



**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 24 April 2015

**25 March 2015**

Dear Shareholder,

I am writing to inform you that the Annual General Meeting (the "AGM") of Rotork plc (the "Company") will be held on Friday 24 April 2015 at 12 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, together with notes about your rights as a shareholder and information regarding the appointment of proxies. I should like to make some comments on each of the matters to be transacted at the meeting.

#### **Directors**

Following the recommendations of the UK Corporate Governance Code (the "Code") all continuing directors will offer themselves for re-election at every AGM. As previously announced, I will be retiring from the Board at the conclusion of the AGM. It is also GM Ogden's intention to retire at the end of March 2015 and therefore GM Ogden and I will not be putting ourselves forward for re-election. MJ Lamb and LM Bell joined the Board as non-executive directors in June and July 2014 respectively and therefore this AGM is the first opportunity for them to offer themselves for election by shareholders. Accordingly resolutions 3 to 8 seek to re-elect and resolutions 9 and 10 seek to elect the remaining directors of the Company and will all be proposed as ordinary resolutions.

A formal performance evaluation of the Board was conducted during 2014. Following the 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 demonstrates commitment to the role. LM Bell brings to the Board and Audit Committee her experience as a FTSE 100 Finance Director. MJ Lamb brings to the Board a strong engineering background and a wealth of international management experience.

Full biographical and other details relating to the directors are contained in the Annual Report and Accounts for the year ended 31 December 2014 on pages 52 to 53.

#### **Remuneration Report**

The directors are required to prepare an annual report detailing the remuneration of the directors and a statement by the chairman of the Remuneration Committee (together, the "Directors' Remuneration Report"). The Company is required to seek shareholders' approval in respect of the contents of this report on an annual basis (excluding the part containing the Directors' Remuneration Policy (as defined below)). The vote is an advisory one.

The Company is separately required to seek shareholders' approval of its policy on remuneration of directors (the "Directors' Remuneration Policy") set out in the Directors' Remuneration Report on pages 65 to 70 of the Annual Report and Accounts at least every three years. As the Directors' Remuneration Policy was approved at last year's AGM and as no changes are proposed to the policy at this AGM, there will not be a resolution proposed this year in connection with the Directors' Remuneration Policy.

You can find the Directors' Remuneration Report on pages 64 to 77 of the Annual Report and Accounts. Accordingly, resolution 13, which will be proposed as an ordinary resolution, seeks approval of the Directors' Remuneration Report.

#### **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 5 pence each, or, following the Subdivision (as defined below) becoming effective, 288,000,000 ordinary shares of 0.5 pence 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 United Kingdom all employee save as you earn scheme and to provide the flexibility to potentially satisfy the all employee free shares and the executive long term incentive share plans by allotment of shares. This authority will expire at the conclusion of the AGM to be held in 2016.

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 5 pence each, or, following the Subdivision becoming effective, 43,000,000 ordinary shares of 0.5 pence 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 2016.

In any three year period, no more than 7.5% of the issued share capital will be issued on a non-preemptive basis.

#### **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 of 5 pence each, or, following the Subdivision becoming effective, 86,000,000 ordinary shares of 0.5 pence each), represents 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 278,471 ordinary shares in the Company as at 4 March 2015. 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 light of the 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 2016.

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. The authority will expire at the conclusion of the AGM to be held in 2016.

#### **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 clear 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 in 2016, 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.

#### **Subdivision of the Ordinary 5 pence Shares**

As previously announced, the Board is proposing, subject to shareholder approval, to subdivide each existing ordinary share of 5 pence into 10 new ordinary shares of 0.5 pence each (the "Subdivision"). For further details and an explanation of the effects of the Subdivision, please see the enclosed separate circular. Accordingly, resolution 19, which will be proposed as a special resolution, seeks shareholder approval to the Subdivision and a consequential amendment to the Company's articles of association.

#### **Increase in Limit on Directors' Fees**

Article 92 of the Company's articles of association currently limits the payment of directors' fees to £500,000 in aggregate each year, or any higher sum decided on by an ordinary resolution in general meeting.

Accordingly, resolution 20, which will be proposed as an ordinary resolution, seeks shareholder approval to allow the Company to pay aggregate fees to directors up to a limit of £700,000 each year. This limit was last increased to £500,000 when the articles of association were amended in 2007. Any further increase of this limit in future will be subject to the approval of shareholders by ordinary resolution in general meeting. The limit on directors' fees set out in article 92 is, in accordance with market practice, exclusive of any salary or other remuneration paid to the executive directors.

The proposed aggregate limit has been calculated to take into account the current number of directors of the Company and the potential to appoint additional non-executive directors to the Board. Increasing the limit will ensure that there is adequate headroom for future appointments to the Board, whether to fill vacancies or to appoint additional directors, if those appointments would be in the best interests of the Company. The Board has also concluded that the proposed increase is appropriate in light of the growth of the Company and the increasing role and responsibilities of non-executive directors.

The level of fees paid to directors will continue to be monitored by the Board which intends that all such fees will be in line with market practice.

#### **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, 22 April 2015. 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,

**Roger Lockwood**  
Chairman  
25 March 2015

# NOTICE OF MEETING

Notice is hereby given that the fifty eighth Annual General Meeting ("AGM") of Rotork plc (the "Company") will be held at Rotork House, Brassmill Lane, Bath, BA1 3JQ on Friday 24 April 2015 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 Auditor's Report thereon for the year ended 31 December 2014 be received and adopted.
2. That a final dividend at the rate of 30.9p per ordinary share of 5 pence each in the capital of the Company be declared for the year ended 31 December 2014 payable on 18 May 2015 to shareholders on the register at close of business on 10 April 2015.
3. That RH Arnold be re-elected a director of the Company.
4. That GB Bullard be re-elected a director of the Company.
5. That JM Davis be re-elected a director of the Company.
6. That PI France be re-elected a director of the Company.
7. That SA James be re-elected a director of the Company.
8. That JE Nicholas be re-elected a director of the Company.
9. That MJ Lamb be elected a director of the Company.
10. That LM Bell be elected a director of the Company.
11. That Deloitte LLP be appointed as the Company's Auditor until the conclusion of the AGM of the Company to be held in 2016.
12. That the directors be authorised to fix the Auditor's remuneration.
13. That the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) for the year ended 31 December 2014, as set out on pages 64 to 77 of the document also containing the Directors' Report and Accounts for the financial year ended 31 December 2014, be approved.

## Special business

To consider and, if thought fit, to pass the following resolutions of which resolutions 14 and 20 are proposed as ordinary resolutions and resolutions 15 to 19 (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 AGM of the Company to be held in 2016, 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 to allot equity securities (as defined in section 560 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 (pursuant to section 570(1) of the Act), and/or by way of a sale of treasury shares (pursuant to 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 AGM of the Company to be held in 2016 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 (or, following the Subdivision (as defined in resolution 19 below) becoming effective, ordinary shares of 0.5 pence each) in the capital of the Company provided that:

- a) the maximum number of ordinary shares of 5 pence each hereby authorised to be acquired is 8,600,000, provided that, following the Subdivision becoming effective, the maximum number of ordinary shares of 0.5 pence each hereby authorised to be acquired is 86,000,000;
- b) the minimum price which may be paid for any such ordinary share is the nominal value of such share (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 Daily Official List of the London Stock Exchange 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 AGM of the Company to be held in 2016, 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 (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 Daily Official List of the London Stock Exchange 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 AGM of the Company to be held in 2016, 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 conditional upon and with effect from (i) the amendment of the Official List of the UK Listing Authority in respect of the New Ordinary Shares (as defined below); and (ii) the amendment to trading on the London Stock Exchange's main market for listed securities in respect of the New Ordinary Shares becoming effective:

- a) each of the ordinary shares of 5 pence each in the capital of the Company in issue at 6.00pm on 15 May 2015 (or such other time and date as the directors may determine) be subdivided into 10 ordinary shares of 0.5 pence each in the capital of the Company (the "New Ordinary Shares"), such New Ordinary Shares having the rights and being subject to the restrictions set out in the Company's articles of association (the "Subdivision"); and
- b) the definition of "Ordinary Shares" set out in article 2.1 (Definitions) of the articles of association of the Company be amended by the deletion of the words "of five pence each".

20. That the limit on directors' fees set out in article 92 (Directors' fees) of the articles of association of the Company be increased to £700,000 in accordance with the terms of that article.

**Stephen Rhys Jones**  
Company Secretary  
25 March 2015

Registered Office  
Rotork House  
Brassmill Lane  
Bath, BA1 3JQ

# NOTES

1. A member of the Company who wishes to attend the AGM 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 12 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, 22 April 2015. The time limits for proxy appointments also apply to changes to proxy instructions. Any change to proxy instructions received after that time will be disregarded. If a member submits more than one valid proxy appointment, the appointment received last before the time limit will take precedence.

4. For those shareholders appointing a proxy and who prefer to register the appointment of their proxy electronically via the internet, they can do so through Equiniti's website at [www.sharevote.co.uk](http://www.sharevote.co.uk) where full instructions on the procedure are given. The Voting ID, Task ID and Shareholder Reference Number printed on the Form of Proxy will be required in order to use this electronic proxy appointment system. Alternatively, shareholders who have already registered with Equiniti's online portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at [www.shareview.co.uk](http://www.shareview.co.uk) and clicking on the link to vote. The on-screen instructions give details on how to complete the appointment process. A proxy appointment made electronically will not be valid if sent to any address other than those provided or if received after 12 noon on Wednesday, 22 April 2015.
5. 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 22 April 2015 (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.
6. 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.
7. 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, 22 April 2015. 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](http://www.euroclear.com)). 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.
8. Members attending the AGM 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 AGM.
9. As at 4 March 2015 (being the latest practicable date prior to the publication of the Notice of Annual General Meeting), the Company's issued share capital consists of 86,934,399 ordinary shares carrying one vote each and 40,073 preference shares which do not currently carry the right to vote. No shares are held in treasury. Therefore the total voting rights in the Company as at 4 March 2015 are 86,934,399.
10. 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 AGM; (iii) the total 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.
11. 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 AGM; 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 AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

12. 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.

13. Copies of:

- (a) the executive directors' service contracts with the Company and any of its subsidiary undertakings and letters of appointment of the non-executive directors; and
- (b) the articles of association of the Company as proposed to be amended pursuant to resolution 19, are available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday, Sunday and public holidays excluded) from the date of the Notice of Annual General Meeting until the conclusion of the AGM and will also be available for inspection at the place of the meeting from 11.45am on the day of the AGM until its conclusion.

