

# ***RENOLD***

## **Notice of AGM**

**Renold plc**

## **2008 ANNUAL GENERAL MEETING**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you should consult your stockbroker, solicitor, accountant or other professional investment adviser authorised under the Financial Services and Markets Act 2000.**

If you have sold all of your holding of Ordinary Shares in Renold plc, please forward this document to the purchaser or transferee or to the stockbroker, bank or other agent through or to whom the sale was effected for transmission to the purchaser or transferee.

Notice of the 2008 Annual General Meeting of the Company to be held at Renold House, Styal Road, Wythenshawe, Manchester, M22 5WL on Wednesday 30 July 2008 at 11.30 a.m. is set out on pages 5 to 7 inclusive. Ordinary Shareholders are requested to complete and return the enclosed form of proxy so as to be received by the Company's registrars, Capita Registrars, at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU no later than 48 hours before that time. The return of a form of proxy will not preclude an Ordinary Shareholder from attending and voting at the 2008 Annual General Meeting in person should they subsequently decide to do so.

## Definitions

The following definitions apply throughout this document:

**2008 Annual General Meeting** means the annual general meeting of the Company to be held at Renold House, Styal Road, Wythenshawe, Manchester, M22 5WL on Wednesday 30 July 2008 at 11.30am;

**Board** means the board of Directors;

**Company** means Renold plc (registered in England and Wales with number 249688);

**Directors** means the directors of the Company;

**Notice of AGM** means the notice convening the 2008 Annual General Meeting set out on pages 5 to 7 inclusive of this document;

**Ordinary Shareholder** means a holder of Ordinary Shares;

**Ordinary Shares** means ordinary shares of 25p each in the capital of the Company;

**Preference Shareholders** means the holders of 6% cumulative preference stock in the capital of the Company; and

**Resolutions** means the resolutions set out in the Notice of AGM, and a reference to a numbered **Resolution** is to the resolution so numbered in the Notice of AGM.

Registered Office:

Renold House  
Styal Road  
Wythenshawe  
Manchester  
M22 5WL

*Registered in England and Wales with number 249688*

1 July 2008

Directors:

Matthew Peacock (Chairman)  
Bob Davies (Chief Executive)  
Peter Bream (Finance Director)  
David Shearer (Senior Independent Director)  
Barbara Beckett (Non-Executive Director)  
Rod Powell (Non-Executive Director)  
John Allkins (Non-Executive Director)

**To Ordinary Shareholders and, for information only, to the Preference Shareholders and the holders of options under the Company's share option schemes**

Dear Ordinary Shareholder

The 2008 Annual General Meeting is to be held at Renold House, Styal Road, Wythenshawe, Manchester, M22 5WL on Wednesday 30 July 2008 at 11.30 am. The formal notice convening the meeting is set out following this circular on pages 5 to 7 inclusive of this document.

## **THE ORDINARY BUSINESS TO BE PROPOSED AT THE 2008 ANNUAL GENERAL MEETING**

The ordinary business to be proposed at the 2008 Annual General Meeting is set out in Resolutions 1 to 7 inclusive. In compliance with article 108 of the Company's articles of association, Bob Davies and Peter Bream, who were not elected or re-elected at either of the last two annual general meetings of the Company, and John Allkins, who was appointed as a director on 17 April 2008, will retire at the 2008 Annual General Meeting. In addition, Barbara Beckett will retire at the 2008 Annual General Meeting and will not be offering herself for re-election. Bob Davies, Peter Bream and John Allkins will offer themselves for re-election as Directors at the 2008 Annual General Meeting and each is recommended by the Board for re-election.

## **THE SPECIAL BUSINESS TO BE PROPOSED AT THE 2008 ANNUAL GENERAL MEETING**

In addition to the ordinary business, you will find Resolutions 8 to 11 inclusive, which will be proposed at the 2008 Annual General Meeting as special business. This circular provides you with a detailed explanation of Resolutions 8 to 11 and explains the action you should take in relation to them.

### **Resolution 8 – authority to allot Ordinary Shares**

Your Board is proposing to renew the general authority, last given at the Company's 2007 annual general meeting, to allot Ordinary Shares. Resolution 8 would give the Directors the authority to allot up to 22,496,607 authorised but unissued Ordinary Shares, being all of the authorised but unissued Ordinary Shares and representing approximately 32.12% of the issued ordinary share capital of the Company as at 25 June 2008. This authority would expire on the earlier of the conclusion of the Company's next annual general meeting and 30 October 2009. The Board has no present intention of exercising this authority and intends to seek its renewal at subsequent annual general meetings of the Company.

### **Resolution 9 – disapplication of statutory pre-emption provisions**

Your Board is proposing to renew the Directors' authority to allot Ordinary Shares for cash other than pro rata to existing shareholders. This authority would expire on the earlier of the conclusion of the Company's next annual general meeting and 30 October 2009.

Resolution 9 would restrict the number of new Ordinary Shares which may be allotted for cash to an aggregate maximum of 3,502,148 Ordinary Shares, being equivalent to approximately 5% of the issued ordinary share capital of the Company as at 25 June 2008. The new authority would also permit allotments to shareholders on a pre-emptive basis subject only, where necessary, to dealing with fractional entitlements and entitlements of foreign shareholders.

### **Resolution 10 – authority to purchase Ordinary Shares**

This special resolution seeks shareholders' authority for the Company to make market purchases of its own Ordinary Shares. The Directors have no present intention of exercising this authority, but would wish to have the flexibility to do so in the future. Purchases of own Ordinary Shares would only be made through the London Stock Exchange. Any Ordinary Shares purchased would be cancelled (in which case the number of Ordinary Shares in issue would thereby be reduced) or held in treasury. The Directors will only exercise the authority to make purchases of Ordinary Shares granted by this resolution if they believe that to do so would result in an improvement in earnings per share and/or is in the best interests of the shareholders generally. The maximum number of Ordinary Shares which may be purchased is 7,004,296 representing approximately 10% of the issued ordinary share capital of the Company as at 25 June 2008. The authority would, again, expire on the earlier of the conclusion of the Company's next annual general meeting and 30 October 2009. The minimum price that could be paid for an Ordinary Share would be 25p and the maximum price would be equal to 105 per cent 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 share is contracted to be purchased, in each case excluding expenses. The Directors expect that, if the authority were to be exercised, the consideration for such purchases would be defrayed by utilising the distributable reserves of the Company.

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2005, which came into force in December 2003, permit the Company to purchase its own shares and, rather than cancel those shares, to hold them as treasury shares, in which case they would carry no voting rights and no entitlement to any dividend for as long as they are held as treasury shares.

The Directors also intend to seek renewal of this authority at future annual general meetings.

As at 25 June 2008, options over a total of 5,346,274 Ordinary Shares were outstanding and not exercised. That number of Ordinary Shares represents approximately 7.63% of the Company's issued ordinary share capital as at the same date. It would represent approximately 8.48% of the issued ordinary share capital if the authority to purchase the Company's own Ordinary Shares conferred by Resolution 10 had been exercised in full at that date.

### **Resolution 11 – adopting new articles of association**

Resolution 11 is a special resolution to adopt new articles of association of the Company in order to update the Company's existing articles of association to take account of certain changes in English company law effected, or to be effected, by the Companies Act 2006.

A summary of the principal differences between the Company's existing articles of association and the proposed new articles of association is set out in the appendix to this document. Other differences which are of a minor or clarifying nature or which merely reflect changes made by the Companies Act 2006 have not been summarised in the appendix.

The proposed new articles of association of the Company, together with a document showing all of the differences between them and the Company's existing articles of association, are available for inspection in accordance with note 7 to the Notice of AGM.

### **Action to be taken**

A reply-paid form of proxy for use at the 2008 Annual General Meeting is enclosed. Whether or not you are able to attend the 2008 Annual General Meeting, you are advised to complete and return the form of proxy in accordance with the instructions printed on it so as to arrive at the offices of the Company's registrars, Capita Registrars, at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, as soon as possible but, in any event, no later than 48 hours before the appointed commencement time of the 2008 Annual General Meeting.

### **Recommendation**

The Board considers that the passing of Resolutions 1 to 11 inclusive is in the best interests of the Company and of its shareholders as a whole, and the Board unanimously recommends that you vote in favour of them, as each of the Directors intends to do in respect of his own beneficial holdings of Ordinary Shares, being approximately 18.92% in aggregate of the Ordinary Shares in issue.

Yours faithfully

**Matthew Peacock**  
Chairman

## RENOLD PLC

### NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the 2008 Annual General Meeting of Renold plc will be held at 11.30a.m. on Wednesday 30 July 2008 at Renold House, Styal Road, Wythenshawe, Manchester, M22 5WL to consider and, if thought fit, pass the following resolutions.

Resolutions 1 to 8 inclusive will be proposed as ordinary resolutions and resolutions 9 to 11 inclusive will be proposed as special resolutions.

#### ORDINARY BUSINESS

- 1 To receive the accounts of the Company for the financial year ended 31 March 2008 and the reports of the directors and auditors thereon.
- 2 To approve the directors' remuneration report for the financial year ended 31 March 2008.
- 3 To re-elect Bob Davies (who is retiring by rotation) as a director of the Company.
- 4 To re-elect Peter Bream (who is retiring by rotation) as a director of the Company.
- 5 To elect John Allkins (a director appointed since the last annual general meeting) as a director of the Company.
- 6 To re-appoint Ernst & Young LLP as auditor of the Company, to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid.
- 7 To authorise the audit committee to determine the auditor's remuneration.

#### SPECIAL BUSINESS

- 8 That the directors be and they are hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 to exercise all powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £5,624,151.75, and so that:

(a) this authority shall expire on 30 October 2009 or, if earlier, on the conclusion of the Company's 2009 annual general meeting; and

(b) before such expiry, the Company may make any offer or agreement which would or might require relevant securities to be allotted after such expiry and, notwithstanding such expiry, the directors may allot relevant securities pursuant to any such offer or agreement,

and so that this authority shall be in substitution for all other authorities vested in the directors to exercise the powers of the Company to allot relevant securities.

- 9 That the directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (as defined in section 94 of that Act) pursuant to the authority conferred on them by resolution 8 in the notice of this meeting or by way of a sale of treasury shares as if section 89(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities in connection with any rights issue, open offer or other pre-emptive offer which is open for acceptance for a period determined by the directors to the holders of ordinary shares on the register on any fixed record date in proportion to their holdings of ordinary shares (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class), subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to (i) fractions of such securities, (ii) the issue, transfer and/or holding of any securities in certificated form or in uncertificated form, (iii) the use of one or more currencies for making payments in respect of such offer, (iv) any such shares or other securities being represented by depositary receipts, (v) treasury shares or (vi) any legal or practical problems arising under the laws of, or the requirements of any regulatory body or any stock exchange in, any territory; and

(b) the allotment of equity securities (other than pursuant to paragraph 9(a) above) up to an aggregate nominal amount of £875,537,

and shall expire at such time as the authority conferred on the directors by resolution 8 in the notice of this meeting expires, save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and, notwithstanding such expiry, the directors may allot equity securities pursuant to any such offer or agreement.

- 10 That the Company be generally and unconditionally authorised pursuant to section 166 of the Companies Act 1985 to make market purchases (as defined in section 163(3) of that Act) of ordinary shares of 25p each in the capital of the Company and, where shares are held as treasury shares, to use them, inter alia, for the purposes of employee share plans operated by the Company, provided that:

(a) the maximum aggregate number of such shares that may be purchased under this authority is 7,004,296;

(b) the minimum price which may be paid for such a share is 25 pence (exclusive of expenses);

(c) the maximum price (exclusive of expenses) which may be paid for such a share is an amount equal to 105% of the average of the middle market quotations of the Company's ordinary shares as derived from the London Stock Exchange's Daily Official List for the five business days immediately preceding the date on which the share is contracted to be purchased;

(d) this authority shall expire on 30 October 2009 or, if earlier, on the conclusion of the Company's 2009 annual general meeting; and

(e) the Company may complete or conclude, in whole or in part, a purchase of shares after the expiry of this authority pursuant to a contract entered into before such expiry.

- 12 That the regulations produced to the meeting (and, for the purpose of identification, initialled by the chairman of the meeting) be and they are hereby approved and adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

By order of the Board

Lindsay Beardsell  
Company secretary

Registered office:  
Renold House  
Styal Road  
Wythenshawe  
Manchester  
M22 5WL

Dated 1 July 2008

**Notes:**

- 1 A member of the Company must be registered as the holder of Ordinary Shares as at 6.00 p.m. on Monday 28 July 2008 (or, in the case of an adjournment, as at 6 p.m. on the day two days immediately preceding the day fixed for the adjourned meeting) in order to be entitled to attend and vote at the meeting as a member in respect of those shares.
- 2 A member who is entitled to attend and vote at the meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him, as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting. A proxy need not be a member of the Company. A proxy form is enclosed.
- 3 To be valid, a proxy form must be delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to the Company's Registrars, Capita Registrars, at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 11.30 a.m. on Monday 28 July 2008 (or, in the case of an adjournment, by the time 48 hours before the time appointed for the adjourned meeting). Completing and returning a proxy form will not prevent a member from attending in person and voting at the meeting should he so wish. Electronic proxy appointment is not available for this meeting nor may any document or information relating to proceedings at the meeting (including proxies) be sent by any other electronic means.
- 4 Any person to whom this notice is sent who is currently nominated by a member of the Company to enjoy information rights under section 146 of the Companies Act 2006 (a "nominated person") may have a right under an agreement between him and such member to be appointed, or to have someone else appointed, as a proxy for the meeting. If he has no such right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member concerned as to the exercise of voting rights. The statement in note 2 above of the rights of a member in relation to the appointment of proxies does not apply to a nominated person. Such rights can only be exercised by the member concerned.
- 5 As at 25 June 2008 (being the latest practicable date prior to the printing of this document), the Company's issued share capital consisted of 70,042,960 Ordinary Shares, all carrying one vote each. The Company does not hold any shares in treasury. Accordingly, the total voting rights in the Company were 70,042,960.
- 6 Arrangements will be put in place at the meeting in order to facilitate voting by representatives of members which are corporations ("corporate representatives" and "corporate shareholders") so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all its other corporate representatives at the meeting, those corporate representatives will be able to give voting directions to the chairman in respect of the poll and the chairman will be able to vote (or withhold a vote) on the poll as corporate representative in accordance with those directions, and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, all of them will be able to nominate one of their number as a "designated" corporate representative to vote on a poll for them all and the others will be able to give voting directions to it accordingly. Further information about this procedure is set out in the Institute of Chartered Secretaries and Administrators' January 2008 guidance note on "Proxies and Corporate Representatives at General Meetings" (accessible at [www.icsa.org.uk](http://www.icsa.org.uk)).
- 7 Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours (Saturdays, Sundays and public holidays in the UK excepted) from the date of this notice until the conclusion of the 2008 Annual General Meeting:
  - 1 the existing articles of association of the Company;
  - 2 the proposed new articles of association of the Company;
  - 3 a document showing all of the differences between the existing articles of association of the Company and the proposed new articles of association of the Company; and
  - 4 copies of the terms and conditions of appointment of the non-executive directors of the Company.

## Appendix to Notice of AGM

### Principal Changes to the Company's Articles of Association

- 1 **Age limit for directors** – restrictions on the appointment of a person aged 70 or over as a Director will be removed. These restrictions mirror provisions in the Companies Act 1985 that have been repealed.
- 2 **Directors' conflicts of interest** – a new article will authorise the board to approve a Director coming into or remaining in a situation in which he has or could have an interest or duty that conflicts with the Company's interest or his duty to the Company. This power of authorisation is permitted under section 175 of the Companies Act 2006. If this power is not given to the Board, situations could arise in which a Director would be unable to remain on the Board through no fault of his own as a result of changes to the law that are expected to take effect on 1 October this year.
- 3 **General meetings (except AGMs) held on 14 days' notice** – a new provision will allow the Company to hold a general meeting at which a special resolution is to be proposed on 14 days' notice, as permitted by the Companies Act 2006, rather than on 21 days' notice as required by the Company's existing articles of association.
- 4 **Proxies** – new provisions will be added relating to proxies. One will confirm the right that proxies now have under the Companies Act 2006 to speak at shareholder meetings. Another will allow the Company to disregard non-working days when determining the time by which proxy forms must be lodged prior to a shareholder meeting. This will enable the Company to fix a deadline for lodging a proxy that is up to 48 hours earlier (and sometimes more) than what is permitted under the Company's existing articles of association.
- 5 **Shareholder resolutions and meetings** – various amendments will be made to make the provisions in the Company's existing articles of association concerning shareholder resolutions and meetings consistent with those in the Companies Act 2006 that came into force last October. One purpose of these changes is to minimise the risk of a conflict between the articles and the Companies Act 2006 jeopardising the validity of any resolution passed at a shareholder meeting.
- 6 **Electronic communications between the Company and its shareholders** – various amendments will be made to the provisions in the Company's existing articles of association concerning electronic communications so as to make them more flexible and consistent with the 'company communication provisions' of the Companies Act 2006.
- 7 **Statutory references and definitions** – references to sections of the Companies Act 1985 will be replaced by references to the corresponding sections of the Companies Act 2006, where applicable. Certain terms used in the Companies Act 1985, but not in the Companies Act 2006, will be removed from the articles of association. For example (i) references to any “extraordinary general meeting” will become any “general meeting” and (ii) references to any “extraordinary resolution” will be replaced by any “special resolution” or will be removed altogether.