rotork

Proposed New Long Term Share Incentive Plan

This document is important and requires your immediate attention. If you are in any doubt as to the action to be taken you should consult your stockbroker or other financial adviser authorised under the Financial Services and Markets Act 2000 or, if you are resident outside the United Kingdom, another appropriately qualified independent adviser .

If you have sold or transferred all your ordinary shares in Rotork p.l.c. please send this document and the enclosed proxy form to the purchaser or transferee or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Rotork p.l.c.
(Registered in England No.578327)

Registered Office
Rotork House
Brassmill Lane
Bath BA1 3JQ

23 March 2010

To the Ordinary Shareholders of the Company

Dear Shareholder,

PROPOSED NEW LONG TERM SHARE INCENTIVE PLAN

The current Rotork Long Term Share Incentive Plan was approved by shareholders at the Annual General Meeting of the Company in May 2000 ("the 2000 plan"). The 2000 plan expires for the purposes of new awards in 2010 at the end of its ten year life. It is not intended to make further awards under the 2000 plan but existing awards will of course remain fully protected although these awards will only vest to the extent that the related performance conditions are met (details of the performance conditions are set out on page 39 of the Annual Report).

The Remuneration Committee has undertaken a review of the operation of the 2000 plan and the current alternatives in conjunction with external remuneration advisers. Following this review the Committee has concluded that the 2000 plan has proved successful both as a genuine incentive to key senior executives (including executive directors) and as a retention tool. As a consequence, the Committee has decided that the 2000 plan should be replaced with a broadly similar plan to be known as the Rotork Long Term Share Incentive Plan (2010) ("LTIP"). The new LTIP will be updated to reflect current law and practice and a summary of the principal terms is set out in the Appendix to this letter.

The proposed LTIP (which will replace the 2000 plan as the only long term discretionary executive share plan operated within the Group) will comply with the guidelines relating to the limits on the number of new shares that can be made available to employee share schemes published by the Association of British Insurers ("ABI") as summarised in paragraph 6 of the Appendix. The current 2000 plan has been operated in conjunction with an employee benefit trust ("EBT") throughout and all awards have been (or will be) satisfied by the transfer of shares purchased in the market via the EBT thereby avoiding dilution. There is no present intention of changing this approach if the new LTIP is approved by shareholders but the LTIP will permit the issue of new shares (within ABI limits) as an alternative to market purchase should that route be considered to be in the best interests of the Company.

The Remuneration Committee intend that the individual limit under the new LTIP (summarised in paragraph 3 of the Appendix) will be restricted to 100% of basic salary per annum. However, having looked at current market practice and bearing in mind the ten year life of the proposed LTIP, it is considered appropriate to include the flexibility to increase the maximum award level to up to 150% of basic salary per annum although there are no current plans to utilise this flexibility. The vesting of LTIP awards will be subject to challenging performance conditions being achieved over a minimum period of three years. The conditions it is intended to set for the first awards under the plan are summarised in paragraph 4 of the appendix.

It is proposed to seek your approval for the introduction of the LTIP at the Annual General Meeting of the Company to be held on 23rd April 2010. You will find the relevant ordinary resolution in the Notice for the Annual General Meeting sent to you with this mailing. Your attention is also drawn to the enclosed proxy form and the relevant instructions for its completion and return.

The full draft Rules of the proposed LTIP are available for inspection at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 23rd April 2010 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.

The Directors believe that the Resolution being proposed is in the best interests of the Company and will enable the continuance of its objective of providing a meaningful incentive to, and the retention of, key executives (including executive directors) within the Company and recommend you to vote in favour.

Yours sincerely,

R. Lockwood

Roger Lockwood
Chairman
23 March 2010

Appendix

Summary of the principal terms of the Rotork Long Term Share Incentive Plan (2010) ("the LTIP")

1. Introduction; Awards may be made under the LTIP in the form of conditional rights to receive ordinary shares, forfeitable shares or nil-cost options, subject to the satisfaction of conditions as to the future performance of Rotork p.l.c ("the Company") as set out below. Awards may normally be made within the 30 days following the Annual General Meeting of the Company ("AGM") to be held on 23rd April 2010 or subsequently within the 42 days following the date on which the Company announces its annual or interim results in any year while the LTIP subsists.

2. Participants; Senior employees of the Company (including executive directors) and/or of any group company are eligible for Awards under the LTIP. Awards will be at the discretion of the Remuneration Committee ("the Committee") which is comprised entirely of non-executive directors, none of whom are eligible to participate in the LTIP.

3. Calculation of Awards and restrictions;

(a) The number of shares comprised in an Award to any individual in any calendar year will be such number as the Committee determines, provided that such number when multiplied by the share price (established in accordance with (b) below), does not exceed a specified percentage of the basic annual salary (i.e. excluding bonuses and non-cash benefits if any) of the participant at the date of an Award. The maximum percentage permitted is 150% of basic annual salary but awards may be based on lower percentages of basic annual salary, depending on a number of factors including seniority. There is no present intention of exceeding 100% of basic annual salary p.a. for any participant.

(b) The number of shares comprised in an Award will be based on the market value of an ordinary share in the Company on the business day immediately preceding the date of the Award.

(c) No shares will normally be released or issued to participants until the end of a specified performance period of not less than three years (see paragraph 4 below) and only then if the performance conditions have been satisfied and the participant is still in the group's employment at that time. The exceptions to this are set out in paragraph 5 below.

(d) The benefit of Awards will be non-pensionable.

4. Performance conditions; Shares will be released or issued to participants only if the Company's performance so warrants. The first Awards (which, subject to shareholder approval, will be made shortly following the 2010 AGM) will be subject to the following conditions each of which will be measured over a three year performance period.

(a) One half of the Award (currently comprising shares to a maximum initial value of 50% of basic annual salary) will be subject to a relative total shareholder return ("TSR") performance condition measured against a designated peer group as follows:-

Ranking of the Company's TSR in the peer group	% of award vesting
Below 50th percentile	Nil
50th percentile	25%
75th percentile or above	100%

There would be proportionate vesting for performance which falls between the 50th and 75th percentile TSR rankings shown above. Prior to any vesting, however, the Committee will need to be satisfied that the recorded TSR performance is a genuine reflection of the Company's overall underlying financial performance. The peer group will be comprised of approximately 20 comparable companies.

(b) The remaining one half of the Award (currently comprising shares to a maximum initial value of 50% of basic annual salary) will be subject to an earnings per share ("EPS") growth condition which will be in addition to any increase in inflation over the same three year period as measured by reference to the Retail Prices Index ("RPI") as follows:-

EPS growth	% of award vesting
Below RPI + 10%	Nil
RPI + 10%	15%
RPI + 25%	100%

There would be proportionate vesting for performance which falls between the RPI + 10% and RPI + 25% EPS growth targets shown above.

It is the intention of the Committee, when considering whether to make Awards under the LTIP each year, to review both the size of Awards (subject to the upper limit in paragraph 3(a) above) and the performance conditions to ensure that, at the time of an Award, they are appropriate and challenging taking into account any guidelines issued by organisations representing the interests of institutional shareholders or any other relevant guidelines issued from time to time.

5. Early vesting;

(a) In the event of a participant ceasing to be employed by the group before the end of the relevant performance period Awards will normally lapse. However, if such cessation of employment is by reason of death, ill-health, injury, disability, redundancy or retirement or the sale or transfer of the employing company, undertaking or part-undertaking out of the group, there are some discretions built into the LTIP that will permit the Committee to recommend the early release or issue of shares subject to an Award. The number of shares released or issued will not exceed an amount proportionate to the length of service during the relevant performance period and will be subject to a judgement as to the performance of the Company between the commencement of the relevant performance period and the date of cessation of employment.

(b) In the event of a change of control, reconstruction or winding-up of the Company, Awards will lapse unless the Committee exercises its discretion to release or issue shares subject to Awards. In exercising its discretion, the Committee will apply similar restrictions to those set out in paragraph 5(a) above.

6. Share limits;

(a) The maximum number of new shares which may be issued or issuable (including any commitments to re-issue Treasury Shares), under all employee share schemes operated by the Company, during the period of ten years ending on the relevant date of grant or award, may not exceed ten per cent. of the issued ordinary share capital of the Company from time to time (currently representing approximately 8,600,000 shares).

(b) Within paragraph (a) above, the maximum number of new shares which may be utilised under the LTIP and any other discretionary employee share scheme operated by the Company (excluding therefore any all-employee savings related share scheme or any other all-employee share scheme), during the period of ten years ending on the relevant date of grant or award, may not exceed five per cent. of the issued ordinary share capital of the Company from time to time (currently representing approximately 4,300,000 shares).

7. Shares and Dividends;

(a) The shares to be used for the purposes of the LTIP will be fully paid ordinary shares in the capital of the Company.

(b) Participants will not be eligible to receive dividends in respect of shares subject to an Award except in relation to a record date falling on or after the date on which the shares are transferred or issued to participants pursuant to the vesting of such Awards.

8. Variation provisions;

(a) On a variation of capital of the Company (including but not limited to a rights or capitalisation issue) or on any distribution to shareholders in cash or in specie which, in the opinion of the Committee, has a significant effect on the value of the Company's ordinary shares, the Committee may adjust the number of shares subject to an Award and/or any rights and conditions attaching thereto provided that the Company's auditors or other independent advisers confirm any such adjustments to be, in their opinion, fair and reasonable.

(b) In relation to any Award, the performance criteria and conditions described in paragraph 4 above may be adjusted by the Committee where they consider that events have occurred which would make the amended criteria a fairer measure of performance provided that the Company's auditors or other independent advisers confirm any such adjustments to be, in their opinion, fair and reasonable and provided also that, in the Committee's reasonable opinion, any such adjustments do not result in the performance criteria and conditions being less challenging than originally envisaged.

9. Amendment and termination;

(a) The LTIP may be amended by the Directors (or a duly authorised committee thereof) provided that no amendment shall be made to the advantage of participants without the prior consent of shareholders in general meeting except for minor amendments relating to the administration of the LTIP or to take account of changes to legislation or to obtain or maintain favourable tax or social security contribution treatment of participants, the Company or any group company or, in respect of overseas participants, if it is necessary or desirable in order to take account of taxation, securities or exchange control laws or regulations provided that the terms of awards granted to overseas participants are broadly comparable with the terms of awards granted to UK participants. Subject thereto, no amendment shall prejudice subsisting rights of participants save with the majority consent of such participants in accordance with the Rules of the LTIP.

(b) No Awards shall be made under the LTIP on or after the tenth anniversary of its adoption by shareholders in general meeting.

Note;
This appendix provides a summary of the main features of the Rules of the proposed Rotork Long Term Share Incentive Plan (2010) but does not form part of the Rules and should therefore not be taken as affecting the interpretation thereof.