) of Proxy"	the form(s) of proxy sent to Old Ferguson Shareholders for use in connection with the Court Meeting and the Scheme General Meeting, which accompany this document;
"FSMA"	the UK Financial Services and Markets Act 2000, as amended;
"Group" or "Ferguson Group"	(i) prior to the Scheme Effective Date, Old Ferguson, together with its consolidated subsidiaries from time to time; and (ii) from the Scheme Effective Date, New Ferguson, together with its consolidated subsidiaries from time to time;
"HMRC"	HM Revenue & Customs;
"holder"	a registered holder, including any person entitled by transmission;
"incorporation exchange"	a share-for-share exchange in connection with the incorporation of a new company that qualifies as tax-free for United States federal income tax purposes under section 351(a) of the United States Internal Revenue Code;
"ISA"	individual savings account;
"ISIN"	International Securities Identification Number;
"ISP"	The Ferguson Group International Sharesave Plan 2019 and the Ferguson Group International Sharesave Plan 2011 (as the case may be);
"Jersey Companies Law"	the Companies (Jersey) Law 1991, as amended;
"Jersey Registrar of Companies"	the Registrar of Companies in Jersey;
"Jersey Trust"	the 2011 Employee Benefits Trust, which was established in connection with the obligation to satisfy historical and future share awards under associate incentive plans;
"Jersey"	the Bailiwick of Jersey;
"Latest Practicable Date"	2 April 2019, being the latest practicable date prior to the publication of this document;
"Listing Rules"	the listing rules issued by the FCA pursuant to section 73A of FSMA;
"London Stock Exchange" or "LSE"	London Stock Exchange plc (or any successor body thereto);
"LTIP"	The Ferguson Group Long Term Incentive Plan 2019 and the Ferguson Group Long Term Incentive Plan 2015 (as the case may be);
"Meetings"	the Court Meeting and the Scheme General Meeting, and "Meeting" shall be construed accordingly;
"members"	members of Old Ferguson on the register of members at any relevant date and "member" shall be construed accordingly;
"New Ferguson ADR"	an ADR, issued by the Depositary, representing an interest in New Ferguson ADSs;
"New Ferguson ADS"	an ADS representing one-tenth of a New Ferguson Share;

"New Ferguson Articles"	the articles of association adopted by the holders of the New Ferguson Subscriber Shares to take effect as the articles of association of New Ferguson at the Scheme Effective Date, as amended from time to time;
"New Ferguson Director(s)"	the director(s) of New Ferguson, as set out in paragraph 3 of Part III of this document;
"New Ferguson Employee Share Schemes"	the employee share schemes operated by New Ferguson, including the LTIP, ISP, ESPP, OSP, POSP, and DBP;
"New Ferguson Shareholders"	the holders of New Ferguson Shares from time to time (and "New Ferguson Shareholder" means any one of them);
"New Ferguson Shares"	ordinary shares of 10 pence each in the share capital of New Ferguson;
"New Ferguson Subscriber Shares"	the two subscriber ordinary shares with a nominal value of 10 pence each in the capital of New Ferguson;
"New Ferguson"	Ferguson NewCo plc, a company limited by shares and incorporated in Jersey on 8 March 2019 under the name "Alpha JCo Limited", with registered number 128484, which is expected to be renamed "Ferguson plc" on the Scheme Effective Date, subject to and conditional on the Scheme becoming effective;
"Nominations Committee"	the Nominations Committee of Old Ferguson, or, from the Scheme Effective Date, of New Ferguson;
"Non Executive Directors"	the non executive Directors of Old Ferguson prior to the Scheme Effective Date or of New Ferguson from the Scheme Effective Date, as the context requires;
"Official List"	the Official List maintained by the FCA acting in its capacity as the UK Listing Authority in accordance with section 74(1) of FSMA;
"Old Ferguson ADR"	an ADR, issued by the Depositary, representing an interest in Old Ferguson ADSs;
"Old Ferguson ADS"	an ADS representing one-tenth of an Old Ferguson Share;
"Old Ferguson Amended Articles"	the articles of association of Old Ferguson to be adopted to take effect at the Scheme Effective Time, as amended from time to time;
"Old Ferguson Articles"	the existing articles of association of Old Ferguson;
"Old Ferguson Employee Share Schemes"	the share schemes operated by Old Ferguson;
"Old Ferguson Shareholders"	a holder of Old Ferguson Shares from time to time (other than New Ferguson);
"Old Ferguson Shares"	the ordinary shares of $11\frac{227}{563}$ pence each in the share capital of Old Ferguson;
"Old Ferguson's Registrars"	Equiniti (Jersey) Limited of 26 New Street, St. Helier, Jersey, JE4 8PP;
"Old Ferguson" or "the Company"	Ferguson plc, a company incorporated in Jersey with registered number 106605, whose registered office is at 26 New Street, St. Helier, Jersey JE2 3RA (to be renamed "Ferguson Holdings

	Limited" on the Scheme Effective Date) subject to and conditional on the Scheme becoming effective;
"Ordinary Resolution"	the ordinary resolution which is set out in Part VI of this document, to be proposed to be passed at the Scheme General Meeting in connection with the adoption by New Ferguson of the New Ferguson Employee Share Schemes, with the exception of the DBP, OSP and POSP, described in paragraph 13.2 of Part III of this document;
"OSP"	The Ferguson Group Ordinary Share Plan 2019 and the Ferguson Group Ordinary Share Plan 2011 (as the case may be);
"Overseas Shareholders"	Old Ferguson Shareholders who are resident in, ordinarily resident in, or citizens or nationals of, jurisdictions outside the United Kingdom or Jersey;
"POSP"	The Ferguson Group Performance Ordinary Share Plan 2019 and the Ferguson Group Performance Ordinary Share Plan 2016 (as the case may be);
"PRA"	Prudential Regulatory Authority;
"Proposals"	collectively, the Scheme, the Share Scheme Proposals and the Reduction of Capital;
"Prospectus Rules"	the rules and regulations introduced by the FCA to implement the Prospectus Directive in the UK made pursuant to section 73A of FSMA;
"Prospectus"	means the prospectus relating to New Ferguson and the New Ferguson Shares prepared in accordance with the Prospectus Rules and the Companies (General Provisions) (Jersey) Order 2002, and expected to be published on or around 26 April 2019;
"Reduction of Capital"	the reduction of capital proposed to be undertaken by New Ferguson on the Scheme Effective Date;
"relevant system"	has the meaning given to it in the Uncertificated Securities Regulation 2001;
"Remuneration Committee"	the Remuneration Committee of Old Ferguson or, from the Scheme Effective Date, of New Ferguson;
"Replacement Awards"	equivalent options or awards over New Ferguson Shares for which participants in the Old Ferguson Employee Share Schemes can exchange their outstanding options and awards under the Old Ferguson Employee Share Schemes;
"Resolutions"	the Ordinary Resolution and the Special Resolutions;
"RIS" or "Regulatory Information Service"	one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information in respect of listed companies;
"Royal Court"	the Royal Court of Jersey;
"RSBO"	the New Ferguson and Old Ferguson (as the case may be) Restricted Share Buy Out Plan;

"Scheme Effective Date"	the date on which the Scheme becomes effective in accordance with its terms;
"Scheme Effective Time"	the time at which this Scheme becomes effective on the Scheme Effective Date;
"Scheme General Meeting"	the general meeting of Old Ferguson to be held at IBZ Schulen AG, Landis + Gyr-Strasse 1, CH-6300 Zug, Switzerland at 11.15 a.m. Swiss time on 29 April 2019 (or as soon as possible after the conclusion or adjournment of the Court Meeting) and any adjournment thereof;
"Scheme Record Time"	6.00 p.m. on the Business Day immediately prior to the Scheme Effective Date;
"Scheme Shareholder"	a holder of Scheme Shares;
"Scheme Shares"	(i) all Old Ferguson Shares in issue at the date of the Scheme and remaining in issue at the Scheme Record Time; (ii) all additional (if any) Old Ferguson Shares in issue at the Scheme Voting Record Time and remaining in issue at the Scheme Record Time; and (iii) all further (if any) Old Ferguson Shares which may be in issue at or after the Scheme Voting Record Time in respect of which the original or any subsequent holders shall be bound by the Scheme or in respect of which the original or any subsequent holders shall have agreed in writing to be so bound, and remaining in issue at the Scheme Record Time, excluding in each case Old Ferguson Shares held by New Ferguson;
"Scheme Voting Record Time"	7.30 p.m. Swiss time (6.30 p.m. UK time) on Thursday 25 April 2019 or, if either the Court Meeting or Scheme General Meeting is adjourned, the time that is 48 hours (excluding non-working days) before the time and date set for the adjourned meeting. If both the Court Meeting and the Scheme General Meeting are adjourned to the same date, the voting record time for both meetings will be the time that is 48 hours (excluding non-working days) before the time and date set for the later to occur of the adjourned Court Meeting and the adjourned Scheme General Meeting;
"Scheme"	the scheme of arrangement in its present form or with any modification thereof or addition thereto or condition approved or imposed by the Royal Court and agreed to by Old Ferguson and New Ferguson;
"SDRT"	stamp duty reserve tax;
"SEC"	Securities and Exchange Commission of the US;
"Securities Act"	the United States Securities Act of 1933, as amended;
"Securities Exchange Act"	the United States Securities Exchange Act of 1934, as amended;
"SEDOL"	Stock Exchange Daily Official List;
"Share Scheme Proposals"	the adoption by New Ferguson of the New Ferguson Employee Share Schemes in accordance with the Ordinary Resolution to

	approve the New Ferguson Employee Share Schemes, with the exception of the DBP, OSP and POSP, to be proposed at the Scheme General Meeting, as set out in Part VI of this document;
"Shareholders"	holders of Old Ferguson Shares (and holders of Old Ferguson ADRs as the context requires) prior to the Scheme Effective Date and holders of New Ferguson Shares (and holders of New Ferguson ADRs as the context requires) from and subsequent to the Scheme Effective Date, as the context requires;
"Special Resolutions"	the special resolutions which are set out in Part VI of this document, to be proposed to be passed at the Scheme General Meeting in connection with, inter alia, the implementation of the Scheme, certain amendments to be made to the Old Ferguson Articles and the delisting of the Old Ferguson Shares;
"Standards"	the current edition of the Admission and Disclosure Standards produced by the London Stock Exchange;
"subsidiary" or "subsidiary undertaking"	has the meaning given in the UK Companies Act;
"TCGA 1992"	The Taxation of Chargeable Gains Act 1992;
"UK Companies Act"	the UK Companies Act 2006, as amended;
"UK Corporate Governance Code"	the UK Corporate Governance Code issued by the Financial Reporting Council, as amended from time to time;
"UK Sharesave"	the New Ferguson and Old Ferguson UK Sharesave Plan;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"Uncertificated" or "in Uncertificated form"	in relation to a share or other security, a share or other security title to which is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;
"US Exchange Act"	US Securities Exchange Act of 1934, as amended;
"US Holder"	a beneficial owner of shares or ADRs that for US federal income tax purposes is (i) an individual citizen or resident of the US, (ii) a corporation or other business entity organised in or under the laws of the US or its political subdivisions, (iii) a trust subject to the control of a US person and the primary supervision of a US court or (iv) an estate the income of which is subject to US federal income taxation regardless of its source;
"US Revenue Code"	US Internal Revenue Code of 1986, as amended;
"US Shareholders"	Old Ferguson Shareholders with registered addresses in the US, its territories and possessions;
"US" or "United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
"US-UK Treaty"	income tax treaty between United Kingdom and the United States;
"VAT"	value added tax chargeable under or pursuant to the Value Added Tax Act 1994 or the EU Directive 2006/112/EC on the common system of value added tax and any other sales, purchase or turnover

	tax of a similar notice, whether imposed in the UK or elsewhere; and
"Wolseley Limited"	Wolseley Limited, a wholly-owned subsidiary of Old Ferguson which is incorporated under the laws of England and Wales, with registered number 00029846, whose registered address is 1020 Eskdale Road, Winnersh Triangle, Wokingham RG41 5TS, United Kingdom.

PART VI NOTICES OF MEETINGS

NOTICE OF COURT MEETING

IN THE ROYAL COURT OF JERSEY **File No. 2019/089**

IN THE MATTER OF FERGUSON PLC

– and –

IN THE MATTER OF THE COMPANIES (JERSEY) LAW 1991, AS AMENDED

NOTICE IS HEREBY GIVEN that by an Order dated 3 April 2019 made in the above proceedings the Royal Court of Jersey has directed a meeting (the "Court Meeting") to be convened of the holders of the ordinary shares of $11^{227}/_{563}$ pence each (hereinafter called the "Old Ferguson Shares") in the capital of Ferguson plc (hereinafter called "Old Ferguson" or the "Company") for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the "Scheme of Arrangement") proposed to be made between Old Ferguson and the holders of Old Ferguson Shares expressed to be subject to that Scheme of Arrangement and that such meeting will be held at IBZ Schulen AG, Landis + Gyr-Strasse 1, CH-6300 Zug, Switzerland at 11.00 a.m. Swiss time on 29 April 2019 (Swiss time), at which place and time all the holders of Old Ferguson Shares are requested to attend in person or by proxy.

A copy of the Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to Article 126 of the Companies (Jersey) Law 1991, as amended, (the "Explanatory Statement") are incorporated in the document of which this notice forms part.

Scheme Shareholders (as defined in the Scheme of Arrangement) entitled to attend and vote at the Court Meeting may vote in person at the Court Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead.

A blue Form of Proxy for use at the Court Meeting is enclosed with this notice. Completion of the blue Form of Proxy will not prevent a Scheme Shareholder from attending and voting at the Court Meeting (or any adjournment thereof) in person, if he or she wishes to do so.

In the case of joint holders of a share, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

To be valid, completed Forms of Proxy and any original (certified true copies) of any power of attorney or other authorities under which Forms of Proxy are signed must be returned so as to arrive at the offices of the Registrars of the Company, Equiniti (Jersey) Limited, c/o Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, by not later than 11.00 a.m. Swiss time on 25 April 2019 or, if the meeting is adjourned, by not later than 48 hours (excluding non-working days) before the time and date set for the adjourned meeting, provided that if both the Court Meeting and the Scheme General Meeting (as defined in the Scheme of Arrangement) are adjourned to the same date, the voting record time for the Court Meeting will be the time that is 48 hours (excluding non-working days) before the time and date set for the later to occur of the adjourned Court Meeting and the adjourned Scheme General Meeting. If forms are not so lodged, they may be handed to the Registrars of the Company, Equiniti (Jersey) Limited, or the Chairman of the Court Meeting before the start of the Court Meeting. Forms of Proxy returned by fax will not be accepted. For your convenience, the form of proxy is pre-paid (no stamp required if posted within the UK) and addressed to Equiniti (Jersey) Limited. No envelope is necessary but if you wish you may use an envelope and address it to Equiniti (Jersey) Limited FREEPOST RTHJ-CLLL-KBKU, c/o Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA (no stamp required if posted within the UK).

Pursuant to Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended, to be entitled to attend and vote at the meeting (and for the purpose of the determination by Old Ferguson of the votes they may cast), Scheme Shareholders must be registered in the register of members of Old Ferguson at the Scheme Voting Record Time (as defined in the Scheme of Arrangement). Changes to entries on the register of members of Old Ferguson after the relevant deadline shall be disregarded in determining the rights of any person to attend or vote at the meeting. Changes to entries in the relevant register of members after 7.30 p.m. Swiss time on 25 April 2019 or, in the event that the Court Meeting is adjourned, less than 48 hours (excluding non-working days) before the time and date set for any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the Court Meeting, provided that if both the Court Meeting and the Scheme General Meeting are adjourned to the same date, the voting record time for the Court Meeting will be the time that is 48 hours (excluding non-working days) before the time and date set for the later to occur of the adjourned Court Meeting and the adjourned Scheme General Meeting.

Any person to whom this notice is sent who is a person nominated under Article 73 of the articles of association of the Company to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in this notice does not apply to Nominated Persons. The rights described therein can only be exercised by members of the Company.

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

By the said Order, the Royal Court of Jersey has appointed Gareth Davis or, failing him, Graham Middlemiss or, failing him, any director of the Company to act as Chairman of the Court Meeting and has directed the Chairman to report the result thereof to the Royal Court of Jersey.

The said Scheme of Arrangement will be subject to the subsequent sanction of the Royal Court of Jersey.

NOTE FOR CREST MEMBERS

Electronic proxy appointment through CREST

Scheme Shareholders who hold their shares in Old Ferguson through CREST ("CREST member") and who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Court Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual which can be viewed at www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST proxy instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Old Ferguson's Registrars, Equiniti (Jersey) Limited (ID 7RA01) by 11.00 a.m. Swiss time on 25 April 2019 (or 48 hours (excluding non-working days) preceding the date and time set for any adjourned meeting provided that if both the Court Meeting and the Scheme General Meeting (as defined in the Scheme of Arrangement) are adjourned to the same date, the voting record time for the Court Meeting will be the time that is 48 hours (excluding non-working days) before the time and date set for the later to occur of the adjourned Court Meeting and the adjourned Scheme General Meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Old Ferguson's agent is able to retrieve the message by enquiry to

CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Old Ferguson may treat as invalid a CREST proxy instruction in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended.

Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London
EC4Y 1HS
United Kingdom

English Solicitors for the Company

Carey Olsen Jersey LLP
47 Esplanade
St Helier
Jersey JE1 0BD
Channel Islands

Jersey Advocates for the Company

Dated 4 April 2019

FERGUSON PLC

(REGISTERED IN JERSEY UNDER THE COMPANIES (JERSEY) LAW 1991 WITH REGISTERED NUMBER 106605)

NOTICE OF SCHEME GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of Ferguson plc ("Old Ferguson" or the "Company") will be held at IBZ Schulen AG, Landis + Gyr-Strasse 1, CH-6300 Zug, Switzerland on 29 April 2019 at 11.15 a.m. Swiss time (or as soon thereafter as the Court Meeting (as defined in the document of which this notice forms part) convened for 11.00 a.m. Swiss time on the same day and at the same place shall have been concluded) for the purpose of considering and, if thought fit, passing the following resolutions, of which 1 to 5 will be proposed as special resolutions and of which 6 will be proposed as an ordinary resolution:

SPECIAL RESOLUTIONS

1. **THAT:**

subject to, and conditional on the passing of Resolution 2, for the purpose of giving effect to the scheme of arrangement dated 4 April 2019 between Old Ferguson and the holders of the Scheme Shares (as defined in the said scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the Chairman hereof, in its original form or subject to such modification, addition or condition agreed between Old Ferguson and Ferguson NewCo plc (registered in Jersey with registered number 128484) ("New Ferguson") and approved or imposed by the Royal Court of Jersey (the "Scheme"):

(a) the Scheme be approved and the directors of Old Ferguson be authorised to take all such actions as they may consider necessary or appropriate for carrying the Scheme into effect; and

(b) with effect from the passing of this resolution, the articles of association of the Company be hereby amended by the adoption and inclusion of the following new Article 245:

"SHARES NOT OTHERWISE SUBJECT TO THE SCHEME

"*245*

(a) In this Article only, references to the "Scheme" are references to the scheme of arrangement between the Company and its members dated 4 April 2019 under Article 125 of the Companies Law, in its original form or with or subject to any modification, addition or condition approved or imposed by the Royal Court of Jersey and (save as defined in this Article) expressions defined in the Scheme shall have the same meaning in this Article.

(b) Notwithstanding any other provisions in these Articles, if any Old Ferguson Shares are allotted and issued to any person other than New Ferguson (and/or its nominee) (a "New Member") after the time at which this Article becomes effective and before the Scheme Record Time, such Old Ferguson Shares shall be allotted and issued subject to the terms of the Scheme and shall be Scheme Ordinary Shares for the purposes thereof and the New Member, and any subsequent holder other than New Ferguson and/or its nominee or nominees, shall be bound by the terms of the Scheme.

(c) If any Old Ferguson Shares are allotted and issued to a New Member after the Scheme Record Time, they will immediately be transferred to New Ferguson (and/or any of its wholly owned subsidiaries as New Ferguson may nominate and/or any such party's nominees (a "Transferee")) in consideration of and conditional on the issue or transfer to the New Member of one New Ferguson Share for every one Old Ferguson Share so transferred. The New Ferguson Shares issued or transferred pursuant to this Article 245 to the New Member will be credited as fully paid and will rank equally in all respects with all New Ferguson Shares in issue at the time and be subject to the memorandum and articles of association of New Ferguson.

(d) The number of New Ferguson Shares to be issued or transferred to the New Member under this Article 245 may be adjusted by the directors of the Company in an appropriate manner on any reorganisation or material alteration of the share capital of either the Company or of New Ferguson or any other return of value to holders of New Ferguson Shares, provided always that any fractions of New Ferguson Shares shall be disregarded and shall be aggregated and sold for the benefit of New Ferguson.

(e) In order to give effect to any such transfer required by this Article 245, the Company may appoint any person to execute and deliver a form of transfer on behalf of the New Member in favour of the Transferee and to agree for and on behalf of the New Member to become a member of New Ferguson. Pending the registration of the Transferee as holder of any Old Ferguson Share to be transferred pursuant to this Article 245, the Transferee shall be empowered to appoint a person nominated by the directors of the Company to act as agent and/or attorney and/or irrevocable appointee on behalf of any holder of such Old Ferguson Share in accordance with such directions as the Transferee may give in relation to any dealings with or disposal of such Old Ferguson Share (or any interest therein), exercising any rights attached thereto or receiving any distribution or other benefit accruing or payable in respect thereof and any holder of such Old Ferguson Share shall exercise all rights attached thereto in accordance with the directions of the Transferee but not otherwise."

2. **THAT**, subject to and conditional upon: (i) the passing of Resolution 1 set out in this notice; (ii) the ordinary shares of 10 pence each in the capital of New Ferguson (the "New Ferguson Shares") required to be allotted and issued by New Ferguson pursuant to the Scheme having been allotted and issued and registered in the names of the persons entitled to such New Ferguson Shares in New Ferguson's register of members; and (iii) the Scheme becoming effective, New Ferguson's share premium account (including the amount arising upon the allotment and issue of the New Ferguson Shares pursuant to the Scheme) on the date on which the Scheme becomes effective be cancelled and an equivalent amount be credited to a reserve of profit to be available to New Ferguson to be:

   (a) distributed by New Ferguson from time to time as dividends in accordance with the Companies (Jersey) Law 1991, as amended, and the articles of association of New Ferguson; or

   (b) applied by New Ferguson from time to time toward any other lawful purpose to which such a reserve may be applied,

   such reduction to be subject to the approval of New Ferguson shareholders (as described in paragraph 3.4 of Part I of the circular to shareholders dated 4 April 2019 (the "Circular")).

3. **THAT**, subject to and conditional upon the Scheme becoming effective, the Old Ferguson Shares be delisted from the Official List (as defined in the Scheme).

4. **THAT**, subject to and conditional upon the Scheme becoming effective:

   (a) the memorandum of association of Old Ferguson be and is hereby altered by the deletion of paragraph 3.1 thereof and the insertion in its place of a new paragraph 3.1 as follows:

   "3.1 The Company is a private company."; and

   (b) the name of Old Ferguson be changed to Ferguson Holdings Limited,

   with effect from the time at which the Scheme becomes effective.

5. **THAT**, subject to and conditional upon the Scheme becoming effective, the articles of association produced to the meeting and for the purpose of identification signed by the Chairman of the meeting be adopted as the articles of association of Old Ferguson in substitution for and to the exclusion of the existing articles of association of Old Ferguson, with effect from the time at which the Scheme becomes effective.

ORDINARY RESOLUTION

6. New Ferguson Employee Share Schemes

THAT, subject to and conditional upon the Scheme becoming effective, the Ferguson Group Employee Share Purchase Plan 2019, the Ferguson Group International Sharesave Plan 2019 and the Ferguson Group Long Term Incentive Plan 2019, adopted by New Ferguson, the main features of which are summarised in paragraph 13.2 of Part III of the Circular, be approved and the New Ferguson Directors be authorised to do all such acts and things as they may consider necessary or desirable to carry the plan into effect.

By Order of the Board
Graham Middlemiss
Company Secretary

4 April 2019

Registered Office:

26 New Street
St Helier
Jersey
JE2 3RA

Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him or her. A proxy need not also be a member of the Company. If more than one valid proxy form is delivered to the Company in respect of the same shares for use at the meeting, the form executed last will be treated as the only valid appointment. The return of a completed proxy form, other such instrument or any CREST proxy instruction (as described in the "Notes for CREST members" below) will not prevent a member attending the meeting and voting in person if he or she wishes to do so.

2. A white pre-paid Form of Proxy is enclosed, which members are invited to complete and return. To be valid, the white Form of Proxy (together with any power of attorney or authority, if any, under which it is signed or a notarially certified copy of such authority) must be received by the Registrars of the Company, Equiniti (Jersey) Limited, by hand (during normal business hours only) or by post at c/o Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, not later than 11.15 a.m. Swiss time on 25 April 2019 (or 48 hours (excluding non-working days) preceding the date and time set for the adjourned meeting, provided that if both the Court Meeting and this meeting are adjourned to the same date, the voting record time for both meetings will be the time that is 48 hours (excluding non-working days) before the time and date set for the later to occur of the adjourned Court Meeting and this meeting).

3. Shareholders may register the appointment of their proxy or proxies or voting directions electronically via the www.sharevote.co.uk website, where full details of the procedure are given. Shareholders are advised to read the terms and conditions of use carefully and will need the Reference Number, Card ID, and Account Number set out on the enclosed Form of Proxy. Electronic communication facilities are available to all shareholders and those who use them will not be disadvantaged. The Company will not accept any communication that is found to contain a computer virus. This electronic address (and any other electronic address provided in this notice) is provided solely for the purpose of enabling shareholders to register their appointment of a proxy or proxies for the Scheme General Meeting or to submit their voting directions electronically. You may not use any electronic address provided in this notice to communicate with the Company for any purpose other than those expressly stated herein.

4. Any person to whom this notice is sent who is a person nominated under Article 73 of the articles of association of the Company to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 1, 2 and 3 above does not apply to Nominated Persons. The rights described in these Notes can only be exercised by members of the Company.

5. The Company, pursuant to Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended, specifies that only those shareholders registered in the register of members of the Company as at 7.30 p.m. Swiss time on 25 April 2019 (or in the case of adjournment, the time that is 48 hours (excluding non-working days) before the time and date set for the adjourned meeting, provided that if both the Court Meeting and this meeting are adjourned to the same date, the voting record time for both meetings will be the time that is 48 hours (excluding non-working days) before the time and date set for the later to occur of the adjourned Court Meeting and this meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after such time will be disregarded in determining the right of any person to attend and/or vote at the meeting.

6. As at 2 April 2019 (being the latest practicable date prior to the publication of this document) the Company's issued share capital (excluding treasury shares) consisted of 231,969,985 ordinary shares, with each carrying one vote (excluding shares held in treasury).

7. In the case of joint shareholders, the vote of the first named in the register of members of the Company who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.

8. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

9. The "Vote Withheld" option is provided to enable you to abstain on the specified resolution. However, it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" the specified resolution.

10. If you have any practical questions about this document, the Court Meeting, the Scheme General Meeting or the Proposals or are in any doubt as to how to complete the Forms of Proxy, please call the shareholder helpline between 8.30 a.m. and 5.30 p.m. Monday to Friday (except English and Welsh public holidays) on Freephone (plus network charges) 0800-085-4975 (or + 44 (0)121-415-0978 from outside the UK). Calls to the shareholder helpline from outside the UK will be charged at international rates. Other telephone provider costs may apply. Please note that calls may be monitored or recorded and the helpline cannot provide legal, financial or tax advice or advice on the merits of the Proposals.

11. Except as expressly provided above, members who wish to communicate with the Company in relation to the matters set out in this notice should do so in writing to the Registrars of the Company, Equiniti (Jersey) Limited, c/o Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, or by phone on Freephone (plus network charges) 0800-085-4975 (or + 44 (0)121-415-0978 from outside the UK). Calls to the shareholder helpline from outside the UK will be charged at international rates. Other telephone provider costs may apply. No other methods of communication will be accepted. In particular

you may not use any electronic address provided either in this notice or any related documents (including the Form of Proxy for use at the Court Meeting and the Form of Proxy for use at the Scheme General Meeting) to communicate with the Company for any purposes other than those expressly stated.

12. A copy of this notice can be found at www.fergusonplc.com.

13. All shareholders and their proxies will have the opportunity to ask questions at the meeting. When invited by the Chairman, if you wish to ask a question, please wait for a Company representative to bring you a microphone. It would be helpful if you could state your name before you ask your question. Questions may not be answered at the meeting if they are deemed not to be in the interests of the Company, would involve the disclosure of confidential information, or would not be to the good order of the meeting. The Chairman may also nominate a Company representative to answer a specific question after the meeting or refer the response to the Company's website.

Copies of:

(A) the Old Ferguson Articles in their present form;

(B) the proposed Old Ferguson Amended Articles;

(C) a document showing the differences between the Old Ferguson Articles in their present form and the New Ferguson Articles;

(D) the memorandum of association of New Ferguson and the New Ferguson Articles;

(E) the rules of the Old Ferguson Employee Share Schemes and draft rules of the New Ferguson Employee Share Schemes which will be referred to in paragraph 13 of Part VII of the Prospectus; and

(F) the document of which this notice forms part,

can be inspected at the offices of Old Ferguson's solicitors, Freshfields Bruckhaus Deringer LLP, at 65 Fleet Street, London EC4Y 1HS United Kingdom and the registered office of Old Ferguson at 26 New Street, St. Helier, Jersey, JE2 3RA United Kingdom during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this notice to the close of business on the date of the meeting. Copies of these documents will also be available for inspection at the meeting for at least 15 minutes prior to and during the Scheme General Meeting.

NOTE FOR CREST MEMBERS

Electronic proxy appointment through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST manual which can be viewed at www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST proxy instruction) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent, Equiniti (Jersey) Limited (ID 7RA01) by 11.15 a.m. Swiss time on 25 April 2019 (or 48 hours (excluding non-working days) preceding the date and time set for any adjourned meeting provided that if both the Court Meeting and this meeting are adjourned to the same date, the voting record time for both meetings will be the time that is 48 hours (excluding non-working days) before the time and date set for the later to occur of the adjourned Court Meeting and this meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to procure that his or her CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time). In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended.