

This document is important and requires your immediate attention

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser immediately. If you have already sold or otherwise transferred all of your shares in Ricardo plc, please forward this document, together with the accompanying annual report and form of proxy, to the purchaser or transferee, or to the agent who arranged the sale or transfer so that they may be passed on to the purchaser or transferee.



Ricardo plc

(Registered in England No 222915)

**Letter from the Chairman
and
Notice of 2011 Annual General Meeting**

Notice of the 2011 Annual General Meeting of the Company to be held at the offices of Royal Bank of Scotland plc, 250 Bishopsgate, London EC2M 4AA, on 17 November 2011 at 10.00 am, is set out on pages 9 to 12 of this circular. Whether or not you propose to attend the Annual General Meeting, please complete and submit a proxy form in accordance with the instructions printed on the enclosed form. The proxy form must be received not less than 48 hours before the time of the holding of the Annual General Meeting.

Letter to Shareholders

Ricardo plc
Shoreham Technical Centre
Shoreham-by-Sea
West Sussex
BN43 5FG

5 October 2011

Dear Shareholder,

Ricardo plc 2011 Annual General Meeting

This year's Annual General Meeting ("AGM") will be held at Royal Bank of Scotland plc, 250 Bishopsgate, London, EC2M 4AA on 17 November at 10.00 am.

The notice of this meeting is set out on pages 9 to 12 of this circular. This letter provides some background information on some of the key resolutions to be proposed, supplementary to the information included in the notice of meeting and on pages 62 and 63 of the Annual Report and Accounts 2011 and Addendum. The Board recommends that you vote in favour of all the resolutions to be proposed at the AGM, which they consider to be in the best interests of shareholders as a whole.

Variation to the structure of the executive directors' remuneration arrangements

Introduction and background

In recent months, Ricardo's remuneration committee (the "Committee") has conducted a detailed review of the remuneration packages offered to the Company's Chief Executive Officer ("CEO") and other executive directors in order to establish whether any adjustments could or should be made to those arrangements in order to:

- provide a stronger and more effective link between pay and performance;
- help ensure the alignment of the long term interests of the senior management team with those of our shareholders; and
- assist the Company to retain the key executive talent that will be required to drive the business forward.

The above exercise, which was undertaken with the assistance of the Committee's professional advisors, Towers Watson, was carried out against the backdrop of the Company's strong performance over the last two years during which time it has weathered the recession and returned to profitable growth in 2010/11 whilst facing challenging market conditions.

In accordance with best practice, the Company's shareholders' views were sought and appropriately taken into account and in summary, the conclusions reached by the Committee were that, with effect from the current financial year, a number of changes should be made to the annual and long term incentive schemes in which the CEO and other executive directors currently participate. In particular:

- the maximum award opportunity available to the CEO under Ricardo's annual bonus plan should be increased from the current level of 100% of salary to 125%, with an increase from 80% of salary to 100% being applied to the other executive directors;
- the proportion of an executive director's annual bonus that is compulsorily deferred into ordinary shares in the Company ("Ordinary Shares") should be increased from one-third to one-half;
- in connection with the above bonus deferral, a new facility should be introduced in terms of which "matching awards" over further Ordinary Shares can be granted, the vesting of which will be subject to the satisfaction of specified performance conditions; and
- a reduction should be applied to the level of awards granted to the Group Finance Director and the Chief Operating Officer under the Company's long term incentive plan on an ongoing basis so that future annual awards would be reduced from 75% of salary to 55%.

The adoption of the revised bonus deferral/matching award arrangement will require the approval of shareholders at the AGM. Additional information in relation to the relevant resolution is provided below.

The Committee is firmly of the view that this combination of amendments, further details of which are set out in the Directors' Remuneration Report contained in the Annual Report and Accounts 2011, will create an incentive structure that is more motivational for the executive directors and places an increased emphasis on the creation of long-term shareholder value.

Adoption of the Ricardo plc 2011 Deferred Bonus Plan (Resolution 13)

Since 2006, the Committee has operated a policy under which one-third of any bonus awarded to an executive director is compulsorily deferred into Ordinary Shares that are then released to the individual after the expiry of a three-year period from the date of award. The release of such shares is, however, normally conditional on continued employment.

As part of the proposals described above, this policy will be adjusted in two ways, namely:

- the proportion of an executive director's annual bonus that is deferred into Ordinary Shares will be increased to one-half; and
- at the same time as this deferral occurs, the individual will be granted a "matching award" over further Ordinary Shares, the vesting of which will be subject to both continued employment and the satisfaction of performance conditions over a three year period.

In order to facilitate the introduction of these changes it is proposed to implement a new arrangement, the Ricardo plc 2011 Deferred Bonus Plan (the "DB Plan").

A summary of the principal terms of the DB Plan, together with an explanation of the way in which it will initially be operated, is set out in Appendix 1 to this letter. The following key points should, however, be highlighted:

- the first deferrals and awards under the new DB Plan will be made following the expiry of the Company's current financial year to 30 June 2012;
- the mechanism that will be used to effect the deferral of a DB Plan participant's annual bonus into Ordinary Shares, and the terms governing the vesting and release of such shares, is in all material respects the same as under the Company's existing deferred bonus scheme that has been operated since 2006;
- the rules of the DB Plan will permit matching awards of up to 1 Ordinary Share for every deferred share (i.e. a 1 for 1 match);
- it is expected that the performance conditions imposed on any matching awards granted during a financial year will be identical to the corresponding measures applied to awards granted under the Company's 2006 Long Term Incentive Plan in that same period; and
- the DB Plan will also be used as a mechanism for deferring into Ordinary Shares a proportion of the bonuses awarded to other employees below executive director level. However, there are no current plans to grant matching awards to these individuals.

Resolution 13, which will be proposed as an ordinary resolution, seeks the approval of shareholders to the adoption of the DB Plan.

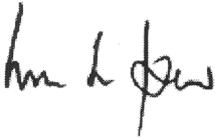
Approval of a new SAYE option scheme (Resolution 14)

At the AGM, it is also proposed to seek the authority of shareholders to implement a new "all employee" share option scheme, namely the Ricardo plc 2011 SAYE Option Scheme (the "SAYE Scheme").

This arrangement will be used to grant tax approved share options to employees at all levels within the organisation and is being introduced to replace the Company's previous savings-related share option scheme following its expiry on the tenth anniversary of its adoption.

The principal terms of the SAYE Scheme are summarised in Appendix 2 to this letter. Resolution 14, which will be proposed as an ordinary resolution, seeks the approval of shareholders to the adoption of the SAYE Scheme.

Yours faithfully



Michael Harper
Chairman

Appendix 1 – Summary of the principal terms of the Ricardo plc 2011 Deferred Bonus Plan

The Ricardo plc 2011 Deferred Bonus Plan (the “DB Plan”), which will replace the existing deferred bonus scheme that has been operated by the Company since 2006, is a discretionary arrangement that will be administered by the Committee.

The DB Plan will allow a proportion of the annual bonus of selected employees and executive directors to be delivered in the form of conditional awards over Ordinary Shares (a “Deferred Share Award”) that will normally vest after a period of three years. The DB Plan will also permit the grant of matching awards over further Ordinary Shares (a “Matching Share Award”), the vesting of which will normally be subject to the satisfaction of pre-determined performance conditions over a specified period.

If approved by shareholders, it is intended that the DB Plan will be adopted by the Board as soon as reasonably practicable after the AGM. It is currently anticipated that the first Deferred Share Awards and Matching Share Awards (together, “Awards”) will be granted following the expiry of the Company’s financial year ending 30 June 2012.

A summary of the principal terms of the DB Plan is set out below.

1 Eligibility

Any person who is an employee or full time executive director of the Company and its subsidiary undertakings (the “Group”) may be selected to participate in the DB Plan at the discretion of the Committee.

2 Form and timing of Awards

- 2.1 Awards under the DB Plan will take the form of conditional rights to acquire Ordinary Shares (or such other form as the Committee shall determine as has substantially similar purpose or effect).
- 2.2 Awards may normally be made under the DB Plan within the period of forty two days after a results announcement by the Company in any year. Awards may also be granted at any other time when the Committee considers there are exceptional circumstances which justify the granting of such Awards.
- 2.3 No payment will be required for the grant of an Award.
- 2.4 No Awards will be made under the DB Plan more than ten years after the date of its approval by shareholders at the AGM.

3 Number of Deferred and Matching Shares

- 3.1 Where an employee or executive director is selected for participation in the DB Plan in respect of a particular financial year, the Committee will notify him / her of his / her bonus entitlement for that period and the proportion thereof which will be delivered in the form of a Deferred Share Award under the DB Plan (the “Award Allocation”). For grants made in respect of bonuses for the financial year to 30 June 2012, it is anticipated that the Committee’s policy will be as follows:
 - For executive directors, the Award Allocation will form 50% of the pre-tax bonus for that year; and
 - For all other employees selected for participation in the DB Plan, the Award Allocation will form one-third of any part of their pre-tax bonus for that year which is in excess of £10,000.
- 3.2 The number of Ordinary Shares over which a Deferred Share Award will be granted (“Deferred Shares”) will be calculated by dividing the Award Allocation (before any deduction of tax) by the market value of an Ordinary Share on the date of award. For these purposes the market value of an Ordinary Share will be determined by reference to its middle market quotation derived from the London Stock Exchange plc’s Daily Official List for the dealing day immediately preceding the date of award (or, if the Committee so determines, the average of such middle market quotations for the five dealing days immediately preceding the date of award).
- 3.3 At the same time, at the discretion of the Committee, a Matching Share Award may be granted of up to 1 Ordinary Share (“Matching Share”) for every Deferred Share. For grants made in respect of the bonuses for the financial year to 30 June 2012, it is anticipated that the Committee’s policy will be as follows:
 - For executive directors, Matching Share Awards will be granted on the basis of 1 Matching Share for every 1 Deferred Share (i.e. a 1 for 1 match); and
 - For all other employees selected for participation in the DB Plan, no Matching Awards will be granted.

4 Vesting of Awards, performance period and performance conditions

- 4.1 Both Deferred Share Awards and Matching Share Awards will generally vest on the third anniversary of the date on which they were originally granted.
- 4.2 However, the percentage of a Matching Share Award which vests on this date will be determined by the extent to which pre-determined performance conditions are satisfied during a pre-set performance period. To the extent that a Matching Share Award has not vested on the third anniversary of grant, it will lapse.
- 4.3 The performance conditions and period applicable to a Matching Share Award will be set by the Committee at its absolute discretion. It is, however, currently anticipated that the terms of any condition imposed on a Matching Share Award granted during a financial year will be identical to the corresponding measures applied to awards granted under the Company’s 2006 Long Term Incentive Plan (the “LTIP”) in that same period.
- 4.4 If, therefore, the Committee’s intended LTIP performance condition policy for the financial year to 30 June 2012 continued to be in place at the time the initial Matching Share Awards are granted under the DB Plan, the measures used to determine the extent of vesting would be as follows:

- The vesting of 50% of the Matching Shares would be determined by comparing the Total Shareholder Return (“TSR”) of the Company over the period of three years from the date of grant with the TSR for each company in a comparator group comprised of the FTSE Small Cap Index constituents (excluding financial services companies and investment trusts). Vesting would then take place as follows:

TSR ranking of the Company in the comparator group	% of Matching Shares comprised in the TSR element that would vest
Below median	0%
At median	25%
At upper quartile	100%
Between median and upper quartile	Straight line basis between 25% and 100%

- The vesting of the remaining 50% of the Matching Shares would be determined by reference to the extent to which the growth in the Company’s normalised earnings per share (“EPS”) over a period of three consecutive financial years (commencing with the financial year in which the Matching Share Award is granted) exceeds the growth in the Retail Prices Index (“RPI”) as follows:

Normalised EPS growth over the performance period	% of Matching Shares comprised in the EPS element that would vest
Less than RPI + 4% p.a.	0%
RPI + 4% p.a.	30%
RPI + 11% p.a.	100%
Between RPI + 4% p.a. and RPI + 11% p.a.	Straight line basis between 30% and 100%

- 4.5 The Committee will have the power to vary the terms of the performance conditions attaching to an outstanding Matching Share Award in exceptional circumstances, provided that, in the opinion of the Committee, the amended conditions are neither materially easier nor more difficult to achieve than they were when the relevant Matching Share Award was first granted.
- 4.6 In addition, the Committee will review (and may amend) the performance conditions prior to each grant of Matching Share Awards to ensure that they remain appropriate, challenging and in line with best practice/investor guidelines.

5 Rights attaching to the shares

- 5.1 Awards will not confer any shareholder rights until they have vested and the participants have received their Ordinary Shares.
- 5.2 However, the Committee will have the ability to grant Deferred Share Awards and/or Matching Share Awards on the basis that the number of Deferred Shares or Matching Shares (as appropriate) comprised therein will be increased to reflect the dividends that would have been paid on such shares during the vesting period. Initially, the Committee proposes that only Deferred Share Awards will benefit from these additional rights.
- 5.3 In addition, the Committee has the discretion to satisfy vested Awards in cash.
- 5.4 Any shares allotted in connection with the DB Plan will otherwise carry the same rights as any other Ordinary Shares and application will be made, as required, for any new issue shares to be listed by the UK Listing Authority and traded on the London Stock Exchange.

6 Source of Ordinary Shares and dilution limits

- 6.1 Awards may be satisfied either by the issue of new Ordinary Shares, the transfer of Ordinary Shares from treasury or the transfer of existing Ordinary Shares purchased in the market. In all cases, the Ordinary Shares will normally be subscribed for or acquired by the trustee of the Company’s existing employee benefit trust who will, in turn, transfer them on to the relevant participants. However, the rules of the DB Plan place two limitations on the number of new Ordinary Shares which may be allocated from the issued share capital of the Company.
- 6.2 The first limit referred to above specifies that the number of Ordinary Shares which may be allocated on any day shall not, when added to the aggregate number of Ordinary Shares which have been allocated in the previous ten years under the DB Plan and any other discretionary share scheme operated by the Company, exceed such number as represents 5% of the ordinary share capital of the Company in issue immediately prior to that day.
- 6.3 The second limit referred to above specifies that the number of Ordinary Shares which may be allocated on any day shall not, when added to the aggregate number of Ordinary Shares which have been allocated in the previous ten years under the DB Plan and any other employees’ share scheme operated by the Company, exceed such number as represents 10% of the ordinary share capital of the Company in issue immediately prior to that day.
- 6.4 For the purposes of these limits:
- Awards, options and other rights to acquire Ordinary Shares which have lapsed or been released without being exercised will not be counted;

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- Awards, options and other rights to acquire Ordinary Shares which are, or are to be, satisfied by the transfer of existing Ordinary Shares purchased in the market will not be counted; and
 - Ordinary Shares transferred from treasury will count as new issue shares but will cease to so count if institutional investor bodies decide that they should not count.

7 Cessation of employment

- 7.1 As a general rule, if a participant ceases to be an employee before his Award vests, it will lapse.
- 7.2 However, if a participant dies or leaves employment in certain specified circumstances such as illness or redundancy, the Award will not lapse and will vest at the date of death or cessation of employment, as appropriate provided that, in the case of a Matching Share Award, such vesting will normally only occur if, and to the extent that, the applicable performance conditions have been satisfied at that time.
- 7.3 The amount of an Award which vests in the above circumstances will generally be pro-rated for the time elapsed between the award date and the cessation of employment.

8 Change of control provisions

- 8.1 On the occurrence of a takeover of the Company (or certain other major corporate events), Awards will vest immediately but, in the case of Matching Share Awards, such vesting will normally only occur if, and to the extent that, the applicable performance conditions have been satisfied at that time.
- 8.2 In addition, the amount of a Matching Share Award which vests in the above circumstances will generally be pro-rated for the time elapsed between the award date and the takeover transaction.
- 8.3 As an alternative to the above provisions the Committee may, in connection with a takeover of the Company or other similar event, require a participant to surrender their existing rights under the DB Plan in consideration for the grant to him / her of equivalent rights over shares in the acquiring company (or a member of its group).

9 Clawback

If, prior to the date on which a Deferred Share Award vests, the Committee determines that the financial results of the Company for the financial year immediately preceding the grant of that Award have been significantly misstated, it may, at its discretion, reduce the number of Deferred Shares comprised in such Award. In these circumstances, a corresponding adjustment will also be made to the number of Matching Shares over which any related Matching Share Award subsists.

10 Variation of share capital

Awards may be adjusted if there is a variation in the share capital of the Company such as a rights or bonus issue, or if the Company implements a demerger, or other exceptional event, that would affect the value of Awards.

11 Amendments to the rules of the DB Plan

11.1 The rules of the DB Plan may at any time be altered by the Board in any respect. However, the provisions relating to:

- the class of persons eligible to participate in the DB Plan;
- the maximum entitlement and the basis for determining the entitlement of any one participant;
- the terms upon which Ordinary Shares may be transferred to a participant under an Award;
- the adjustments to Awards in the event of a variation of capital;
- the limitations on the number of Ordinary Shares which may be issued under the DB Plan; and
- the amendment rule,

cannot be altered to the advantage of participants without the prior approval of shareholders (except for minor amendments to benefit the administration of the DB Plan, to comply with or take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the DB Plan or for the Company or any other member of the Group).

11.2 In addition, no alteration can be made to the rules of the DB Plan which would materially abrogate or adversely affect the subsisting rights of a participant, unless participants are invited to indicate whether they approve the change and the proposed alteration is approved by at least 75% of participants who provide such an indication.

12 Overseas jurisdictions

The Committee may develop and approve overseas jurisdiction variants to the DB Plan rules under the terms of which awards may be made in such a way as to satisfy or take advantage of securities and tax legislation in such jurisdictions. Any plan variants will otherwise be of similar structure and economic intent as the main DB Plan and will count towards the overall DB Plan limits described above.

13 General

Benefits derived from the DB Plan will not constitute pensionable earnings of any individual.

Appendix 2 – Summary of the principal terms of the Ricardo PLC 2011 SAYE Option Scheme

The Ricardo plc 2011 SAYE Option Scheme (the “SAYE Scheme”) is being introduced to replace the Company’s previous approved savings-related share option scheme following its expiry on the tenth anniversary of its adoption.

The SAYE Scheme will provide for the grant of tax advantaged options by the Company to subscribe for, or to purchase, Ordinary Shares. It is intended that the SAYE Scheme will in due course be submitted for approval to HM Revenue & Customs (“HMRC”) under Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003. The Board retains the authority to make such changes to the SAYE Scheme as may be necessary or desirable in order to obtain such approval.

The SAYE Scheme will be administered by the Board or a duly authorised committee thereof. The principal terms of the SAYE Scheme are, in all material respects, the same as the Company’s previous approved savings-related share option scheme that it is intended to replace. A summary of these terms is as follows:

1 Eligibility

All UK resident employees and full time executive directors of the Company and its subsidiary undertakings (the “Group”) who have completed a qualifying period of employment (not exceeding five years) will generally be eligible to participate in the SAYE Scheme.

2 Grant of Options

- 2.1 Whenever it is decided to operate the SAYE Scheme, the Board must invite each eligible employee to apply for an option to acquire Ordinary Shares. As a precondition to being granted an option, an eligible employee must enter into a certified Save As You Earn contract (a “Savings Contract”) with a bank or building society in terms of which he agrees to make monthly contributions of between £5 and the present maximum of £250 for a period of three or five years. A bonus is payable after a predetermined period of three, five or seven years. Eligible employees that accept the invitation to participate will normally be granted options over such number of Ordinary Shares as have an aggregate option price which equals as nearly as possible the proceeds (including the bonus) payable from the Savings Contract.
- 2.2 Invitations to apply for the grant of options may normally be made by the Board during the period of 42 days after:
 - receipt of formal HMRC approval of the SAYE Scheme; and
 - a results announcement by the Company in any year.
- 2.3 No option may be granted after the tenth anniversary of the adoption of the SAYE Scheme.

3 Non Transferability of options

No option may be assigned or transferred in any way, although the executors or personal representatives of a deceased option holder may, in certain circumstances, exercise options held by him.

4 Exercise Price

The price payable for each Ordinary Share on the exercise of an option granted under the SAYE Scheme will be determined by the Board, but will not be less than the higher of:

- 80% of the middle market quotation of an Ordinary Share as derived from the London Stock Exchange plc’s Daily Official List for the dealing day immediately preceding the date of invitation (or, if so determined by the Board, 80% of the average of such quotations for the five dealing days immediately preceding the date of invitation); and
- (for newly issued Ordinary Shares) their nominal value.

5 Dilution Limit

- 5.1 The rules of the SAYE Scheme place a limitation on the number of Ordinary Shares which may be allocated from the unissued share capital of the Company.
- 5.2 The limit specifies that the number of Ordinary Shares which may be allocated on any day shall not, when added to the aggregate number of Ordinary Shares which have been allocated in the previous ten years under the SAYE Scheme and any other employees’ share scheme adopted by the Company, exceed such number as represents 10% of the ordinary share capital of the Company in issue immediately prior to that day.
- 5.3 For the purposes of this limit:
 - options and other rights to acquire Ordinary Shares which have lapsed or been released without being exercised will not be counted;
 - options and other rights to acquire Ordinary Shares which are, or are to be, satisfied by the transfer of existing Ordinary Shares purchased in the market will not be counted; and
 - Ordinary Shares transferred from treasury will count as new issue shares but will cease to so count if institutional investor bodies decide that they should not count.

6 Exercise and lapse of options

- 6.1 An option will normally only be exercisable for a period of six months commencing on the third, fifth or seventh anniversary of the starting date of the related Savings Contract and if not exercised by the end of that period will lapse.

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- 6.2 However, options may be exercised earlier in certain specified circumstances including death or the participant ceasing to be in employment by reason of injury, disability, redundancy, retirement or the Group company or undertaking in which he is employed being transferred outside the Group. If a participant's employment with the Group terminates for other reasons prior to the third anniversary of the date of grant, options normally lapse.
- 6.3 Whenever an option is exercised before completion of the related Savings Contract, the exercise of such option is limited to the total of refunded contributions together with any bonus or interest received under the Savings Contract at that time.

7 Takeovers etc

Options may generally be exercised early on a change of control of the Company, whether through a takeover, scheme of arrangement, merger or other reorganisation. Alternatively, options may, with the agreement of the acquiring company, be exchanged for equivalent options over shares in the acquiring company.

8 Issue of Shares

Ordinary Shares will normally be transferred or allotted on the exercise of an option within 30 days of the date of exercise. Ordinary Shares will rank *pari passu* with other Ordinary Shares in issue at the date of allotment.

9 Variation of Share Capital

In the event of any variation of the share capital of the Company, the number of Ordinary Shares subject to any option and the exercise price for each Ordinary Share will be adjusted in such manner as the auditors confirm in writing to be fair and reasonable and as HMRC shall approve.

10 Alteration

10.1 The Board may amend the SAYE Scheme as they consider appropriate. However, shareholder approval is required to amend certain provisions to the advantage of participants or eligible employees. These provisions relate to eligibility; individual and plan limits; the basis for determining the terms of options and their adjustment on variation of the Company's share capital; and the amendment powers.

10.2 Shareholder approval is not required for amendments to obtain or maintain HMRC approval and certain other minor amendments. All amendments to the SAYE Scheme are subject to the prior approval of HMRC, where required.

11 Overseas Plans

The Board may at any time and without further formality establish further schemes in overseas territories governed by rules similar to the SAYE Scheme but modified to take account of local tax, exchange control or securities laws, regulation or practice, provided that any Ordinary Shares made available under any such scheme will count against the limit on the number of new shares which may be issued under the SAYE Scheme.

12 General

Benefits derived from the SAYE Scheme will not constitute pensionable earnings of any individual.

Notice of Annual General Meeting 2011

Notice is hereby given that the Annual General Meeting of Ricardo plc ("the Company") will be held at the offices of Royal Bank of Scotland plc, 250 Bishopsgate, London EC2M 4AA, on 17 November 2011 at 10.00 am to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 15 will be proposed as ordinary resolutions and resolutions 16 to 18 will be proposed as special resolutions:-

ORDINARY BUSINESS

ORDINARY RESOLUTIONS

Resolution 1

To receive the reports of the directors' and auditors' and the audited accounts of the Company for the year ended 30 June 2011.

Resolution 2

To approve the Directors' Remuneration Report for the year ended 30 June 2011.

Resolution 3

That a final dividend of 8.1 pence per ordinary share recommended by the directors be declared in respect of the year ended 30 June 2011.

Resolution 4

That PricewaterhouseCoopers LLP be re-appointed as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that the directors be authorised to fix their remuneration.

Resolution 5

That Peter Gilchrist be elected as a director of the Company.

Resolution 6

That Michael Harper be re-elected as a director of the Company.

Resolution 7

That Ian Lee be re-elected as a director of the Company.

Resolution 8

That David Hall be re-elected as a director of the Company.

Resolution 9

That Hans Joachim Schöpf be re-elected as a director of the Company.

Resolution 10

That Dave Shemmans be re-elected as a director of the Company.

Resolution 11

That Paula Bell be re-elected as a director of the Company.

Resolution 12

That Mark Garrett be re-elected as a director of the Company.

SPECIAL BUSINESS

ORDINARY RESOLUTIONS

Resolution 13

- (a) That the Ricardo plc 2011 Deferred Bonus Plan (the "DB Plan"), constituted by the rules produced to the Meeting and initialled by the chairman for the purposes of identification (the principal terms of which are summarised in Appendix 1 to the letter accompanying this Notice) (the "DB Plan Rules"), be approved and the directors be authorised to adopt the DB Plan Rules subject to such modifications as the directors may consider necessary or desirable to take account of the requirements of the UK Listing Authority, and to do all acts and things necessary or expedient to bring into effect and operate the DB Plan; and
- (b) the directors be authorised and empowered to establish further plans based on the DB Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the individual and plan limits set out in the DB Plan.

Resolution 14

- (a) That the Ricardo plc 2011 SAYE Option Scheme (the "SAYE Scheme"), constituted by the rules produced to the Meeting and initialled by the chairman for the purposes of identification (the principal terms of which are summarised in Appendix 2 to the letter accompanying this Notice) (the "SAYE Scheme Rules"), be approved and the directors be authorised to adopt the SAYE Scheme Rules subject to such modifications as the directors may consider necessary or desirable to obtain the approval of HM Revenue & Customs under the provisions of Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 or to take account of the requirements of the UK Listing Authority, and to do all acts and things necessary or expedient to bring into effect and operate the SAYE Scheme; and
- (b) the directors be authorised and empowered to establish further plans based on the SAYE Scheme but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the individual and plan limits set out in the SAYE Scheme.

Resolution 15

That the authority conferred on the directors by Article 4(B) of the Company's Articles of Association to allot relevant securities be renewed for the period expiring 15 months after the date of passing of this resolution or at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (whichever first occurs) and for such period the "section 551 amount" shall be £4,241,177.

SPECIAL RESOLUTIONS

Resolution 16

That subject to the passing of resolution 15, the power conferred on the directors by Article 4(C) of the Company's Articles of Association be renewed for the period expiring 15 months after the date of the passing of this resolution or at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (whichever first occurs) and for that period the "section 561 amount" is £642,603. This power shall extend to a sale of treasury shares which is an allotment of equity securities by virtue of section 560(2) of the Companies Act 2006 (the "Act").

Resolution 17

That the Company be generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693 of the Act) of ordinary shares of 25p in the capital of the Company provided that:

- i) the maximum number of ordinary shares authorised to be acquired shall be 5,140,820 being 10% of the issued ordinary share capital of the Company at the date of this notice;
- ii) the maximum price which may be paid for each of the ordinary shares shall, in respect of a share contracted to be purchased on any day, be an amount equal to the higher of (a) 105% of the average of the middle market quotations (as derived from the London Stock Exchange plc's Daily Official List) for the ordinary shares of the Company on the 5 business days immediately preceding the day on which the share is contracted to be purchased and (b) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange plc Trading System (SETS), which amount in each case shall be exclusive of expenses;
- iii) the minimum price which may be paid for the ordinary shares shall, in respect of a share contracted to be purchased on any day, be an amount equal to 75% of the average of the middle market quotations (as derived from the London Stock Exchange plc's Daily Official List) for the ordinary shares of the Company on the 5 business days immediately preceding the day on which the share is to be purchased, which amount shall be exclusive of expenses but shall not, in any event, be less than the par value of that share; and
- iv) this authority shall expire at the conclusion of the next Annual General Meeting after the passing of this resolution except in relation to any purchase of shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry.

Resolution 18

That a general meeting other than an annual general meeting may be called by notice of not less than 14 clear days provided that the Company offers the facility to members to vote by electronic means.

By Order of the Board

Patricia Ryan
Company Secretary

Dated 5 October 2011

Registered office:
Shoreham Technical Centre
Shoreham By Sea
West Sussex
BN43 5FG

Notes:

1. The Board recommends that members vote in favour of all the resolutions to be proposed at the Meeting, which they consider to be in the best interests of shareholders as a whole. Explanatory notes in respect of the resolutions proposed are provided in the letter accompanying this Notice and on pages 62 and 63 of the Annual Report and Accounts 2011.
2. Information regarding the Meeting, including the information required by section 311A of the Companies Act 2006, is available from www.ricardo.com.
3. If you wish to attend the Meeting in person please bring with you the attendance card provided. Members wishing to attend the Meeting with special needs should contact Patricia Ryan, Ricardo plc, Shoreham Technical Centre, Shoreham by Sea, West Sussex, BN43 5FG Telephone: 01273 794776 in advance of the Meeting.
4. A member entitled to attend and vote at the Meeting at the time specified in note 9 is also entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the Meeting. The proxy need not be a member of the Company. You may only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. In order to be valid, an appointment of proxy must be returned by one of the following methods:
 - a) in hard copy form by post, by courier or by hand to the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or
 - b) if you hold your shares in certificated form and have your share certificates to hand, online at www.ricardo-shares.com by following the instructions provided; or
 - c) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

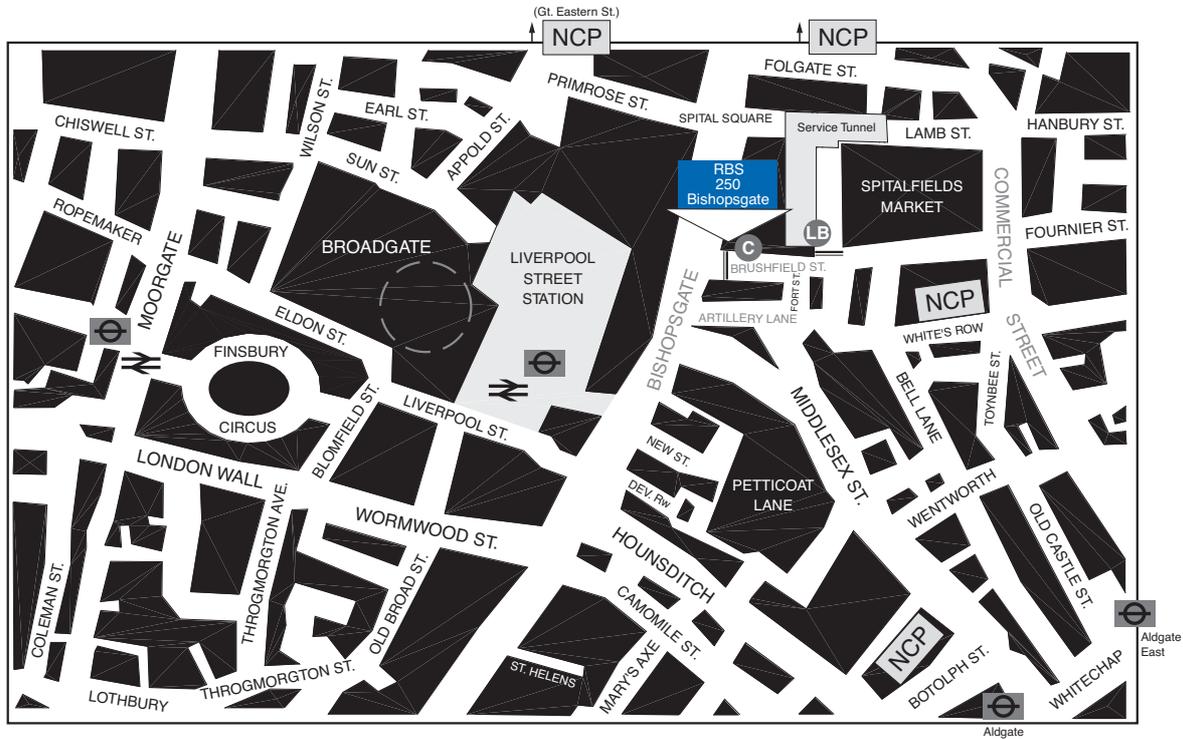
In each case, instructions must be received not less than 48 hours before the time for holding the Meeting or, in the event that the Meeting is adjourned, not less than 48 hours prior to the adjourned Meeting. Appointment of a proxy does not preclude members from attending the Meeting and voting in person, if they should so wish.

5. For an appointment of a proxy returned in hard copy to be valid, it must be completed and received (together with any power of attorney or other written authority under which it is signed or a copy of such authority notarially certified or certified in some other way approved by the directors) by Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time for holding the Meeting or, in the event that the Meeting is adjourned, not less than 48 hours prior to the adjourned Meeting. A form of proxy which may be used to make such an appointment and give proxy instructions accompanies this notice of Meeting. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras from within the UK lines are open 8.30am-5.30pm Mon-Fri)). Should you wish to appoint more than one proxy, please photocopy the form indicating on each copy the name of the proxy you wish to appoint, the number of ordinary shares in respect of which the proxy is appointed and the way in which you wish them to vote on the resolutions that are proposed. You should send all pages to Capita Registrars at the address noted above.
6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK and Ireland Limited ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time for receipt of proxy appointments specified in the notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertified Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) takes(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
7. In the case of joint holdings, only one holder may sign and the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, seniority for this purpose being determined by the order in which the names stand in the Register of Members in respect of joint holdings.
8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to the amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

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9. Members shall only be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name on the Register of Members of the Company as at 6.00 pm on 15 November 2011 or in the case of an adjournment of the Meeting, 6.00 pm on the day which is two working days before the day of such adjourned Meeting. Changes to entries on the Register of Members after 6.00 pm on the relevant date shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
 10. A person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
 11. The statements of rights of members in relation to the appointment of proxies in paragraph 4 above do not apply to a Nominated Person. The rights described in that paragraph can only be exercised by registered members of the Company.
 12. As at the close of business on 23 September 2011 the Company's issued share capital consisted of 51,408,202 ordinary shares of 25p each, carrying one vote each. Accordingly, the total voting rights in the Company were 51,408,202. Since that date the issued share capital has increased by 15,125 ordinary shares and accordingly at the date of this Notice the total voting rights in the Company are 51,423,327. The website referred to in note 2 will include information on the number of shares and voting rights.
 13. As of 4 October 2011 there were outstanding options and other rights to acquire shares which may be satisfied by the issue of 1,209,830 new ordinary shares, representing 2.4 per cent of the Company's issued share capital. If the authority proposed to be given by resolution 17 (authority to make market purchases of own ordinary shares) were to be fully used, outstanding options would represent 2.6 per cent of the Company's issued share capital (excluding treasury shares).
 14. Copies of contracts of service and letters of appointment (unless expiring or determinable by the Company within 1 year without payment of compensation) of the directors of the Company will be available for inspection at the registered office of the Company during business hours on any weekday (public holidays excluded) from the date of this notice until the date of the Annual General Meeting and at the place of the Meeting from 9.45 am on the date of the Meeting until its conclusion.
 15. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
 16. Under section 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which may properly be moved and is intended to be moved at the Meeting and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which the notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company no later than 6 October 2011, being the date 6 clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
 17. 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, 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.
 18. Copies of (i) the draft DB Plan Rules; and (ii) the draft SAYE Scheme Rules are available for inspection at the registered office of the Company and at the offices of Shepherd and Wedderburn LLP, Condor House, 10 St. Paul's Churchyard, London EC4M 8AL during normal business hours Monday to Friday (public holidays excepted) from the date of posting of this document up to, and including, the date of the Meeting, and also on that date, at the place of the Meeting for the period commencing 15 minutes prior to the Meeting and during the Meeting.
 19. A member may not use any electronic address provided either in this Notice or any related documents (including the Chairman's letter and proxy form) to communicate with the Company for any purposes other than those expressly stated.
 20. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
 21. Towers Watson has given and has not withdrawn its written consent to the inclusion of the reference to its name in the form and context in which it is included.

Ricardo plc AGM Location

How to find the offices of Royal Bank of Scotland 250 Bishopsgate, London EC2M 4AA



KEY

- SERVICE TUNNEL
- LOADING BAY
- COURIER ENTRANCE
- NO ENTRY

RBS London offices are within the City of London Congestion Charging Zone. For further information visit www.cclondon.com

