

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action you should take, you are recommended immediately to seek your own financial advice from your stockbroker, bank manager, auditor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all of your shares in Spirax-Sarco Engineering plc please pass this document and the accompanying documents (but not the personalised Form of Proxy) as soon as possible to the purchaser or transferee or to the agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Spirax-Sarco Engineering plc
Circular to Shareholders
and
Proposed Special Dividend of 120.0p per Existing Ordinary Share
and Share Consolidation of 27 New Ordinary Shares
for every 28 Existing Ordinary Shares
and
Notice of Annual General Meeting
to be held at
Charlton House
Cheltenham
Gloucestershire
GL53 8ER
on
Monday, 11th May 2015 at 2.00 pm

The Notice convening the Annual General Meeting appears at the end of this document.

Forms of Proxy for use at the Annual General Meeting should be completed and returned to the Company's Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, BN99 6DA as soon as possible and, in any event, so as to arrive not less than 48 hours, excluding non-business days, before the time of the Meeting. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so. Please refer to page 16 for full details.

At the Annual General Meeting shareholders will be invited to vote on a resolution by resolution basis by way of a polled vote. The results will be announced instantaneously using the Equiniti "VoteNow" polling system. Immediately after the Annual General Meeting, the results are also announced on the Group's website, www.spiraxsarcoengineering.com, and the London Stock Exchange.

Application will be made to the UK Listing Authority for the new Ordinary shares arising from the proposed share consolidation to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange for the new Ordinary shares to be admitted to trading on the London Stock Exchange's market for listed securities. It is expected that dealings in existing Ordinary shares will continue until 4.30 pm on Friday, 12th June 2015 and that admission of the new Ordinary shares will become effective and dealings for normal settlement will commence at 8.00 am on Monday, 15th June 2015.

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Expected Timetable**2015**

Existing Ordinary shares marked ex-entitlement to the Final Dividend of 45.0p per existing Ordinary share	Thursday, 30th April
Record date for entitlement to the Final Dividend	5.00 pm on Friday, 1st May
Latest time and date for receipt of Forms of Proxy from shareholders	2.00 pm on Thursday, 7th May
Annual General Meeting	2.00 pm on Monday, 11th May
Payment of Final Dividend by cheque or BACS	Friday, 29th May
Record date for entitlement to the Special Dividend of 120.0p per existing Ordinary share and the share consolidation	5.00 pm on Friday, 12th June
Existing Ordinary shares marked ex-entitlement to the Special Dividend	Monday, 15th June
Effective time and date of the share consolidation and the date CREST accounts credited with new Ordinary shares	8.00 am on Monday, 15th June
Commencement of dealings in new Ordinary shares	8.00 am on Monday, 15th June
Payment (where applicable) of fractional entitlements by cheque or CREST payment	by Friday, 26th June
Despatch (where applicable) of certificates for new Ordinary shares	by Friday, 26th June
Payment of Special Dividend by cheque or BACS	Wednesday, 15th July

Notes:

- (1) References to times in this Circular are to London time unless otherwise stated.
- (2) If any of the above times or dates should change, the revised times and/or dates will be notified to shareholders by an announcement on the Regulatory Information Service.
- (3) All events in the above timetable scheduled to take place after the Annual General Meeting in respect of the Special Dividend and the share consolidation are conditional on the approval by shareholders of Resolution 17 as proposed. The despatch of certificates for new Ordinary shares (where applicable) and the payment of the Special Dividend and fractional entitlements (where applicable) are conditional upon the new Ordinary shares being admitted to the Official List of the UK Listing Authority and being admitted to trading on the London Stock Exchange.

The Shareholder Helpline number is 0871 384 2200 (from within the UK) or +44 121 415 0283 (if calling from outside the UK). Calls to 0871 384 2200 are charged at 8p per minute (excluding VAT) plus network extras. Lines are open from 8.30 am to 5.30 pm (London time) Monday to Friday (except UK public holidays). Calls to the Shareholder Helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that the Shareholder Helpline operators cannot provide advice on the merits of the share consolidation nor give financial, tax, investment or legal advice.

SPIRAX-SARCO ENGINEERING plc

(Registered in England No. 596337)

Registered office:
Charlton House
Cirencester Road
Cheltenham
Glos.
GL53 8ER

20th March 2015

Part I – Letter from the Chairman

Dear Shareholder

This Circular accompanies the Annual Report and the Audited Accounts of the Company for the year ended 31st December 2014.

The consideration of resolutions at the Annual General Meeting (AGM) is important. Your Directors believe that in the interests of shareholder democracy it is critical that the voting intentions of all members are taken into account, not just those who are able to attend the AGM. We therefore again propose to put all resolutions at the AGM to shareholders by way of a poll rather than a show of hands. The Board considers that a poll is more democratic since it allows the votes of all shareholders to be counted and electronic voting enables poll voting results to be obtained efficiently and effectively. Shareholders attending the AGM will still have the opportunity to ask questions, form a view on the points raised and vote on each resolution.

If you would like to vote on the resolutions but cannot come to the AGM, you can appoint a proxy to exercise all or any of your rights to attend, vote and speak at the AGM. Please see the Form of Proxy section in the notes to the Notice of Meeting for information.

The purpose of this Circular is to explain certain elements of the business to be conducted at the AGM, including the ordinary resolutions (numbered 1 to 18) and the special resolutions (numbered 19 to 21).

Notice of Annual General Meeting

You will find the Notice of Annual General Meeting of the Company, which is to be held at Spirax-Sarco Engineering plc, Charlton House, Cheltenham, Gloucestershire, GL53 8ER on 11th May 2015 at 2.00 pm, set out in Part IV of this Circular on pages 13 to 16.

Ordinary Resolutions

Resolution 1 – Annual Report and Accounts

The receipt and consideration of the Company's Annual Report and Accounts.

Resolution 2 – Annual Report on Remuneration 2014

In accordance with Section 439 of the Companies Act 2006 (2006 Act) your Board is asking for your approval of the Annual Report on Remuneration 2014, as set out in the Company's Annual Report and Accounts for the year ended 31st December 2014. This part of the Report is, as in previous years, put to an advisory shareholder vote.

Resolution 3 – Final Dividend

The proposal recommended by the Directors to pay a final dividend of 45.0p per Ordinary share on 29th May 2015 to all shareholders on the register of members at 5.00 pm on 1st May 2015.

Resolution 4 – Auditor

The proposal to re-appoint Deloitte LLP as the Company's auditor.

Resolution 5 – Auditor Remuneration

The proposal to authorise the Directors to fix the remuneration of Deloitte LLP.

Resolutions 6 to 14 – Re-election of Directors

Resolutions 6 to 14 deal with the re-election of Directors in accordance with the requirements of the Company's Articles of Association and the UK Corporate Governance Code 2012 (Code).

The Code provides for all Directors of FTSE 350 companies to be subject to annual election by their shareholders. Accordingly, in keeping with the Board's aim of following best corporate governance practice, all members of the Board are standing for re-election.

Details of each of the Directors seeking re-election are set out below.

Bill Whiteley BSc, FCMA (66) Non-Executive Chairman

Committees:	Nomination (Chairman)
Appointed to the Board:	July 2002. Appointed Chairman in June 2009
External appointments:	Chairman of Brammer plc and Hill & Smith Holdings PLC

Until his retirement in 2008, Bill Whiteley was Chief Executive of Rotork plc, where he had been a Director since 1984. Bill has been awarded an honorary Doctorate of Engineering by the University of Bath.

Nick Anderson BSc Engineering, MBA (54) Group Chief Executive

Committees: Nomination, Risk Management (Chairman)
 Appointed to the Board: March 2012. Appointed Chief Operating Officer in August 2013 and Group Chief Executive in January 2014

Before joining the Group in 2011 as Director EMEA, Nick Anderson was Vice-President of John Crane Asia Pacific (part of Smiths Group plc), based in Singapore, and President of John Crane Latin America, based in the USA. Previously, Nick held senior positions with Alcoa Aluminio in Argentina and the Foseco Minsep Group plc in Brazil.

David Meredith FCMA, CGMA (55) Finance Director

Committees: Risk Management
 Appointed to the Board: June 1992

Before joining the Group in 1988 as Group Accountant, David Meredith trained as an accountant with Redman Heenan International, a specialist engineering group, and was appointed Accountant at their Heenan Drives Ltd subsidiary. David later joined English & American Reinsurance Company where he held finance positions.

Neil Daws CEng, FIMechE (52) Executive Director EMEA

Committees: Risk Management
 Appointed to the Board: June 2003

Neil Daws joined the Group in 1978 and held positions in production and design engineering prior to being named as UK Supply Director. Following this Neil has held responsibility for Asia Pacific, Latin America and the Group's Supply operations, including the Group's health, safety and environmental matters.

Jay Whalen BA, MBA (57) Executive Director Watson-Marlow Fluid Technology Group

Committees: Risk Management
 Appointed to the Board: March 2012

Jay Whalen joined the Group in 1991 as President of Watson-Marlow Inc. in the USA. He was named Sales and Marketing Director of the global Watson-Marlow pump business in 2002 and in 2010 was appointed to his current Group position of President, Watson-Marlow Fluid Technology Group. Prior to joining Watson-Marlow, Jay was Vice-President Operations for Harvard Bioscience, Inc.

Jamie Pike MBA, MA, MIMechE (59) Independent Non-Executive Director and Senior Independent Director

Committees: Audit, Nomination, Remuneration
 Appointed to the Board: May 2014
 External appointments: Chairman of Lafarge Tarmac Limited, Tyman plc and RPC Group

Jamie Pike joined Burmah Castrol in 1991 and was Chief Executive of Burmah Castrol Chemicals before leading the Foseco buy-out in 2001 and its subsequent flotation in 2005. Prior to joining Burmah, he was a partner at Bain & Company. Jamie was educated at Oxford, holds an MBA from INSEAD and is a Member of the Institute of Mechanical Engineers.

Krishnamurthy Rajagopal FEng, CEng, FIET, FIMechE, FIE, FCMI, PhD (61) Independent Non-Executive Director

Committees: Audit, Nomination, Remuneration (Chairman)
 Appointed to the Board: February 2009
 External appointments: Chairman of UMI⁹ Ltd and HHV Pumps Ltd. Non-Executive Director of WS Atkins plc, Bodycote plc, e2v technologies plc and Porvair plc

On completing his Doctorate in 1980, Krishnamurthy Rajagopal held senior positions in BOC Group plc prior to being named Chief Executive of BOC Edwards and Executive Director of the BOC Group plc, before retiring in 2006. He was previously a Non-Executive Director of FSI International Inc., Foseco Ltd and Dyson Group plc.

Trudy Schoolenberg PhD (56) Independent Non-Executive Director

Committees: Audit, Nomination, Remuneration
 Appointed to the Board: August 2012
 External appointments: Director of Integrated Supply Chain and Research, Development and Innovation, Decorative Paints Division of AkzoNobel. Non-Executive Director of COVA and Low & Bonar PLC

Prior to her current position at AkzoNobel, Trudy Schoolenberg served as Vice-President of Global Research & Development at Wartsila Oy. Trudy previously held senior management positions with Royal Dutch Shell plc and was Head of Strategy for Shell Chemicals.

Clive Watson B Comm (Acc), ACA, CTA (57) Independent Non-Executive Director

Committees: Audit (Chairman), Nomination, Remuneration
 Appointed to the Board: July 2009
 External appointments: Executive Director and Group Finance Director of Spectris plc

Clive Watson held several tax and finance roles before joining Black & Decker in 1988 as Director of Tax and Treasury Europe. He was later appointed Vice-President of Business Planning and Analysis in the USA. Clive then joined Thorn Lighting as Group Finance Director before working for Borealis as Chief Financial Officer and Executive Vice-President of Business Support.

The Board has confirmed, following the external performance review conducted by Dr Tracy Long of Boardroom Review Limited in 2012, and our internal self-appraisal process undertaken in 2014, that all Directors standing for re-election continue to perform effectively and demonstrate commitment to their roles.

Resolution 15 – Issue New Shares

Resolution 15 renews the authority granted to the Directors to allot new shares in accordance with section 551 of the 2006 Act up to a nominal amount of £6,565,640 being 33.33% of the issued Ordinary share capital at 19th March 2015 (being the latest practicable date prior to publication of this Circular). This authority will expire on the date of the next AGM or on 10th August 2016, whichever is the earlier. The Directors have no present intention of exercising this authority.

Resolution 16 – Scrip Alternative

At the AGM held in 2014, shareholders authorised the Directors to offer a scrip alternative to any dividend declared or paid in the period up to the date of the AGM to be held in 2019 or, if earlier, 19th May 2019. A scrip alternative will not be offered for the financial year ended 31st December 2014 but the Directors consider it prudent to maintain the facility to provide this alternative for shareholders should circumstances alter so as to make a scrip alternative appropriate. In accordance with the Articles of Association, Resolution 16 will be proposed as an ordinary resolution to renew this authority for five years ending on the date of the AGM to be held in 2020 or, if earlier, on 10th May 2020, although it is the Directors' intention to renew this authority annually.

Resolution 17 – Special Dividend and Share Consolidation

The proposal recommended by the Directors is for payment of a special dividend and share consolidation.

In light of the strong performance of the Group for the year ended 31st December 2014, and following the Board's review of the Group's balance sheet structure, the Board considers it appropriate to propose a special dividend to shareholders, in addition to the final dividend, and accordingly recommends a cash return to shareholders of approximately £91 million.

The proposed return of cash will be structured as a special dividend of 120.0p per existing Ordinary share and an associated consolidation of existing Ordinary shares on the basis of 27 new Ordinary shares for every 28 existing Ordinary shares. If shareholders approve the special dividend, it will be paid on 15th July 2015 to those shareholders on the register of members at 5.00 pm on 12th June 2015, with an ex-entitlement date of 15th June 2015. As is common when an amount representing a significant proportion of the market capitalisation of a company is returned to shareholders, the Board recommends that the special dividend is combined with a share consolidation. The share consolidation is intended, as far as possible, to maintain the comparability of the Company's share price before and after the special dividend. The total amount of the special dividend is equivalent to approximately 3.5% of the market capitalisation of the Company as at 19th March 2015 (being the latest practicable date prior to the publication of this Circular).

The effect of the share consolidation will be to reduce the number of Ordinary shares in issue by approximately the same percentage. It is anticipated, therefore, that the market price of each Ordinary share should remain at a broadly similar level following the special dividend and the share consolidation.

Shareholders will still hold the same proportion of the Company's Ordinary share capital as before the share consolidation (subject to any fractional entitlements). Although the new Ordinary shares will have a different nominal value, they will carry equivalent rights under the Articles of Association to the existing Ordinary shares currently in issue. The payment of any fractional amounts arising from the share consolidation will be made separately on 26th June 2015 to the relevant shareholders.

If Resolution 17 is not passed, the special dividend will not be paid and the share consolidation will not take place. Further details about the special dividend and the share consolidation are set out in Part II of this Circular on pages 7 to 9.

Resolution 18 – Spirax-Sarco 2015 Performance Share Plan

The Spirax-Sarco Performance Share Plan (2005 PSP) is a long-term incentive arrangement operated by the Company which was first approved by shareholders in 2005. The 2005 PSP expired on 15th March 2015.

The Directors, on the basis of the recommendation of the Remuneration Committee, are seeking shareholders' approval at the AGM to adopt a replacement PSP (2015 PSP).

The 2015 PSP is the same as the 2005 PSP (subject to the changes introduced to ensure alignment with shareholders and best practice, set out in Section 3 of Part III of this Circular on pages 10 to 12) and complies with the Remuneration policy 2014 approved by shareholders at the 2014 AGM.

Resolution 18 will be proposed as an ordinary resolution to adopt the rules of the Spirax-Sarco 2015 Performance Share Plan. Part III explains (1) in Section 1, the principal features of the 2015 PSP, (2) in Section 2, sets out the full details of the 2015 PSP, (3) in Section 3, the changes between the 2005 PSP and the 2015 PSP and (4) the Employee Benefit Trust.

Special Resolutions

Resolution 19 – Disapply Pre-emption Rights

Resolution 19 renews the Directors' authority in accordance with section 561 of the 2006 Act to allot further shares for cash, pursuant to the authority granted by Resolution 15, without first being required to offer such shares to existing shareholders. If approved, the Resolution will authorise the Directors to issue shares in connection with a rights issue or open offer and otherwise to issue shares for cash, including the sale on a non pre-emptive basis of treasury shares for cash, up to a maximum nominal amount of £984,846, being 5% of the nominal value of the Company's issued Ordinary share capital on 19th March 2015 (being the latest practicable date prior to the publication of this Circular). In accordance with the Pre-emption Group's Statement of Principles, the Directors do not intend to issue more than 7.5% of the issued share capital of the Company for cash on a non pre-emptive basis in any rolling three year period without prior consultation with the shareholders.

This authority will expire on the date of the next AGM or on 10th August 2016, whichever is the earlier. The Directors have no present intention of exercising this authority.

Resolution 20 – Purchase Own Shares

Resolution 20 renews the Directors' authority to make market purchases of its own Ordinary shares as permitted by the 2006 Act. The maximum aggregate number of Ordinary shares which may be purchased would be 7,315,998 which represents approximately 10% of the new Ordinary shares in issue immediately after the share consolidation or, if Resolution 17 is not passed, a maximum of 7,586,961 of the Company's existing Ordinary shares which represents approximately 10% of the Company's existing Ordinary share capital as at 19th March 2015 (being the latest practicable date prior to publication of this Circular). The minimum price (excluding expenses) which may be paid for each share purchased under this authority is 26¹²/₁₃p or, if Resolution 17 is not passed, 25²⁵/₂₆p. The maximum price (excluding expenses) which may be paid for a share purchased under this authority is an amount equal to the higher of 5% above the average of the middle market quotations of the Company's Ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased and that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003. This renewed authority will expire on the date of the next AGM or on 10th August 2016, whichever is the earlier.

The share repurchases made to date under the authorities granted by shareholders have enhanced earnings per share to the benefit of all shareholders. The Board believes that it would be appropriate to have the option to use a proportion of the Company's cash resources to make further market repurchases of Ordinary shares.

The Company will only exercise the authority granted by the proposed Resolution where the Board reasonably believes that repurchasing its shares will increase earnings per share of the Ordinary shares in issue after the purchase and, accordingly, is in the best interests of shareholders generally.

The number of options and 2005 PSP awards to subscribe for equity shares that are outstanding at 19th March 2015 is 681,075, being 0.90% of the issued Ordinary share capital at that date. If the authority to purchase the Company's Ordinary shares was exercised in full, these options would represent 1.03% of the Company's issued Ordinary share capital if Resolution 17 is passed and, if Resolution 17 is not passed, these options would represent 1.00% of the Company's issued Ordinary share capital. The Company has no warrants to subscribe for equity shares that are outstanding at 19th March 2015.

The 2006 Act permits certain listed companies to hold shares in treasury, as an alternative to cancelling them, following a purchase of own shares by the company. Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy share options and share awards under share plans. Once held in treasury, the company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Further, no dividend or other distribution of the company's assets may be made to the company in respect of the treasury shares.

Any shares purchased by the Company pursuant to the authority conferred by Resolution 20 will either be cancelled and the number of shares reduced accordingly or, if the Directors think fit, they may be held as treasury shares. As at 19th March 2015, the Company held no Ordinary shares in treasury. This authority will expire on the date of the next AGM or on 10th August 2016, whichever is the earlier.

The Directors have no present intention of exercising this authority.

Resolution 21 – Length of Notice of Meeting

Resolution 21 seeks approval, subject to the Company's Articles of Association, for the Company to call general meetings (other than AGMs) on 14 clear days' notice. The notice period required by the 2006 Act for general meetings of the Company is 21 days unless shareholders approve a shorter notice period, which cannot, however, be less than 14 clear days. AGMs will continue to be held on at least 21 clear days' notice. Resolution 21 seeks the approval required by the 2006 Act, which will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting. The flexibility offered by Resolution 21 will be used when, taking into account the circumstances, the Directors consider this appropriate in relation to the business of the meeting and in the interests of the Company and the shareholders as a whole.

Action to be taken

Whether or not you are able to attend the Meeting, please complete and return the enclosed Form of Proxy so as to reach the Registrars not less than 48 hours, excluding non-business days, before the time for the Meeting. Completion and return of a Form of Proxy will not prevent you from attending and voting in person at the Meeting if you so wish.

Recommendation

Your Directors believe that all the proposals to be considered at the AGM will promote the success of the Company and are in the best interests of the Company and its shareholders as a whole and recommend shareholders to vote in favour of the Resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 123,085 shares (as at 19th March 2015), representing approximately 0.16% of the existing issued share capital of the Company.

Yours faithfully

Bill Whiteley

Chairman

Part II – Additional Information about the Special Dividend and Share Consolidation

1. Special Dividend

The Group has performed very well over the last few years, substantially growing underlying profit whilst undertaking considerable capital expenditure and making significant investment in research and development and acquisitions. Cash generation has also been strong. The outlook for the Group remains strong and, having reviewed the Group's balance sheet, the Board believes the Group has significant resources to fund forecast capital expenditure and research and development. The Board is therefore recommending a special dividend to shareholders of 120.0p per existing Ordinary share, in addition to the final dividend of 45.0p per existing Ordinary share.

Payment of the special dividend is conditional on shareholder approval of Resolution 17, as set out in the Notice of AGM, being passed and becoming unconditional. Resolution 17 (which includes the approval of the share consolidation) is conditional on the new Ordinary shares being admitted to the Official List of the UK Listing Authority and being admitted to trading on the London Stock Exchange. The special dividend is payable to shareholders who are on the register of members at 5.00 pm on 12th June 2015 and is expected to be paid to shareholders (including CREST shareholders) on 15th July 2015 by cheque or BACS (where there is an existing dividend mandate).

Existing dividend mandates to bank or building society accounts given in relation to dividends paid in respect of existing Ordinary shares will continue to apply to the new Ordinary shares.

2. Share Consolidation

The total amount of the special dividend is equivalent to approximately 3.5% of the market capitalisation of the Company at the close of business on 19th March 2015 (being the latest practicable date prior to the publication of this Circular). The effect of the share consolidation will be to reduce the number of Ordinary shares in issue by approximately the same percentage, with the result that shareholders will receive 27 new Ordinary shares for every 28 existing Ordinary shares held at the special dividend record date.

The purpose of the share consolidation is to seek, as far as possible, to ensure that the market price of each Ordinary share is maintained at a broadly similar level following the special dividend and the share consolidation. It is common UK practice for the payment of a significant special dividend by a company to be combined with a share consolidation.

Although following the share consolidation each shareholder will hold fewer new Ordinary shares than the number of existing Ordinary shares held before, each shareholder's shareholding as a proportion of the total number of new Ordinary shares in the capital of the Company in issue will be the same before and immediately after the share consolidation, save in respect of fractional entitlements. Although the new Ordinary shares will have a different nominal value, they will carry the same rights as currently attach to existing Ordinary shares under the Articles of Association of the Company.

The share consolidation will replace every 28 existing Ordinary shares of 25²⁵/₂₆p each with 27 new Ordinary shares of 26¹²/₁₃p each. If an individual shareholding is not exactly divisible by 28, the share consolidation will generate an entitlement to a fraction of a new Ordinary share. Fractions of new Ordinary shares will not be allotted to shareholders; instead the shares representing the fractions of new Ordinary shares will be aggregated and sold for the best price reasonably obtainable on behalf of the shareholders entitled to the fractions as soon as practicable after the share consolidation. The net proceeds of the sale, after the deduction of the expenses of the sale, will be distributed in due proportion among the relevant shareholders, except that any individual entitlements of less than £3.00 will be retained by the Company. Only shareholders with a holding of existing Ordinary shares that are not exactly divisible by 28 will be left with an entitlement to a fraction of a new Ordinary share. Payment of fractional entitlements (where applicable) is expected to be despatched on Friday, 26th June 2015 by CREST payment or by cheque. CREST shareholders will receive their fractional entitlement payment via their CREST accounts. Non CREST shareholders, regardless of whether they have an existing mandate to a bank or building society account, will receive a cheque for their fractional entitlement (where applicable).

Shareholders who hold fewer than 28 existing Ordinary shares will still have their shareholding consolidated and their shareholding will be dealt with in accordance with the procedure for fractional entitlements to new Ordinary shares described above.

For purely illustrative purposes, examples of the effect of the share consolidation and the special dividend are set out below:

No. of existing Ordinary shares	No. of new Ordinary shares	Fractional entitlement*	Special dividend
1	0	0.96	£1.20
20	19	0.29	£24.00
25	24	0.11	£30.00
50	48	0.21	£60.00
80	77	0.14	£96.00
100	96	0.43	£120.00
1,000	964	0.29	£1,200.00

* The fractional entitlement represents the fraction of a new Ordinary share which will be sold on behalf of shareholders as soon as practicable after the share consolidation. The net proceeds of the sale will be despatched to shareholders thereafter or, in the case of individual entitlements of less than £3.00, retained by the Company.

Following the share consolidation and assuming no further shares are issued between the date of this Circular and the share consolidation becoming effective, the Company's issued Ordinary share capital will comprise 73,159,989 new Ordinary shares. No change in the total aggregate nominal value of the Company's issued share capital will occur, it will still be approximately £19,696,920.

If the share consolidation is approved pursuant to Resolution 17, the Company will send holders of certificated existing Ordinary shares new share certificates in respect of the new Ordinary shares. The new share certificates will be sent on Friday, 26th June 2015 by pre-paid first class post, at the risk of the relevant holder of Ordinary shares, to the registered address of that holder or, in the case of joint holders, to the holder whose name appears first in the register of members.

Share certificates for existing Ordinary shares will no longer be valid and should be destroyed once the new certificate is received.

Shareholders who hold their entitlement in uncertificated form through CREST, will have their CREST accounts adjusted to reflect their entitlement to new Ordinary shares. The existing ISIN (GB00B946ZZ62) (SEDOL B946ZZ6) will be disabled as at 4.30 pm on 12th June 2015 with the new Ordinary shares of 26¹²/₁₃p under ISIN (GB00BWFGQN14) (SEDOL BWFGQN1) commencing at 8.00 am on 15th June 2015.

If the share consolidation is approved pursuant to Resolution 17, trading in new Ordinary shares on the London Stock Exchange is expected to commence on an ex-dividend and post-consolidation basis at 8.00 am on 15th June 2015.

If shareholders do not approve Resolution 17, including the share consolidation, then the special dividend will not be paid.

The Board considers that the special dividend should be accompanied by the share consolidation in order to seek, as far as possible, to ensure that the market price of each Ordinary share will remain at a broadly similar level following the special dividend and share consolidation. The Board has therefore approved payment of the special dividend subject to the conditions of the share consolidation taking place and the new Ordinary shares being admitted to the Official List of the UK Listing Authority and being admitted to trading on the London Stock Exchange. However, subject to the passing of Resolution 3, the final dividend of 45.0p per existing Ordinary share will still be paid even if the special dividend and the share consolidation are not approved.

3. Spirax-Sarco Employee Share Schemes

Spirax-Sarco Engineering plc Employee Share Ownership Plan (ESOP)

Participants in the ESOP will receive both the final dividend and the special dividend. Participants' existing Ordinary shares held in the ESOP will be subject to the share consolidation.

The Trustee of the ESOP will be communicating directly with participants in respect of their voting intentions and explaining the effect of the share consolidation on the participants' shares in the ESOP.

Spirax-Sarco Engineering Share Option Schemes (Options Schemes) and Spirax-Sarco Performance Share Plan and Spirax-Sarco 2015 Performance Share Plan (PSP)

Participants in the Option Schemes and the PSP are not entitled to receive either the final dividend or the special dividend, unless they exercise their option or their PSP award vests prior to the record date for entitlement to the final dividend or special dividend respectively and they still hold any resulting Ordinary shares on such date. Unvested PSP awards and outstanding options granted under the Option Schemes will not be adjusted as a result of the share consolidation.

4. Taxation

The following summary is intended as a general guide only and is based only on current UK tax law and HMRC practice as at the date of this Circular. It relates only to certain limited aspects of the UK taxation treatment of the special dividend and the share consolidation for shareholders who are individuals or corporate shareholders and who are resident in the UK for UK tax purposes, who are the absolute beneficial owners of their Ordinary shares and who hold them as investments. Shareholders who are in any doubt about their tax position or who are not resident in the UK or who are resident in any jurisdictions other than the UK (whether or not also resident in the UK) or who are subject to tax in any jurisdictions other than the UK, should take appropriate independent advice without delay as other UK or foreign tax law considerations may apply.

Special Dividend

Individual shareholders within the charge to UK income tax

An individual shareholder who is resident in the UK for UK tax purposes should generally be entitled to a tax credit equal to one-ninth of the dividend he or she receives. The dividend received plus the related tax credit (gross dividend) will be part of the individual shareholder's total income for UK income tax purposes and will be regarded as the top slice of that income. However, in calculating the individual shareholder's liability to income tax in respect of the gross dividend, the tax credit (which equates to 10% of the gross dividend) is set off against the tax chargeable on the gross dividend.

Basic rate taxpayers:

A shareholder who is liable to income tax at the basic rate will be subject to tax on the gross dividend at the rate of 10%. The tax credit will therefore satisfy in full the shareholder's liability to income tax on the gross dividend.

Higher rate taxpayers:

To the extent that the gross dividend falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax, the shareholder will be subject to tax on the gross dividend at the rate of 32.5%. This means that the tax credit will satisfy only part of the shareholder's liability to income tax on the gross dividend and the shareholder will have to account for income tax equal to 22.5% of the gross dividend (which equates to approximately 25% of the dividend received).

Additional rate taxpayers:

To the extent that the gross dividend falls above the threshold for the additional rate of income tax, the shareholder will be subject to tax on the gross dividend at the rate of 37.5%. This means that the tax credit will satisfy only part of the shareholder's liability to income tax on the gross dividend and the shareholder will have to account for income tax equal to 27.5% of the gross dividend (which equates to approximately 30.6% of the dividend received).

Corporate shareholders within the charge to UK corporation tax

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally be subject to tax on dividends from the Company.

Other shareholders within the charge to UK corporation tax will not be subject to tax on dividends from the Company so long as the dividends fall within an exempt class and certain conditions are met.

No payment of tax credit

Taxpayers resident in the UK who are not liable to UK tax on dividends from the Company (whether an individual or a company) will not be entitled to claim payment of the tax credit in respect of those dividends.

No withholding

There is no UK withholding tax on dividends.

Share Consolidation

It is expected that for the purposes of UK taxation on chargeable gains, the share consolidation will be treated as follows:

- (a) The new Ordinary shares arising from the share consolidation will result from a reorganisation of the share capital of the Company. Accordingly, to the extent that a shareholder receives new Ordinary shares, the shareholder will not generally be treated as making a disposal of all or part of his or her holding of existing Ordinary shares by reason of the share consolidation being implemented, and the new Ordinary shares which replace a shareholder's holding of existing Ordinary shares as a result of the share consolidation (new holding) will be treated as the same asset acquired at the same time as the shareholder's holding of existing Ordinary shares was acquired. The overall tax base cost of the shareholding remains the same: the number of shares reduces but, due to the share consolidation, the price per share increases.
- (b) To the extent that a shareholder receives cash by virtue of a sale on his or her behalf of any new Ordinary shares to which he or she has a fractional entitlement, the shareholder will not, in practice, normally be treated as making a part disposal of his or her holding of existing Ordinary shares, the proceeds instead being deducted from the base cost of the shareholder's new holding. HMRC will generally apply this practice provided that either the cash receipts are less than £3,000 or it does not constitute more than 5% of the value of the existing Ordinary shares.

Where there is a disposal which is not deducted from base cost or if those proceeds exceed that base cost, however, the shareholder will be treated as disposing of part or all of his or her holding of existing Ordinary shares and will be subject to tax in respect of any chargeable gains thereby realised.

- (c) Although income tax is payable on the special dividend, a chargeable gain for capital gains tax purposes is lower than would otherwise have been the case.

Transactions in Securities: Anti-avoidance

Under the provisions of Chapter 1 of Part 13 of the Income Tax Act 2007 (for income tax purposes) and Part 15 of the Corporation Tax Act 2010 (for corporation tax purposes), HMRC can, in certain circumstances, counteract tax advantages arising in relation to certain transactions in securities. The Company has not sought clearance on behalf of shareholders in respect of the special dividend and the share consolidation in relation to the applicability of these provisions.

Shareholders are advised to take independent advice on the potential application of these sections in light of their own particular circumstances.

The Shareholder Helpline number is 0871 384 2200 (from within the UK) or +44 121 415 0283 (if calling from outside the UK). Calls to 0871 384 2200 are charged at 8p per minute (excluding VAT) plus network extras. Lines are open from 8.30 am to 5.30 pm (London time) Monday to Friday (except UK public holidays). Calls to the Shareholder Helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that the Shareholder Helpline operators cannot provide advice on the merits of the share consolidation nor give financial, tax, investment or legal advice.

Stamp Taxes

No liability to stamp duty or stamp duty reserve tax will be incurred by a holder of existing Ordinary shares as a result of the proposed consolidation.

Part III – Spirax-Sarco 2015 Performance Share Plan (2015 PSP)

Section 1 – Principal features

The principal features of the 2015 PSP are as follows:

- (a) In any financial year of the Company, an eligible employee may be granted an award over shares, the vesting of which will normally be subject to continued employment and the satisfaction of performance conditions.
- (b) The Remuneration Committee's current policy is that the maximum individual annual award will be of shares with a market value of 150% of salary, although the Remuneration Committee's intention is that in practice the market value of an individual award will be significantly below the maximum.
- (c) The vesting of awards under the 2015 PSP will normally be subject to the satisfaction of a performance target determined by the Remuneration Committee. The performance target will be based upon the Company's total shareholder return (TSR) (currently 40%) and earnings per share (EPS) (currently 60%). TSR and EPS are measured over a three year performance period.

TSR is compared against other companies constituting the FTSE 350 Industrial Goods and Services Supersector. An award will not vest at all for performance below median, rising on a sliding scale to 100% vesting for performance at or above the upper quartile.

EPS is subject to the achievement of a target aggregate EPS based on the compound growth in the Retail Price Index plus 3% (25% vesting) and Retail Price Index plus 9% (100% vesting), with pro rata vesting in between these targets.

Additionally, for an award to vest, it is intended that the Remuneration Committee will, normally, need to be satisfied that the underlying financial performance of the Company has been satisfactory.

- (d) The Remuneration Committee may satisfy a vested award by arranging for the transfer to the participant of the number of shares in respect of which the award has vested, granting to the participant a nominal cost option to acquire that number of shares or by making a payment to the participant of an amount equal to the value of that number of shares.
- (e) Awards may be satisfied either by the issue of new shares, the transfer of shares from treasury or by shares purchased in the market. The number of new shares or treasury shares which may be utilised for the purposes of the 2015 PSP will be limited, as described below.

Section 2 – Details

Constitution

The 2015 PSP is constituted by rules and will not be tax approved. The 2015 PSP will be administered by the Remuneration Committee, which consists wholly of independent Non-Executive Directors.

Eligibility

Employees and Executive Directors of the Company and its subsidiaries will be eligible to participate at the discretion of the Remuneration Committee.

Grant of awards

Awards may be granted within 42 days of the:

- (a) announcement of the financial results of the Company for any period;
- (b) day after the 2015 PSP is adopted at the AGM; or
- (c) day after the lifting of any restriction on the grant of an award.

Exceptionally, the Remuneration Committee may grant awards at other times.

Form of award

Awards will take the form of contingent rights to acquire shares, subject to the satisfaction of a performance target. To the extent they vest, awards may be satisfied in cash, shares or a nil cost option, as described below.

Performance target

The vesting of an award will normally be subject to the satisfaction of a performance target as set out in Section 1.

Performance period

The performance period over which the performance target will be measured will be determined by the Remuneration Committee and must be at least three years. Subject to the approval of the 2015 PSP by shareholders at the AGM, the performance period for awards granted in 2015 will commence with effect from 1st January 2015. It is intended that performance periods for subsequent grants will commence on 1st January preceding the date of grant.

Satisfaction of vested awards

At the end of the performance period applicable to an award (or earlier in certain circumstances as described below), the Remuneration Committee will determine the number of shares over which an award has vested and arrange for either the transfer of the shares to the participant or the grant to the participant of an option with a nominal exercise price to acquire that number of shares or the making of a cash payment equal to the market value of the shares.

Cessation of employment

Ordinarily any awards granted within six months prior to a termination of employment will lapse. Normally any awards granted six months or longer prior to termination of employment will lapse unless the participant ceases to be employed by reason of death, disability, redundancy, retirement, or the company or business in which he/she works being disposed of or cessation instigated by the Company which is not for cause; in any such case the award will vest subject to satisfaction of the performance target at that date and a pro-rata reduction in the number of shares in respect of which the award vests (based on satisfaction of the performance target) to take account of the truncation of the performance period.

If a participant's employment ceases more than six months after the grant of an award but for any reason other than those set out above, his/her awards will usually lapse on cessation.

Takeovers and reconstruction

In the event of a change of control, reconstruction, takeover or winding up of the Company, awards will vest subject to the extent to which the performance condition has been met at the time of the relevant event. The Remuneration Committee will in normal circumstances scale down the vesting having regard to the time that has elapsed between the start of the performance period and the date of change of control but will retain a limited discretion to modify scaling down if it considers that the contribution of the participant to the creation of shareholder value during the performance period would not otherwise be properly recognised. The Remuneration Committee will not use its discretion in such a way that unjustifiably large awards result. Any outstanding options will lapse unless exercised within three months of the relevant event.

Awards and options not transferable

Awards and any options granted to satisfy the vesting of an award are not transferable, other than on the death of the participant when they may be transmitted to his/her legal personal representatives.

Shares

Awards may be satisfied by either the issue of new shares, the transfer of shares from treasury or by the utilisation of shares already in issue purchased in the market. An employee benefit trust, the main terms of which are set out in Section 4, will facilitate the utilisation of shares purchased in the market. Any shares allotted will rank *pari passu* with all other issued shares of the Company save that, if the shares are allotted after the record date for a dividend, rights issue or other distribution, the shares will not be entitled to participate in the relevant dividend, rights or other distribution.

Limits of number of new or treasury shares available

The maximum number of new shares which may be allocated under the 2015 PSP in any year after taking account of all shares allocated in that and the previous nine years under the 2015 PSP and 2005 PSP, where applicable, and any other share schemes adopted by the Company may not exceed 10% of the issued Ordinary share capital of the Company at the date of the grant (Dilution Limit).

For the purposes of the Dilution Limit, the allocation of a share means, in the case of a share option scheme, the placing of an unissued share under option and in relation to any other share scheme means the issue and allotment of shares. Shares held by the Company in treasury are treated as unissued while held in treasury; the transfer of any such share from treasury shall be treated as its issue.

Variation of capital

In the event of any variation in the Company's capital the number of shares deliverable may be varied as the Remuneration Committee determines appropriate.

Amendment

The 2015 PSP may be amended by the Remuneration Committee, subject to the Remuneration policy 2014. However, changes to the advantage of participants may only be made with the prior approval of the shareholders in general meeting except for minor amendments to benefit the administration of the 2015 PSP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the 2015 PSP or for the Company or any of its subsidiaries. The Remuneration Committee may adopt schedules to the 2015 PSP applicable in any jurisdiction but which are modified to take account of local laws.

Benefits not pensionable

Benefits under the 2015 PSP will not be pensionable.

Expiry of 2015 PSP

Awards may not be granted after the tenth anniversary of the adoption of the 2015 PSP.

Section 3 – Changes introduced in the Spirax-Sarco 2015 Performance Share Plan

The changes introduced in the 2015 PSP as follows:

- Holding period: Remuneration Committee discretion to grant awards subject to a holding period. Where a holding period is attached to an award, the default holding period is two years. The Remuneration Committee does not intend to apply a holding period to awards granted in 2015 but will keep the application of this provision under review for future grants. If this discretion were to be used it will constitute a change to the Remuneration policy 2014, which will require a binding shareholder vote at a future date;
- Malus and clawback: the 2005 PSP already covered both malus (reduction in the amount of deferred and as yet unpaid compensation) and clawback (reimbursement of compensation that has already been paid). We have updated the provisions in the 2015 PSP to ensure they can be applied during a holding period;
- Treatment of good leavers: new provisions have been introduced so that, in the future, the Committee can choose the most appropriate time of vesting considering the individual circumstances of a good leaver. Currently, we calculate performance at the point employment ceases and settle awards on a time pro-rata basis. We prefer to move to a default “wait and see” approach for good leavers during the performance period as this provides a longer-term interest in performance after a participant’s departure and also reduces some of the costs associated with operating the 2015 PSP. We will retain the time pro-rata adjustment and early vesting is maintained in the case of death or at the Remuneration Committee’s discretion.

Section 4 – Spirax-Sarco Employee Benefit Trust (EBT)

EBT beneficiaries

The potential beneficiaries of the EBT are the employees of the Company and its subsidiaries including Executive Directors, former employees and the spouses and dependants of such employees and former employees.

Function of the EBT

The purpose of the EBT is to facilitate and encourage the ownership of shares in the Company by or for the benefit of employees, former employees, and the spouses and dependants of such employees and former employees. This is achieved by the EBT acquiring shares in the Company and distributing such shares in accordance with the 2015 PSP and any other employee share schemes of the Company.

Trustee

The initial trustee of the EBT is a professional trustee. The trustee is resident in Jersey for tax purposes. Currently the trustee is Computershare Trustees (Jersey) Limited.

Amendments

The EBT is capable of amendment by the Company and the trustee provided that no amendment shall have the effect of causing the EBT to cease to be an employees’ share scheme within the meaning of section 1166 of the Companies Act 2006.

Administration

The trustee is independent of the Company and the general operation and administration of the EBT is monitored by the Remuneration Committee.

Note

This Part III summarises the principal features of the 2015 PSP and EBT but does not form part of the rules and trust deed and should not be taken as affecting the interpretation of the detailed terms and conditions constituting the rules and trust deed. A copy of the draft rules and trust deed will be available for inspection at the registered office of the Company and at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London, EC2A 2EG during usual business hours on weekdays (Saturdays, Sundays and public holidays excluded) up to the date of the AGM and at the place of the AGM itself, during the AGM and for a period of 15 minutes before it commences. The Directors reserve the right up to the time of the AGM to make such amendments and additions as they consider necessary or desirable, provided that such amendments and additions do not conflict in any material respect with the summary above.

Part IV – Notice of Annual General Meeting

Notice is hereby given that the fifty-eighth Annual General Meeting of Spirax-Sarco Engineering plc will be held at Spirax-Sarco Engineering plc, Charlton House, Cheltenham, Gloucestershire, GL53 8ER on 11th May 2015 at 2.00 pm to consider and, if thought fit, to pass Resolutions 1 to 18 inclusive as ordinary resolutions and Resolutions 19 to 21 inclusive as special resolutions.

Ordinary Resolutions

1. To receive and consider the Company's accounts, the Strategic report and the reports of the Directors of the Company and the auditor of the Company for the year ended 31st December 2014.
2. To receive and approve the Annual Report on Remuneration 2014 for the year ended 31st December 2014, as contained in the Company's 2014 Annual Report and Accounts.
3. To declare a final dividend for the year ended 31st December 2014 of 45.0p for each Ordinary share in the capital of the Company.
4. To re-appoint Deloitte 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 before the Company.
5. To authorise the Directors to determine the remuneration of Deloitte LLP.
6. To re-elect Mr W.H. Whiteley as a Director.
7. To re-elect Mr N.J. Anderson as a Director.
8. To re-elect Mr D.J. Meredith as a Director.
9. To re-elect Mr N.H. Daws as a Director.
10. To re-elect Mr J.L. Whalen as a Director.
11. To re-elect Mr J. Pike as a Director.
12. To re-elect Dr K. Rajagopal as a Director.
13. To re-elect Dr G.E. Schoolenberg as a Director.
14. To re-elect Mr C.G. Watson as a Director.
15. That:
 - (a) the Directors be generally and unconditionally authorised, in accordance with section 551 of the 2006 Act, to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company (Rights) up to a maximum nominal amount of £6,565,640;
 - (b) this authority shall expire at the conclusion of the next AGM of the Company after the passing of this Resolution or, if earlier, at the close of business on 10th August 2016;
 - (c) the Company may, before this authority expires, make an offer or agreement which would or might require shares to be allotted or Rights to be granted after it expires and the Directors may allot shares or grant Rights in pursuance of such offer or agreement as if this authority had not expired; and
 - (d) all previous unutilised authorities under section 551 of the 2006 Act shall cease to have effect (save to the extent that the same are exercisable pursuant to section 551(7) of the 2006 Act by reason of any offer or agreement made prior to the date of this Resolution which would or might require shares to be allotted or Rights to be granted on or after that date).
16. That approval be and is hereby given to the exercise by the Directors of the power conferred upon them by Article 110 of the Company's Articles of Association in respect of any dividends declared or paid in the period up to and including the date of the AGM to be held in 2020 or, if earlier, 10th May 2020 (scrip alternative).
17. That:
 - (a) a special dividend of 120.0p per Ordinary share be declared and payable to members on the register at the close of business on 12th June 2015; and
 - (b) subject to and conditional upon admission of the new Ordinary shares to the Official List of the United Kingdom Listing Authority and to trading on the London Stock Exchange becoming effective (Admission), every 28 existing Ordinary shares of 25²⁵/₂₆p each in the capital of the Company as at 5.00 pm on 12th June 2015 be consolidated into 27 new Ordinary shares of 26¹²/₁₃p each and all fractional entitlements arising from the consolidation of the issued Ordinary shares of 25²⁵/₂₆p each in the capital of the Company shall be aggregated into new Ordinary shares of 26¹²/₁₃p each and, as soon as possible after Admission, sold in the open market at the best price reasonably obtainable and the aggregate proceeds (net of expenses) remitted to those entitled.
18. That the rules of the Spirax-Sarco 2015 Performance Share Plan, in the form produced to this meeting and initialled by the Chairman for the purposes of identification, be and are hereby approved and adopted.

Special Resolutions

19. That:

- (a) the Directors be given power (subject to the passing of Resolution 15), to allot equity securities (as defined in section 560 of the 2006 Act) for cash pursuant to the authority conferred on them by that Resolution under section 551 of the 2006 Act and to allot equity securities as defined in section 560(3) of the 2006 Act, (sale of treasury shares) for cash, in either case as if section 561 of the 2006 Act did not apply to the allotment but this power shall be limited:
- (i) to the allotment of equity securities in connection with an offer or issue of equity securities to or in favour of:
- I. holders of Ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
 - II. holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;
- and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter; and
- (ii) to the allotment of equity securities pursuant to the authority granted under Resolution 15 and/or by virtue of section 560(3) of the 2006 Act (in each case otherwise than under (i) above) up to a maximum nominal amount of £984,846;
- (b) this power shall expire at the conclusion of the next AGM of the Company after the passing of this Resolution or, if earlier, at the close of business on 10th August 2016;
- (c) all previous unutilised authorities under sections 570 and 573 of the 2006 Act shall cease to have effect; and
- (d) the Company may, before this power expires, make an offer or agreement which would or might require equity securities to be allotted after it expires and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

20. That, in accordance with the 2006 Act, the Company be and is hereby unconditionally and generally authorised to make market purchases (as defined in Section 693 of the 2006 Act) of Ordinary shares in the capital of the Company on such terms and in such manner as the Directors may determine, provided that:

- (a) the maximum number of shares which may be purchased under this authority is 7,315,998 (representing approximately 10% of the Company's issued Ordinary share capital immediately after the share consolidation pursuant to Resolution 17 or, if Resolution 17 is not passed, 7,586,961 existing Ordinary shares of 25²⁵/₂₆p each representing approximately 10% of the issued Ordinary share capital of the Company at 19th March 2015 (being the latest practicable date prior to publication of this Notice of AGM));
- (b) the minimum price (excluding expenses) which may be paid for each share purchased under this authority is 26¹²/₁₃p or, if Resolution 17 is not passed, the minimum price (excluding expenses) which may be paid for an existing Ordinary share purchased under this authority is 25²⁵/₂₆p;
- (c) the maximum price (excluding expenses) which may be paid for a share purchased under this authority shall be not more than the higher of an amount equal to 5% above the average of the middle market quotations of the Company's Ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased and the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;
- (d) this authority shall expire at the conclusion of the next AGM of the Company after the passing of this Resolution, or at close of business on 10th August 2016, whichever is earlier, unless such authority is renewed prior to such time;
- (e) the Company may make a contract or contracts to purchase Ordinary shares under this authority before its expiry which will or may be executed wholly or partly after the expiry of this authority and may make a purchase of Ordinary shares in pursuance of such contract; and
- (f) all existing authorities for the Company to make market purchases of Ordinary shares are revoked, except in relation to the purchase of shares under a contract or contracts concluded before the date of this Resolution and which has or have not yet been executed.

21. That a general meeting, other than an AGM, may be called on not less than 14 clear days' notice.

By order of the Board

A J Robson

General Counsel and Company Secretary
20th March 2015

Registered office:
Charlton House
Cirencester Road
Cheltenham
Glos.
GL53 8ER

Registered in England No. 596337

Notes

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to exercise all or any of his/her rights to attend and to speak and vote instead of him/her. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the Company.
2. Any shareholder with more than one ordinary shareholding registered in his/her name should receive only one copy of the Annual Report and one Form of Proxy. The Form of Proxy will be valid in respect of all his/her holdings. If you do not have a Form of Proxy and believe you should have one, or if you require additional Forms, please contact the Company's Registrars, Equiniti on 0871 384 2349* (UK) or +44(0)121 415 7047 (overseas). (*Calls to this number cost 8p per minute plus network extras. Lines are open from 8.30 am to 5.30 pm, Monday to Friday)
3. The Company specifies that only those shareholders entered on the Company's register of members at 6.00 pm on 7th May 2015 or, if the meeting is adjourned, on the Company's register of members at 6.00 pm two business days before the adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the entries on the Company's register of members after 6.00 pm on 7th May 2015 or, if the meeting is adjourned, at 6.00 pm two business days before the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
4. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of the same powers as the corporation could exercise if it were an individual member provided that they do not do so in relation to the same shares.
5. A member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting in accordance with section 319A of the 2006 Act. 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.
6. It is possible that, pursuant to requests made by members of the Company under section 527 of the 2006 Act, the Company may be required to publish on its 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. The Company may not require the members requesting such website publication to pay its expenses in complying with sections 527 and 528 of the 2006 Act and it must forward the statement to the Company's auditor no 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 2006 Act to publish on its website.
7. Copies of the register of Directors' interests in the share capital of the Company, all service agreements under which Directors of the Company are employed by the Company or any of its subsidiaries and the Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office during business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the conclusion of the AGM and will also be available for inspection at the place of the meeting from 15 minutes before it is held until its conclusion.
8. Shareholders (and any proxies or representatives they appoint) agree, by attending the Meeting, that they are expressly requesting and that they are willing to receive any communications (including communications relating to the Company's securities) made at the Meeting.
9. A copy of this Notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the Companies Act 2006. The right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the 2006 Act. Persons nominated to receive information rights under Section 146 of the 2006 Act who have been sent a copy of this Notice of Meeting are hereby informed, in accordance with Section 149(2) of the 2006 Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this Meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.
10. The issued share capital of the Company as at 19th March 2015 (being the latest practicable date prior to the publication of this Notice) was 75,869,619 Ordinary shares, carrying one vote each. The Company holds no Ordinary shares in treasury. The Company holds 216,513 shares in the EBT. The total number of voting rights in the Company as at 19th March 2015 was 75,869,619.
11. In accordance with section 311A of the 2006 Act, the contents of this Notice, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice can be found at www.spiraxsarcoengineering.com.

Guidance notes for completion of the Form of Proxy

12. If you wish to appoint a proxy to attend and to speak and vote on your behalf, please complete the enclosed Form of Proxy and return it, together with any power of attorney or other authority (or a duly certified copy of such power or authority) under which it is executed by one of the following methods:
 - In hard copy form by post, by courier or by hand to the Company's Registrars, Equiniti; or
 - In the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in notes 18 to 21 below, so as to be received no later than 2.00 pm on 7th May 2015.
13. You can appoint the Chairman of the Meeting, or any other person, as your proxy. If you wish to appoint someone other than the Chairman, cross out the words 'the Chairman of the Meeting or' on the Form of Proxy and insert the name of your proxy in the box provided.
14. You can instruct your proxy how to vote on each Resolution by placing an 'X' in the For, Against or Vote Withheld boxes, as appropriate. If you do not indicate on the Form of Proxy how your proxy should vote, he/she can exercise his/her discretion as to whether, and if so how, he/she votes on each Resolution, as he/she will do in respect of any other business which may properly come before the Meeting.
15. You must sign and date the Form of Proxy in the boxes provided. In the case of joint shareholders, only one need sign the Form of Proxy. The vote of the senior joint shareholder will be accepted to the exclusion of the votes of the other joint shareholders. For this purpose, seniority will be determined by the order in which the names of the shareholders appear in the register of members in respect of the joint shareholding. If the Form of Proxy is signed by someone else on behalf of the registered holder(s), the appropriate power of attorney or other authority (or a duly certified copy of such power or authority) under which it is executed must be returned with the Form of Proxy.
16. A corporation should execute the Form of Proxy under its common seal or otherwise in accordance with Section 44 of the Companies Act 2006 or by signature on its behalf by a duly authorised officer or attorney whose power of attorney or other authority should be returned with the Form of Proxy.
17. To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy Form of Proxy and would like to change the instructions using another hard copy Form of Proxy, please contact Equiniti on 0871 384 2349* (UK) or +44 (0)121 415 7047 (overseas). The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last sent shall be treated as replacing and revoking the other or others. (*Calls to this number cost 8p per minute plus network extras. Lines are open from 8.30 am to 5.30 pm, Monday to Friday.)
18. 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 on the Euroclear website (www.euroclear.com). 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.
19. 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 & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it constitutes the appointment of a proxy or 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 number - ID RA19) by the latest time(s) 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.
20. CREST members and, where applicable, their CREST sponsor, or voting service provider(s) 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 or her CREST sponsor or voting service provider(s) take(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 sponsor or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
21. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
22. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.