



## **Chairman's explanatory letter and Notice of Meeting**

This document is important and requires your immediate attention.

If you are in any doubt about what action you should take, you are recommended to consult a stockbroker, bank manager, solicitor, accountant or other appropriate independent adviser immediately.

If you have recently sold or otherwise transferred all of your Rotork shares, please pass this document and the accompanying Form of Proxy to the purchaser or transferee, or to the agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

**Annual General Meeting**  
**Friday 20 April 2012**



20 March 2012

Dear Shareholder,

I am writing to inform you that the Annual General Meeting (the "AGM") of Rotork p.l.c. (the "Company") will be held on Friday 20 April 2012 at noon at the Company's registered office at Rotork House, Brassmill Lane, Bath BA1 3JQ. Details of the business to be considered are set out in the Notice of Meeting which follows this letter. I should like to make some comments on a number of the matters to be transacted at the meeting.

### **Directors**

Following the recommendations of the UK Corporate Governance Code all directors will offer themselves for re-election at every AGM.

A formal externally facilitated performance evaluation of the Board, its committees and individual directors was conducted during 2011. Following the formal performance evaluation, which in my case is undertaken by the other non-executive directors, I confirm that the performance of all the directors continues to be effective and to demonstrate commitment to the role.

Ian King is the senior independent non-executive director and has been a director of the Company since 2005. He is Chief Executive of BAE Systems plc.

Peter France is the Company's Chief Executive and has held that role since his appointment in April 2008.

Jonathan Davis, a chartered accountant, is the Group Finance Director. He was previously Divisional Finance Director of the Rotork Controls Division and before that Group Financial Controller of Rotork p.l.c.

Bob Arnold, a graduate engineer, is President of Rotork Controls Inc.

Graham Ogden, who holds a doctorate in electronic engineering, is Group Research and Development Director.

John Nicholas was appointed to the Board as a non-executive director in 2008. He is a qualified accountant and Chairman of the Audit Committee. He was previously Group Finance Director of Tate & Lyle plc and Kidde plc.

I, Roger Lockwood, have been non-executive Chairman since 1998. I am also Chairman of the Nomination Committee.

Gary Bullard joined the Board as a non-executive director in June 2010. He is Chairman of the Remuneration Committee. He is an Executive Committee member of Logica plc in his role as President of Logica UK.

Further biographical and other details relating to the directors are contained in the Annual Report & Accounts for the year ended 31 December 2011.

### **Remuneration Report**

All quoted companies are required by law to produce for each financial year a Directors' Remuneration Report which sets out the Remuneration Committee's policy in relation to directors' remuneration, together with the remuneration and benefits paid to directors during the year. The Company is also required to put an ordinary resolution to shareholders approving the Report at the meeting at which the Company's Annual Report & Accounts for that year are laid.

Accordingly, resolution 13 seeks approval of the Directors' Remuneration Report which is set out on pages 43 to 49 of the Annual Report & Accounts for the year ended 31 December 2011.

### **Authority to Allot Shares**

Resolution 14 will be proposed as an ordinary resolution giving the directors a general authority to allot further shares of the Company, having an aggregate nominal value of £1,440,000 (currently representing 28,800,000 ordinary shares of 5p each). This represents approximately one third of the total ordinary share capital of the Company in issue at the date of this letter in accordance with institutional shareholder guidelines. The directors have no present intention of exercising this authority save to satisfy options exercised under the Company's share option schemes. This authority will expire at the conclusion of the AGM to be held in 2013.

Resolution 15, which will be proposed as a special resolution, is to renew the directors' authority to issue equity securities for cash otherwise than in proportion to existing holdings. This authority is limited to shares having a maximum aggregate nominal value of £215,000 (currently representing 4,300,000 ordinary shares of 5p each) which represents just under 5% of the total ordinary share capital of the Company in issue at the date of this letter. This authority will expire at the conclusion of the AGM to be held in 2013.

### **Authority to Purchase Own Shares**

Under resolution 16, which will be proposed as a special resolution, the Company will seek to renew the current limited authority to make purchases in the market of its own ordinary shares subject to specified limits including the minimum and maximum prices which may be paid. The maximum number of ordinary shares which the Company may purchase pursuant to this authority is limited to a maximum of 8,600,000 ordinary shares, representing just under 10% of the total ordinary share capital of the Company in issue at the date of this letter.

There are outstanding options to subscribe for a total of 254,068 ordinary shares in the Company. That number of shares represents under 1% of the Company's existing issued share capital. If the Company was to exercise in full the proposed authority to purchase its own shares, the shares for which there are outstanding options to subscribe would still represent under 1% of the Company's existing issued share capital as reduced by those purchases.

In seeking this authority the Board is not indicating any commitment to buy back ordinary shares. The Board will only exercise the authority if, in the light of market conditions prevailing at the time, it considers that the purchases of ordinary shares can be expected to result in an increase in earnings per share and be in the best interests of shareholders generally. The directors do, however, consider it desirable for this authorisation to be available to provide flexibility in the management of the Company's capital reserves. In the event of any purchase under this authority, the directors would either hold the purchased ordinary shares in treasury or cancel them. The authority will expire at the conclusion of the AGM to be held in 2013.

Under resolution 17, a further special resolution will be proposed which will provide a renewed authority to purchase preference shares. The authority will cover all of the preference shares remaining in issue and will set out the minimum and maximum prices which may be paid. The Company will continue to purchase this class of shares as they become available and then cancel them.

### **Notice Periods For General Meetings**

Changes made to the Companies Act 2006 by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period. Before the coming into force of the Shareholders' Rights Regulations in August 2009, the Company was able to call general meetings other than an AGM on 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, resolution 18, which will be proposed as a special resolution, seeks such approval. AGMs will continue to be held on at least 21 clear days' notice. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

The Board will only utilise the authority to hold meetings on less than 21 clear days' notice where it considers it to be in the best interests of shareholders.

### **Rotork Share Incentive Plan**

The Rotork p.l.c. Share Incentive Plan (the "SIP") was adopted by shareholders on 23 May 2002 and, in accordance with institutional shareholder guidelines, imposed a maximum life of ten years during which awards could be made to employees. The SIP is operated on similar terms for the benefit of all UK Group employees who meet the conditions for eligibility and is approved by HM Revenue and Customs ("HMRC") for UK tax purposes. The directors believe that the SIP has provided a meaningful incentive to our employees in promoting share ownership at all levels in the Group and therefore wish to extend the operation of the SIP for a further period of ten years subject to the continued approval of the plan by HMRC.

Accordingly, resolution 19 seeks shareholder approval for the renewal of the SIP.

The principal terms of the SIP are summarised in the Appendix with this letter and the full Trust Deed and Rules are available for inspection at the Company's registered office during normal business hours Monday - Friday up to and including 20 April 2012 and at the Annual General Meeting itself from at least 15 minutes prior to the appointed time for the meeting until the meeting is concluded or adjourned.

**Action to be Taken**

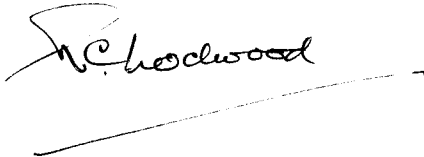
Whether or not you intend to come to the meeting, please complete and return the accompanying prepaid Form of Proxy to the Company's Registrars so as to be received no later than 12 noon on Wednesday 18 April 2012. By doing so, you will not preclude yourself from attending and voting in person at the meeting.

**Recommendation**

Your Board considers each of the proposed resolutions to be in the best interests of the Company and its shareholders as a whole. Accordingly, your directors unanimously recommend that you vote in favour of the resolutions.

Following the close of formal AGM business, lunch will be available to shareholders, as usual, at our Bath premises.

Yours sincerely,

A handwritten signature in black ink that reads "R. Lockwood". The signature is written in a cursive style with a long horizontal line extending to the right.

Roger Lockwood  
Chairman

20 March 2012

# Appendix

## Summary of the Principal Terms of the Rotork Share Incentive Plan (the “SIP”)

**1. Eligibility:** The SIP, which has been approved by HM Revenue and Customs under Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 (“ITEPA”), is open to all eligible UK contracted employees of the Company (including executive directors) and its participating UK subsidiaries subject to such employees meeting the eligibility requirements contained in ITEPA.

**2. General:** The SIP contains four elements:

- (a) Partnership Shares
- (b) Matching Shares
- (c) Free Shares
- (d) Dividend Shares

On any occasion that the directors decide to operate the SIP they may decide which of the above elements will be offered subject to the terms of the Trust Deed and Rules. Any shares acquired on behalf of employees will be held in trust (normally for a period of five years) for the benefit of employees subject to the provisions contained in ITEPA.

**3. Partnership shares:** The SIP enables eligible employees to enter into an agreement with the Company to contribute a proportion of pre-tax salary to acquire ordinary shares in the Company. The maximum contribution may not exceed the amount permitted by ITEPA from time to time (currently £1,500 per tax year or £125 per month or, if lower, 10% of qualifying earnings). The agreement may either provide for the shares to be acquired within 30 days of the deduction from salary or for deductions to be accumulated for a period not exceeding 12 months and the shares acquired within 30 days of the end of that period (the “accumulation period”). An employee may withdraw his or her shares at any time but if the shares are withdrawn before they have been held in trust for five years an income tax and national insurance liability will normally be incurred. The partnership share element of the SIP has been offered since the adoption of the SIP.

**4. Matching shares:** Where partnership shares are offered in any period, matching shares may be offered in the same period. Matching shares may be acquired by subscription and/or purchase in the market by the trustees with funds provided by the employing company and will be allocated to employees on a ratio to their partnership shares (such ratio to be determined by the directors subject to the maximum ratio permitted by ITEPA from time to time). Matching shares must normally be held by the trustees for a minimum of three years but, if the

shares are withdrawn between years three and five, an income tax and national insurance liability will normally arise. If the employee leaves within three years (other than for certain specified reasons) or withdraws his or her partnership shares within the three year period, the directors may determine that matching shares will be forfeited. The matching share element of the SIP has not so far been offered to employees and there is no present intention of doing so.

**5. Free shares:** Where free shares are offered, the employing companies will provide the trustees with funds to enable them to subscribe for and/or purchase shares in the market which will be allocated to eligible employees. The maximum allocation of free shares in any tax year will be as permitted by ITEPA from time to time (currently £3,000 per tax year). Any allocation of free shares must be made on similar terms but, subject to the statutory requirements, may be subject to performance conditions and other specified criteria. The shares must normally be held in trust for a minimum of three years but if withdrawn before the end of five years an income tax and national insurance liability will normally arise. The free share element of the SIP has been offered since the adoption of the SIP with allocations being subject to a combination of the level of Company profits together with the length of service and the level of basic annual salary of eligible employees.

**6. Dividend Shares:** The Trust Deed and Rules provide that any dividends paid on shares held under the SIP will either be paid directly to participants or reinvested in the purchase of additional shares to be held in the SIP for a period of three years for the benefit of employees (dividend shares), subject to the limits in ITEPA. To date dividend shares have not been offered to employees and there is no present intention of doing so.

**7. Total number of new shares available:** The maximum number of new shares which may be issued or issuable under all employee share schemes operated by the Company (including the SIP) during the period of ten years ending on the relevant allocation date, may not exceed 10% of the issued ordinary share capital of the Company from time to time (currently representing approximately 8,600,000 ordinary shares). To date no new shares have been issued under the SIP (all shares having been purchased in the market) and there is no present intention of changing this approach.

# Notice of Meeting

Notice is hereby given that the fifty fifth Annual General Meeting of Rotork p.l.c. (the "Company") will be held at Rotork House, Brassmill Lane, Bath BA1 3JQ on Friday 20 April 2012 at 12 noon for the following purposes:

## Ordinary business

To consider and, if thought fit, to pass the following ordinary resolutions:

1. That the Directors' Report and Accounts and the Auditors' Report thereon for the year ended 31 December 2011 be received and adopted.
2. That a final dividend at the rate of 22.75p per share on the ordinary share capital of the Company be declared for the year ended 31 December 2011 payable on 21 May 2012 to shareholders on the register at close of business on 13 April 2012.
3. That IG King be re-elected a director of the Company.
4. That PI France be re-elected a director of the Company.
5. That JM Davis be re-elected a director of the Company.
6. That RH Arnold be re-elected a director of the Company.
7. That GM Ogden be re-elected a director of the Company.
8. That JE Nicholas be re-elected a director of the Company.
9. That RC Lockwood be re-elected a director of the Company.
10. That G Bullard be re-elected a director of the Company.
11. That KPMG Audit Plc be re-appointed as the Company's Auditors until the conclusion of the Annual General Meeting of the Company to be held in 2013.
12. That the directors be authorised to fix the Auditors' remuneration.
13. That the Directors' Remuneration Report for the year ended 31 December 2011 set out on pages 43 to 49 of the document also containing the Directors' Report and Accounts for the year ended 31 December 2011 be approved.

## Special business

To consider and, if thought fit, to pass the following resolutions of which resolutions 14 and 19 are proposed as ordinary resolutions and resolutions 15 to 18 (inclusive) are proposed as special resolutions:

14. That, in substitution for any equivalent authorities and powers granted to the directors prior to the passing of this resolution, the directors be and they are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "relevant securities") up to an aggregate nominal amount of £1,440,000, provided that, unless previously revoked, varied or extended, this authority shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2013, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.
15. That the directors be and they are empowered pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the directors under section 551 of the Act conferred by resolution 14 above, and/or by way of a sale of treasury shares (by virtue of section 573 of the Act), in each case as if section 561(1) of the Act did not apply to such allotment, provided that:
  - (a) the power conferred by this resolution shall be limited to:
    - (i) the allotment of equity securities in connection with an offer of equity securities to the holders of ordinary shares in the capital of the Company in proportion as nearly as practicable to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
    - (ii) the allotment, otherwise than pursuant to sub-paragraph (i) above, of equity securities up to an aggregate nominal value equal to £215,000; and

(b) unless previously revoked, varied or extended, this power shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2013 except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

**16.** That, subject to the consent of the holders of 9½% cumulative preference shares of £1 each not being withdrawn in accordance with the resolution passed by the holders thereof on 3 August 1995, the Company be and it is generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 5 pence each of the Company provided that:

- (a) the maximum number of ordinary shares hereby authorised to be acquired is 8,600,000;
- (b) the minimum price which may be paid for any such share is 5 pence (exclusive of expenses);
- (c) the maximum price (exclusive of expenses) which may be paid for any such shares is an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and
- (d) the authority hereby conferred shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2013, save that the Company may, prior to the expiry of such authority, make an offer or agreement which would or might require ordinary shares to be purchased by the Company after such expiry and the Company may purchase ordinary shares notwithstanding such expiry.

**17.** That, subject to the consent of the holders of 9½% cumulative preference shares of £1 each ("preference shares") not being withdrawn in accordance with the resolution passed by the holders thereof on 22 May 1998, the Company be and it is generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of preference shares of the Company provided that:

- (a) the maximum number of preference shares hereby authorised to be acquired is 40,073 (being all the preference shares remaining in issue at the date of this notice);
- (b) the minimum price which may be paid for any such share is £1.00 (exclusive of expenses);
- (c) the maximum price (exclusive of expenses) which may be paid for any such share is an amount equal to whichever is the higher of (i) 105% of the average of the middle market quotations for a preference share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the preference share is contracted to be purchased and (ii) £1.60; and
- (d) the authority hereby conferred shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2013, save that the Company may, prior to the expiry of such authority, make an offer or agreement which would or might require preference shares to be purchased by the Company after such expiry and the Company may purchase preference shares pursuant to any such offer or agreement notwithstanding such expiry.

**18.** That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

**19.** That the Rotork p.l.c. Share Incentive Plan (the "Plan"), the principal features of which are summarised in the Appendix to the letter to the shareholders of the Company dated 20 March 2012 and the Trust Deed and Rules of which are produced to the meeting, be and it is hereby extended for a further ten years from the date of this meeting in accordance with the Trust Deed and Rules of the Plan, subject to the continued approval of HM Revenue and Customs.

Stephen Rhys Jones  
Secretary  
20 March 2012

Registered Office  
Rotork House  
Brassmill Lane  
Bath, BA1 3JQ

# Notice of Meeting continued

## Notes

1. A member of the Company who wishes to attend the meeting in person should arrive at the offices of the Company at Rotork House, Brassmill Lane, Bath BA1 3JQ, in good time before the meeting, which will commence at noon. In order to gain admittance to the meeting, members may be required to produce their proxy card, or otherwise prove their identity.
2. A member who is entitled to attend, speak and vote may appoint a proxy to attend, speak and vote instead of him.
3. A proxy need not also be a member of the Company but must attend the AGM in order to represent his appointor.

A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A form of proxy is enclosed. The notes to the form of proxy include instructions on how to appoint the Chairman of the AGM or another person as proxy. To be effective the form must reach the Company's registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA by 12 noon on Wednesday 18 April 2012.
4. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company at 6.00pm on Wednesday 18 April 2012 (or if the AGM is adjourned, two working days before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.
5. If you are a person who has been nominated by a member to enjoy information rights in accordance with section 146 of the Companies Act 2006, note 2 above does not apply to you but you may have a right under an agreement between you and the member by whom you were nominated to be appointed or to have someone else appointed, as a proxy for the meeting. If you have no such right or do not wish to exercise it, you may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
6. To appoint a proxy or to amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent (ID RA19) by 12 noon on Wednesday 18 April 2012. 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 issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsor or voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings, please refer to the CREST Manual (available at [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. Members attending the meeting have the right to ask and, subject to the provisions of the Companies Act 2006, the Company must cause to be answered, any questions relating to the business being dealt with at the meeting.
8. As at 2 March 2012 (being the latest practicable date prior to the publication of the Notice of Annual General Meeting) the Company's issued share capital consists of 86,757,704 ordinary shares carrying one vote each and 40,073 preference shares which do not currently carry the right to vote. Therefore the total voting rights in the Company as at 2 March 2012 are 86,757,704.
9. The following information is available at [www.rotork.com](http://www.rotork.com): (i) the matters set out in the Notice of Annual General Meeting; (ii) the total numbers of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting; (iii) the totals of the voting rights that members are entitled to exercise at the meeting; and (iv) members' statements, members' resolutions and members' matters of business received by the Company after the date on which notice of the meeting was given.
10. Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
11. You may not use any electronic address provided in either the Notice of Annual General Meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.
12. Copies of the executive directors' service contracts with the Company and any of its subsidiary undertakings and letters of appointment of the non-executive directors are available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of the Notice of Annual General Meeting until the conclusion of the Annual General Meeting and will also be available for inspection at the place of the meeting from 11.45 a.m. on the day of the meeting until its conclusion.