

## **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 Notice of Annual General Meeting**

to be held at

**Charlton House**

**Cheltenham**

**Gloucestershire**

**GL53 8ER**

on

**Tuesday, 20th May 2014 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 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 10 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](http://www.spiraxsarcoengineering.com), and the London Stock Exchange.

## **SPIRAX-SARCO ENGINEERING plc**

(Registered in England No. 596337)

Registered office:  
Charlton House  
Cirencester Road  
Cheltenham  
Glos.  
GL53 8ER  
21st March 2014

### **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 2013.

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 17) and the special resolutions (numbered 18 to 20).

#### **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 20th May 2014 at 2.00 pm, set out in Part II of this Circular on pages 7 to 10.

#### **Ordinary Resolutions**

##### **Resolution 1 – Annual Report and Accounts**

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

##### **Resolution 2 – Remuneration Policy Report 2014**

In accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, your Board is asking for your approval of the Remuneration Policy Report 2014 it is intending will apply from 20th May 2014, as set out in pages 75 to 82 of the Company's Annual Report and Accounts for the year ended 31st December 2013. The Policy Report sets out the Company's forward looking policy on Directors' remuneration and is subject to a binding vote at least every three years. After the AGM all payments by the Company to Directors must be made in accordance with the Policy (unless separately approved by shareholders).

##### **Resolution 3 – Annual Report on Remuneration 2013**

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 2013, as set out in the Company's Annual Report and Accounts for the year ended 31st December 2013. This part of the Report is, as in previous years, put to an advisory shareholder vote.

##### **Resolution 4 – Final Dividend**

The proposal recommended by the Directors to pay a final dividend of 41.0p per Ordinary share on 30th May 2014 to all shareholders on the register of members at 5.00 pm on 2nd May 2014.

## Resolution 5 – Auditor

The proposal to appoint Deloitte LLP as the Company's auditor. As an auditor ceasing to hold office, KPMG Audit Plc has, in accordance with the 2006 Act, provided the Company with a "statement of circumstances" confirming that it is ceasing to hold office as auditor of the Company. A copy of the statement is set out in Appendix I to this Circular.

## Resolution 6 – Auditor Remuneration

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

## Resolutions 7 to 15 – Election or Re-election of Directors

Resolutions 7 to 15 deal with the election or re-election (as the case may be) of Directors in accordance with the requirements of the Company's Articles of Association and the UK Corporate Governance Code 2012 (Governance Code).

Mr Jamie Pike was appointed as a Director by the Board with effect from 1st May 2014 and accordingly will retire from office but will offer himself for election.

The Governance 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 election or re-election with the exception of Mr Bullock who is retiring after nine years, the maximum period of assured independence under the Governance Code.

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

**Bill Whiteley BSc, FCMA** (65) joined the Group as an independent Non-Executive Director in 2002 and was appointed Chairman in 2009. Until his retirement in 2008 Mr Whiteley was Chief Executive of Rotork plc, where he had been a Director since 1984. He is Chairman of Brammer plc and Hill & Smith Holdings PLC. Mr Whiteley has been awarded an honorary Doctorate of Engineering by the University of Bath. He is Chairman of the Nomination Committee.

**Nick Anderson BSc, MBA** (53) joined the Group in 2011 as Director EMEA for the Group's steam specialties business. Mr Anderson was appointed to the Board in early 2012, became Chief Operating Officer in August 2013 and Group Chief Executive in January 2014. He has broad experience in the industrial engineering industry and prior to joining Spirax Sarco, he was Vice-President of John Crane Asia Pacific (part of Smiths Group plc). Before that Mr Anderson was President of John Crane Latin America and he previously held senior positions with Alcoa Aluminio in Argentina and the Foseco Minsep Group plc in Brazil. He is a member of the Nomination Committee and Chairman of the Risk Management Committee.

**David Meredith FCMA, CGMA** (54) joined the Group in 1988 as Group Accountant. Mr Meredith was appointed to the Board as Finance Director in 1992. He trained as an accountant with Redman Heenan International, a specialist engineering group, and was appointed Accountant at their Heenan Drives Limited subsidiary. Mr Meredith later joined English & American Reinsurance Company where he held finance positions prior to joining the Group. He is a member of the Risk Management Committee.

**Neil Daws CEng, FIMechE** (51) joined the Group in 1978. Mr Daws has wide manufacturing experience within the Group, having held positions in production and design engineering prior to being named as UK Supply Director. Mr Daws was appointed to the Board in 2003 and was previously responsible for Asia Pacific and Supply, including the Group's Supply operations in the UK and France, together with the Group's health, safety and environmental matters. In September 2013 he was appointed as Director EMEA for the Group's steam specialties business. He is a member of the Risk Management Committee.

**Jay Whalen BA, MBA** (57) joined the Group in 1991 as President of Watson-Marlow Inc. in the USA and was appointed to the Board in 2012. Mr Whalen 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 Pumps Group. Prior to joining Watson-Marlow, Mr Whalen was Vice-President Operations for Harvard Apparatus. He is a member of the Risk Management Committee.

**Krishnamurthy Rajagopal FEng, CEng, FIET, FIMechE, FIE, FCMI, PhD** (60) joined the Group in 2009 as an independent Non-Executive Director. On completing his Doctorate in 1980, Dr Rajagopal held senior positions in BOC Group plc, prior to being named Chief Executive of BOC Edwards in 1998 and Executive Director of the BOC Group plc in 2000, before retiring in 2006. He was previously a Non-Executive Director of Foseco Ltd and Dyson Group plc. Dr Rajagopal is a Non-Executive Director of WS Atkins plc, Bodycote plc, e2v technologies plc and, with effect from 1st April 2014, Porvair plc. He also serves as Chairman of UMI<sup>3</sup> Ltd. He is Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees.

**Trudy Schoolenberg PhD** (55) joined the Group in 2012 as an independent Non-Executive Director. Dr Schoolenberg is Director of Research, Development and Innovation for AKZO Nobel's Decorative Paints Division and prior to that served as Vice-President of Global Research & Development at Wärtsilä Oy. Previously, she held senior management positions with Royal Dutch Shell plc and was Head of Strategy for Shell Chemicals. Dr Schoolenberg is currently a Non-Executive Director of COVA (the Dutch strategic oil stocks agency) and Low & Bonar PLC. She is a member of the Audit, Nomination and Remuneration Committees.

**Clive Watson BComm (Acc), ACA, CTA** (56) joined the Group in 2009 as an independent Non-Executive Director. Mr Watson is an Executive Director and Group Finance Director of Spectris plc. He held several tax and finance roles before joining Black & Decker in 1988 as Director of Tax and Treasury Europe, and was later appointed Vice-President of Business Planning and Analysis in the USA. He then joined Thorn Lighting as Group Finance Director before working for Borealis as Chief Financial Officer and Executive Vice-President of Business Support. He is Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees.

**Jamie Pike MBA MA MIMechE** (58) will join the Group as an independent Non-Executive Director on 1st May 2014. Mr Pike is Chairman of Lafarge Tarmac Limited, Tyman plc and RPC Group. He 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. He was Chief Executive of Foseco plc until it was acquired in 2008. Mr Pike was educated at Oxford and holds an MBA from INSEAD. He is a member of the Audit, Nomination and Remuneration Committees. He has agreed to take over from Mr Bullock (who is not seeking re-election after completing the nine year maximum tenure for assured independence) as the Senior Independent Director after the AGM, subject to his election by shareholders.

The Board has confirmed, following the external performance review conducted by Dr Tracy Long of Boardroom Review Limited in 2012, and focusing during 2013 on monitoring progress with Dr Long's recommendations, that all Directors standing for re-election continue to perform effectively and demonstrate commitment to their roles.

### **Resolution 16 – Issue New Shares**

Resolution 16 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 £6,536,387 being 33.33% of the issued Ordinary share capital at 11th March 2014 (being the latest practicable date prior to publication of this Circular). This authority will expire on the date of the next AGM or on 19th August 2015, whichever is the earlier. The Directors have no present intention of exercising this authority.

### **Resolution 17 – Scrip Alternative**

At the AGM held in 2013, 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 2018 or, if earlier, 18th May 2018. A scrip alternative will not be offered for the financial year ended 31st December 2013, 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 17 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 2019 or, if earlier, on 19th May 2019, although it is the Directors' intention to renew this authority annually.

## Special Resolutions

### Resolution 18 – Disapply Pre-emption Rights

Resolution 18 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 16, 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 £944,144, being 5% of the nominal value of the Company's issued Ordinary share capital on 11th March 2014 (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 19th August 2015, whichever is the earlier. The Directors have no present intention of exercising this authority.

### Resolution 19 – Purchase Own Shares

Resolution 19 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 7,553,158 which represents approximately 10% of the Company's existing Ordinary share capital as at 11th March 2014 (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 25<sup>25</sup>/<sub>26</sub>p. 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 19th August 2015, whichever is the earlier.

The share repurchases made to date under the authorities granted by shareholders have enhanced pre-exceptional 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 Performance Share Plan awards to subscribe for equity shares that are outstanding at 11th March 2014 is 912,140, being 1.21% 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 1.34% of the Company's issued Ordinary share capital. The Company has no warrants to subscribe for equity shares that are outstanding at 11th March 2014.

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 19 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 11th March 2014, the Company held no Ordinary shares in treasury. This authority will expire on the date of the next AGM or on 19th August 2015, whichever is the earlier.

I must stress that your Directors have no present intention of exercising this authority.

## **Resolution 20 – Length of Notice of Meeting**

Resolution 20 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 20 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 20 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 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 109,381 shares (as at 11th March 2014) representing approximately 0.14% of the existing issued share capital of the Company.

Yours faithfully

**Bill Whiteley**

Chairman

## Appendix I



**KPMG Audit Plc**  
15 Canada Square  
Canary Wharf  
London E14 5GL  
United Kingdom

Tel +44 (0) 20 7311 1000  
Fax +44 (0) 20 7311 3311  
DX 157460 Canary Wharf 5

### Private & confidential

Our ref JC564/SXS

The Directors  
Spirax Sarco Engineering Plc  
Charlton House, Cirencester Road  
Charlton Kings,  
Cheltenham,  
Gloucestershire  
GL53 8ER

14 March 2014

Dear Sirs

### **Statement to Spirax Sarco Engineering Plc (no. 00596337) on ceasing to hold office as auditors pursuant to section 519 of the Companies Act 2006**

The circumstances connected with our ceasing to hold office are the holding of a competitive tender for the audit, in which we were unsuccessful in retaining the audit.

We request that any correspondence in relation to this statement be sent to our registered office 15 Canada Square, London, E14 5GL marked for the attention of the Audit Regulation Department.

Yours faithfully,

KPMG Audit Plc

## Part II – Notice of Annual General Meeting

Notice is hereby given that the fifty-seventh Annual General Meeting of Spirax-Sarco Engineering plc will be held at Spirax-Sarco Engineering plc, Charlton House, Cheltenham, Gloucestershire, GL53 8ER on 20th May 2014 at 2.00 pm to consider and, if thought fit, to pass Resolutions 1 to 17 inclusive as ordinary resolutions and Resolutions 18 to 20 inclusive as special resolutions.

### Ordinary Resolutions

1. To receive and consider the Accounts and the Reports of the Directors and auditor for the year ended 31st December 2013.
2. To receive and approve the Remuneration Policy Report 2014 to apply from 20th May 2014, as set out on pages 75 to 82 of the 2013 Annual Report and Accounts.
3. To receive and approve the Annual Report on Remuneration 2013 for the year ended 31st December 2013, as set out on pages 83 to 95 of the 2013 Annual Report and Accounts.
4. To declare a final dividend for the year ended 31st December 2013 of 41.0p for each Ordinary share in the capital of the Company.
5. To 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.
6. To authorise the Directors to determine the remuneration of Deloitte LLP.
7. To re-elect Mr W H Whiteley as a Director.
8. To re-elect Mr N J Anderson as a Director.
9. To re-elect Mr D J Meredith as a Director.
10. To re-elect Mr N H Daws as a Director.
11. To re-elect Mr J L Whalen 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. To elect Mr J Pike as a Director.
16. 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 £6,536,387;
  - (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 19th August 2015;
  - (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).
17. 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 2019 or, if earlier, 19th May 2019.

## Special Resolutions

18. That:

(a) the Directors be given power (subject to the passing of Resolution 16), 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 16 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 £944,144;

(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 19th August 2015;

(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.

19. 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 7,553,158 representing approximately 10% of the Company's issued Ordinary share capital at 11th March 2014 (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 25<sup>25/26</sup>p;

(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 19th August 2015, 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.

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

By order of the Board

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

Registered in England No. 596337

**A J Robson**

General Counsel and Company Secretary  
21st March 2014

## 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 18th May 2014 or, if the meeting is adjourned, on the Company's register of members 48 hours before the time fixed for 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 18th May 2014 or, if the meeting is adjourned, 48 hours before the time fixed for 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 fifteen 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 11th March 2014 (being the latest practicable date prior to the publication of this Notice) was 75,531,587 Ordinary shares, carrying one vote each. The Company holds no Ordinary shares in treasury and, therefore, the total number of voting rights in the Company as at 11th March 2014 was 75,531,587.
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](http://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 utilizing 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 18th May 2014.
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](http://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.

