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SPIRAX-SARCO ENGINEERING plc

CIRCULAR TO SHAREHOLDERS AND NOTICE OF ANNUAL GENERAL MEETING

to be held at

**SPIRAX SARCO TRAINING CENTRE
CHARLTON HOUSE
CIRENCESTER ROAD
CHELTENHAM
GLOUCESTERSHIRE
GL53 8ER**

on

THURSDAY, 12TH MAY 2005

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, Lloyds TSB Registrars, The Causeway, Worthing, BN99 6US as soon as possible and, in any event, so as to arrive not less than forty-eight hours before the time of the meeting. You can submit your proxy electronically at www.sharevote.co.uk (not less than forty-eight hours before the time of the meeting). Please refer to the form of proxy for full details.

SPIRAX-SARCO ENGINEERING plc

(Registered in England No. 596337)

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

21st March 2005

Dear Shareholder,

This letter accompanies the Report of the Directors and the Audited Accounts of the Company for the year ended 31st December 2004.

NOTICE OF ANNUAL GENERAL MEETING

You will find the notice of annual general meeting of the Company, which is to be held on 12th May 2005, set out on pages 13 to 15 of this circular. There are some items of special business to be considered at that meeting, explanations of which are set out below.

APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

I have announced my retirement as Chairman with effect from the conclusion of the annual general meeting.

Mr. G. Bullock was appointed to the Board with effect from 2nd May 2005 as a non-executive director. Mr. A. J. Scrivin was also appointed to the Board as an executive director with effect from 2nd May 2005 with the title Director - Europe. As required by the articles of association they will retire at the annual general meeting and, being eligible, the Board is recommending that they offer themselves for appointment. Resolutions 4 and 5 will be proposed for this purpose.

Messrs. M. J. D. Steel and A. D. H. Black will also retire in accordance with the articles of association and, being eligible, the Board is recommending that they offer themselves for re-appointment. Resolutions 6 and 7 will be proposed for this purpose.

Details of the directors being appointed and re-appointed are as follows:

Gareth Bullock MA (51) is a director of Standard Chartered Bank. He has, at various times, been the bank's Chief Information Officer and Chief Executive of its African operations and has also held senior positions in the United Kingdom, Europe, Hong Kong, China and North East Asia. In the Board's opinion Gareth will bring a wealth of experience to the Board in global trading and finance matters. He has also worked for UBS, Citibank (now Citigroup) and Société Générale. On his appointment to the Board he will become a member of the Audit, Nomination and Remuneration Committees.

Tony Scrivin (57) joined Spirax Sarco in 1963. From 1993 to 1998 he was directly responsible for six companies in Europe. He has had very wide experience in the commercial, IT, stores and manufacturing parts of the business in Cheltenham. He was General Manager of Spirax Sarco Inc. in the USA from 2000 to 2003. Tony was appointed as a director of Spirax-Sarco Limited in 1998 and was re-appointed on his return to the UK in 2003. On his appointment to the Board he will become a member of the Risk Management Committee.

Marcus Steel ACIS FCCA (59) joined Spirax Sarco in 1972 and became Finance Director of Spirax-Sarco Limited in 1978. He was appointed to the Board in 1992 as Director - Supply, and subsequently also assumed responsibility for the Americas. He was appointed Group Chief Executive in April 1998. He is a member of the Nomination and Finance Committees and Chairman of the Risk Management Committee.

Alan Black BA (Hons) (47) joined Spirax-Sarco Limited in 1981 and has worked in the UK, Austria and Korea and has run the Group's operations in Belgium, Thailand and China. He was appointed to the Board in April 1998 with responsibility for Europe, excluding the UK and Italy. He is a member of the Risk Management Committee.

Biographical details of all the other directors are to be found on pages 18 and 19 of the 2004 Annual Report and Accounts.

SPECIAL BUSINESS

AUTHORITY TO ALLOT RELEVANT SECURITIES

At the annual general meeting held in 2004 shareholders authorised the directors, pursuant to section 80 of the Companies Act 1985, to allot relevant securities without the prior consent of shareholders for a period of five years. It is the directors' intention to seek renewal of this authority, although to ensure compliance with recently published institutional guidelines and market practice, it is proposed that the authority to the directors to allot relevant securities will expire at the conclusion of the annual general meeting to be held in 2006 rather than for a period of five years. It is the directors' intention to seek renewal of this authority annually.

The £6,200,000 nominal amount of relevant securities to which this authority relates represents approximately 33% of the nominal amount of issued share capital of the Company as at 22nd February 2005. The directors have no present intention of exercising this authority.

Resolution 9 will be proposed as an ordinary resolution to renew this authority.

AUTHORITY TO ALLOT EQUITY SECURITIES

Also at last year's meeting a special resolution was passed, pursuant to section 95 of the Companies Act 1985, empowering the directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. It is proposed that this authority, which will also include the sale of any shares the Company holds in treasury for cash, be renewed. The £940,000 nominal amount of equity securities to which this authority relates represents approximately 5% of the issued share capital of the Company as at 22nd February 2005.

Resolution 10 will be proposed as a special resolution to renew this authority. To comply with the recent guidance, this authority will also expire at the conclusion of the 2006 annual general meeting although it is the directors' intention to seek renewal of this authority annually.

SCRIP ALTERNATIVE

At the annual general meeting held in 2004 shareholders authorised the directors to offer a scrip alternative to any dividend declared or paid in respect of the financial years ending on 31st December 2008. A scrip alternative will not be offered for the financial year ended 31st December 2004, but the directors consider it prudent to maintain the facility to provide this alternative for shareholders should circumstances alter to make a scrip alternative appropriate.

In accordance with the articles of association, resolution 11 will be proposed as an ordinary resolution to renew this authority for five years ending on 31st December 2009 although it is the directors' intention to renew this annually.

AUTHORITY TO PURCHASE ORDINARY SHARES

A special resolution was also passed at last year's meeting empowering the directors to purchase the Company's shares in the market. It is proposed that this authority also be renewed. The power given by the resolution will only be exercised if the directors are satisfied that any purchase will increase the earnings per share of the ordinary share capital in issue after the purchase and, accordingly, that the purchase is in the interests of shareholders. The directors will also give careful consideration to gearing levels of the Company and its general financial position. The purchase price would be paid out of distributable profits.

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 enable certain listed companies to hold shares in treasury, as an alternative to cancelling them, following a purchase of own shares by the Company in accordance with the Companies Act 1985. Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy share options and share awards under the Company's share schemes. 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 those shares. Further, no dividend or distribution of the Company's assets may be made to the Company in respect of those shares whilst held in treasury.

Accordingly, if the directors exercise the authority conferred by resolution 12, the Company will have the option of holding those shares in treasury rather than cancelling them.

The maximum number of shares which may be purchased under the proposed authority will be 7,500,000 shares representing approximately 10% of the issued ordinary share capital of the Company at 31st December 2004. The price paid for shares will not be less than the nominal value of 25p per share nor more than 5% above the average of the middle market quotation of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days preceding the day on which the shares are purchased.

The total number of options to subscribe for ordinary shares that were outstanding at 10th March 2005 (being the latest practicable date prior to publication of this circular) was 3,019,500. The percentage of issued share capital that they represented at that time was 4.01% and the percentage of issued share capital that they will represent if the full authority to purchase shares (existing and being sought) is used is 5%.

Purchases of shares under the proposed authority are required by the UK Listing Authority to be made in compliance with The Model Code for securities transactions by directors of listed companies. Accordingly, the Company will not exercise the authority at a time when the directors would be precluded from dealing in the Company's shares. Specifically, purchases will not be made within the two months preceding the announcement of the interim or final results. This proposal should not be taken as an indication that the Company will purchase shares at any particular price or to imply any opinion on the part of the directors as to the market or other value of the Company's ordinary shares.

Resolution 12 will be proposed as a special resolution to provide the Company with the necessary authority. The authority will expire at the conclusion of the 2006 annual general meeting unless renewed before that time. It is the present intention of the directors to seek a similar authority annually.

AMENDMENT TO ARTICLES OF ASSOCIATION

The directors consider it appropriate to increase the maximum aggregate remuneration which may be paid to non-executive directors, which has remained unchanged since 1998. It is proposed to increase this amount from £200,000 per annum to £300,000 per annum.

Resolution 13 will be proposed as an ordinary resolution to amend article 61 of the articles of association of the Company.

PERFORMANCE SHARE PLAN

The Company operates annual and longer term incentive arrangements for executive directors. These comprise an annual bonus arrangement, a share option scheme approved by shareholders in 2001 and an Inland Revenue approved employee share ownership plan. Under the share option scheme, the Company may also grant share options to senior employees in the UK and elsewhere in the Group; the share ownership plan is open to all eligible UK employees.

As explained in the Directors' Remuneration Report for the financial year ended 31st December 2004, the Remuneration Committee has reviewed the long term incentive arrangements. Following that review, the Remuneration Committee has proposed the adoption of a new long term incentive plan

described below and in Appendix I (the "Spirax-Sarco Performance Share Plan" or the "Plan"). Ordinarily in any year the Remuneration Committee does not expect to grant to any director or member of senior management both options under the share option scheme and awards under the Plan.

The directors, on the basis of the recommendation of the Remuneration Committee, are therefore seeking shareholders' approval at the forthcoming annual general meeting to adopt the Plan.

The directors are also taking the opportunity, as part of a more general review of long term incentivisation plans, to seek approval to the amendment of the Company's share option schemes to permit treasury shares to be used to satisfy the exercise of options, as described below. In addition, as explained in the Directors' Remuneration Report for the financial year ended 31st December 2004, the performance target for future grants under the share option scheme will no longer be allowed to be re-tested.

The proposal to introduce the Plan is made with the benefit of a consultation exercise with our main shareholders and the Association of British Insurers and the National Association of Pension Funds as representatives of institutional investors. The Remuneration Committee will keep the grant practices and the nature and difficulty of the performance condition under review, to ensure they remain appropriate for the Company and its shareholders.

The principal features of the Plan are as follows.

- * 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.
- * 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.
- * The vesting of awards under the Plan will normally be subject to the satisfaction of a performance target determined by the Remuneration Committee. Initially the performance target will be based upon the Company's total shareholder return ("TSR"), measured over a three year performance period and compared against the TSR of other companies constituting the FTSE Engineering Machinery Sector. 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. 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.
- * 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.
- * 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 Plan will be limited, as described in Appendix I.

A summary of the principal terms of the Plan is set out in Appendix I to this circular. Resolution 14 will be proposed as an ordinary resolution to adopt the Spirax-Sarco Performance Share Plan.

SPIRAX-SARCO EMPLOYEE BENEFIT TRUST

To facilitate the operation of the Spirax-Sarco Performance Share Plan (by giving the Company flexibility to use shares purchased in the market to satisfy vested awards and by giving flexibility in relation to how those shares may be held), the Company is also proposing that an employee benefit trust (the

“Spirax-Sarco Employee Benefit Trust” or the “Trust”) be established. The Company obtained shareholder approval for the establishment of an employee benefit trust in 2001 but did not proceed with its establishment. Therefore, the directors consider it appropriate to seek fresh shareholder approval for the establishment of the Spirax-Sarco Employee Benefit Trust. The main terms of the Trust are set out in Appendix II.

The Company will also be able to use the Trust in conjunction with its existing share option schemes.

Resolution 15 will be proposed as an ordinary resolution to adopt the Spirax-Sarco Employee Benefit Trust.

AMENDMENT OF EXISTING EMPLOYEE SHARE OPTION SCHEMES AND THE EMPLOYEE SHARE OWNERSHIP PLAN TO ALLOW USE OF TREASURY SHARES

Since the introduction of the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 took effect on 1st December 2003, companies have been able to hold repurchased shares ‘in treasury’ rather than cancelling them. One of the potential uses of treasury shares permitted by the legislation is to satisfy share options and awards granted under employee share schemes. The directors wish to have the flexibility to use treasury shares to satisfy options and awards granted under the Company’s current employee share schemes in the future. Accordingly, resolution 16 seeks shareholder approval to amend the rules of the Spirax-Sarco Engineering 1992 Overseas Share Option Scheme, the Spirax-Sarco Engineering 1992 UK Share Option Scheme, the Spirax-Sarco Engineering Approved Share Option Scheme and the Spirax-Sarco Engineering Global Share Option Scheme and the trust deed of the Spirax-Sarco Engineering plc Employee Share Ownership Plan Trust, which operates with the Employee Share Ownership Plan, to allow the share options and share awards to be satisfied by the Company using treasury shares. At the same time, amendments to the share option schemes will be made to take into account changes since the date of their adoption in tax law and practice. The rules of the proposed new Performance Share Plan summarised above will permit the use of treasury shares. Shares transferred from treasury for the purposes of the Performance Share Plan, the option plans and the Employee Share Ownership Plan will count towards the dilution limits in those rules. Copies of the rules of the option schemes marked-up with the proposed amendments and of the deed of amendment of the Employee Share Ownership Plan Trust will be available for inspection at the registered offices of the Company and at the offices of Allen & Overy LLP, One New Change, London, EC4M 9QQ during usual business hours on weekdays (Saturdays, Sundays and public holidays excepted) up to the date of the annual general meeting and at the place of the meeting itself, during the meeting and for a period of 15 minutes before it commences.

Resolution 16 will be proposed as an ordinary resolution to amend the rules of the existing employee share option schemes and to approve the deed of amendment of the Employee Share Ownership Plan Trust.

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 forty-eight hours before the time for the meeting. You can submit your proxy electronically at www.sharevote.co.uk (not less than forty-eight hours before the time of the meeting). Please refer to the form of proxy for full details. 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 annual general meeting 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.

Yours faithfully,
Tim Fortune
Chairman

SPIRAX-SARCO PERFORMANCE SHARE PLAN

CONSTITUTION

The Spirax-Sarco Performance Share Plan is constituted by rules and will not be tax approved. The Plan 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. However, it is envisaged that the Remuneration Committee will normally exercise its discretion for the benefit of executive directors but may also or alternatively from time to time exercise its discretion in relation to other senior executives.

No awards may be granted within six months of an eligible employee's anticipated retirement.

GRANT OF AWARDS

Ordinarily, awards may normally only be granted within 42 days of:

- (a) the announcement of the financial results of the Company for any period;
- (b) the day after the Plan is adopted at the annual general meeting; or
- (c) the 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 or in shares, as described below.

The Remuneration Committee's current policy is that the maximum individual annual award will be of shares with a market value of not more than 150% of salary, although the intention is that in practice the market value of an individual award will be significantly below the maximum.

PERFORMANCE TARGET

The vesting of an award will normally be subject to the satisfaction of a performance target. Initially the performance target will be based on the Company's total shareholder return ("TSR") relative to the TSR of other companies included in the FTSE Engineering Machinery Sector over a three year performance period where awards will vest on a sliding scale as follows:

- all of the shares subject to an award will vest if the Company's TSR is at or above the upper quartile;
- 25% of the shares subject to an award will vest if the Company's TSR is at the median;
- the number of shares over which the award will vest will be calculated pro-rata on a straight line basis between 25% and 100% if the Company's TSR falls between the median and the upper quartile; and
- the award will not vest at all if the Company's TSR is below the median.

Additionally, for an award to vest it is intended that the Remuneration Committee will also, normally, need to be satisfied that the Company's underlying financial performance has been satisfactory over the three year performance period.

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 Plan by shareholders at the annual general meeting, the performance period for awards granted in 2005 will commence with effect from 1st January 2005. It is intended that performance periods for subsequent grants will commence on 1st January preceding the date of grant.

SATISFACTION OF A VESTED AWARD

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.

If an option is granted, it will lapse if not exercised within 12 months of grant.

CESSATION OF EMPLOYMENT

Any awards granted within six months prior to a termination of employment will lapse. 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 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 awards will 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 TSR 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 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 Appendix II, will be established to 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 Performance Share Plan in any year:

- (a) after taking account of all shares allocated in that and the previous nine years under the Plan and any other discretionary share scheme adopted by the Company may not exceed 5% of the issued ordinary share capital of the Company at the date of the grant; and
- (b) after taking account of all shares allocated in that and the previous nine years under the Plan 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.

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 ordinary shares subject to an award or option, or in respect of an option which has been exercised but in respect of which no shares have yet been delivered to the participant, the number of shares so deliverable may be varied as the Remuneration Committee determines appropriate.

AMENDMENT

The Plan may be amended by the Remuneration Committee. 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 Plan, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the Plan or for the Company or any of its subsidiaries.

The Remuneration Committee may adopt schedules to the Plan applicable in any jurisdiction but which are modified to take account of local laws.

BENEFITS NOT PENSIONABLE

Benefits under the Plan will not be pensionable.

EXPIRY OF PLAN

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

Note

This Appendix summarises the main features of the Performance Share Plan but does not form part of its rules and should not be taken as affecting the interpretation of the detailed terms and conditions constituting the rules. A copy of the draft rules will be available for inspection at the registered office of the Company and at the offices of Allen & Overy LLP, One New Change, London, EC4M 9QQ during usual business hours on weekdays (Saturdays, Sundays and public holidays excepted) up to the date of the annual general meeting and at the place of the meeting itself, during the meeting and for a period of 15 minutes before it commences. The directors reserve the right up to the time of the meeting 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.

SPIRAX-SARCO EMPLOYEE BENEFIT TRUST

BENEFICIARIES

The potential beneficiaries of the Spirax-Sarco Employee Benefit Trust will be employees of the Company and its subsidiaries including executive directors, former employees and the spouses and dependants of such employees and ex-employees.

FUNCTION OF THE TRUST

The purposes of the Trust will be 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 will be achieved by the Trust acquiring shares in the Company and distributing such shares in accordance with the Spirax-Sarco Performance Share Plan and any other employee share schemes of the Company.

TRUSTEE

The initial trustee of the Trust will be a professional trustee. The trustee will be resident in Jersey for tax purposes.

AMENDMENTS

The Trust will be capable of amendment by the Company and the Trustees provided that no amendment shall have the effect of causing the Trust to cease to be an employees' share scheme within the meaning of section 743 of the Companies Act 1985.

ADMINISTRATION

The trustee will be independent of the Company and the general operation and administration of the Trust will be monitored by the Remuneration Committee.

Note

This Appendix summarises the main features of the Employee Benefit Trust but does not form part of its terms and should not be taken as affecting the interpretation of its detailed terms. A copy of the draft deed establishing the Trust will be available for inspection at the registered office of the Company and at the office of Allen & Overy LLP, One New Change, London, EC4M 9QQ during usual business hours on weekdays (Saturdays, Sundays and public holidays excepted) up to the date of the annual general meeting and at the place of the meeting itself during the meeting and for a period of 15 minutes before it commences. The directors reserve the right up to the time of the meeting 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.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the forty-eighth annual general meeting of Spirax-Sarco Engineering plc will be held at the Spirax Sarco Training Centre, Charlton House, Cirencester Road, Cheltenham, Gloucestershire, GL53 8ER on 12th May 2005 at 2.00 p.m. for the following purposes.

As ordinary business to consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive and consider the directors' report and accounts for the year ended 31st December 2004.
2. To approve the Directors' Remuneration Report for the year ended 31st December 2004, as set out on pages 30 to 37 of the 2004 Annual Report and Accounts.
3. To declare a final dividend.
4. To appoint Mr. G. Bullock as a director.
5. To appoint Mr. A. J. Scrivin as a director.
6. To re-appoint Mr. M. J. D. Steel as a director.
7. To re-appoint Mr. A. D. H. Black as a director.
8. To re-appoint KPMG Audit Plc as auditors 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 at a remuneration to be determined by the Audit Committee.

As special business to consider and, if thought fit, pass the following resolutions of which resolutions 9, 11 and 13 to 16 will be proposed as ordinary resolutions and resolutions 10 and 12 will be proposed as special resolutions.

9. That, subject to and in accordance with article 6 of the Company's articles of association, the directors be authorised to allot relevant securities up to a maximum nominal amount of £6,200,000; that this authority shall expire at the conclusion of the annual general meeting to be held in 2006 or, if earlier, on 11th August 2006 and that all previous authorities under section 80 of the Companies Act 1985 shall cease to have effect.
10. That:
 - (a) subject to and in accordance with article 7 of the Company's articles of association, the directors be empowered to allot equity securities for cash;
 - (b) the directors be empowered to allot equity securities within section 94(3A) of the Companies Act 1985 as if section 89(1) of the Act did not apply;
 - (c) the powers under paragraph (a) above (other than in connection with a rights issue) and paragraph (b) above shall be limited to the allotment of equity securities having a maximum nominal amount of £940,000;
 - (d) these authorities shall expire at the conclusion of the annual general meeting to be held in 2006 or, if earlier, on 11th August 2006; and
 - (e) all previous authorities under section 95 of the Companies Act 1985 shall cease to have effect.

11. That approval be and is hereby given to the exercise by the directors of the power conferred upon them by article 109 of the Company's articles of association in respect of any dividends declared or paid in respect of the financial years ending on 31st December 2009.
12. That, in accordance with article 11 of its articles of association and the Companies Act 1985, the Company is generally and unconditionally authorised to make market purchases (within the meaning of section 163 of the Companies Act 1985) of ordinary shares of 25p each in the capital of the Company ("ordinary shares") on such terms and in such manner as the Board of directors of the Company may from time to time determine provided that:
 - (a) the maximum number of ordinary shares that may be purchased pursuant to this authority is 7,500,000;
 - (b) the maximum price which may be paid for an ordinary share purchased pursuant to this authority is an amount equal to 105% of the average of the middle market prices shown in the quotations for the Company's ordinary shares in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased and the minimum price which may be paid is 25p per ordinary share (in each case exclusive of expenses payable by the Company); and
 - (c) this authority will expire on 11th November 2006 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2006 unless renewed before that time, but the Company may make a contract 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 any such contract.
13. That article 61 of the articles of association of the Company be amended by inserting the figure "£300,000" in place of the figure "£200,000".
14. That:
 - (a) the Spirax-Sarco Performance Share Plan (the "Plan"), in the form produced to the meeting and initialled by the Chairman for the purposes of identification, be and it is approved and the directors be authorised to adopt it; and
 - (b) the directors be and they are hereby authorised to do all acts and things which they may consider necessary or expedient for the purposes of implementing and giving effect to the same and that the directors be and they are hereby authorised to adopt schedules to the Plan applicable in any jurisdiction but which are modified to take account of local laws, provided that shares allocated under such schedules shall count against the limits on the allocation of shares under the rules of the Plan.
15. That the directors be and they are hereby authorised to take all such steps as are necessary to establish the Spirax-Sarco Employee Benefit Trust.
16. That the amendments to the rules of the Spirax-Sarco Engineering 1992 Overseas Share Option Scheme, the Spirax-Sarco Engineering 1992 UK Share Option Scheme, the Spirax-Sarco Engineering Approved Share Option Scheme and the Spirax-Sarco Engineering Global Share Option Scheme and the deed of amendment of the Spirax-Sarco Engineering plc Employee Share Ownership Plan Trust, in the form produced to this meeting and initialled by the Chairman for the purposes of identification, be and they are hereby approved and adopted. In the event any further changes are required by the Inland Revenue in the case of schemes approved by the Inland Revenue any one director be authorised to reflect such changes in the case of schemes that are not so approved.

By order of the Board

P. A. Smith Secretary

Charlton House,
Cirencester Road,
Cheltenham.
21st March 2005

Notes

A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of him. A proxy need not be a member of the Company.

For the convenience of ordinary shareholders who may be unable to attend the meeting, a form of proxy is enclosed which should be completed and returned so as to reach the Registrars not less than forty-eight hours before the time for the meeting.

You may, if you wish, give your voting instructions electronically by logging on to the web site www.sharevote.co.uk. You will need your Voting Reference Number (this is the twenty-four digit number printed below your name on the form of proxy). Full details of the procedure are given on the web site. If however you have registered for a Shareview portfolio, log on to your portfolio at www.shareview.co.uk and click on "Company Meetings". Your voting instructions must be received by Lloyds TSB Registrars at least forty-eight hours before the time for the meeting. Please note that any electronic communication that is found to contain a computer virus will not be accepted.

The fact that shareholders may have submitted forms of proxy will not prevent them from attending and voting in person should they afterwards decide to do so.

Only members whose names appear on the register of members of the Company at the close of business on Tuesday, 10th May 2005 shall be entitled to attend the meeting either in person or by proxy and the number of ordinary shares then registered in their respective names shall determine the number of votes such persons are entitled to cast in the event of a poll at the meeting.

Copies of the following documents will be available for inspection at the registered office and at the offices of Allen & Overy LLP, One New Change, London, EC4M 9QQ during normal business hours until the date of the meeting and at the place of the meeting from 1.45 p.m. until its conclusion:

- (i) Service contracts of the executive directors*;
- (ii) Letters of appointment of the non-executive directors*;
- (iii) Articles of Association;
- (iv) Rules of the Performance Share Plan;
- (v) Employee Benefit Trust;
- (vi) Rules of the employee share option schemes; and
- (vii) Deed of Amendment of the Spirax-Sarco Engineering plc Employee Share Ownership Plan Trust.

* Copies of these documents are available for inspection at the registered office at all times during normal business hours.

