

The directors' remuneration report

The Board presents the following report on directors' remuneration and the work and responsibilities of the Remuneration Committee.

Remuneration committee

This Committee has been established for many years and operates under terms of reference agreed by the Board and which can be found on the Group website: www.SpiraxSarcoEngineering.com.

From 1st January until 9th February 2009, the Committee comprised Mr. W. H. Whiteley (Chairman) and Mr. G. Bullock; from 10th February until 30th June, the Committee comprised Mr. W. H. Whiteley (Chairman), Mr. G. Bullock and Dr. K. Rajagopal. From 1st July to 16th July, the Committee comprised Mr. G. Bullock (Chairman) and Dr. K. Rajagopal and from 17th July to 31st December 2009, the Committee comprised Mr. G. Bullock (Chairman), Dr. K. Rajagopal and Mr. C. G. Watson. Each Committee member is an independent non-executive director. They bring independence to all aspects of Board remuneration and in the application of professional advice to matters of remuneration.

The Committee is responsible for determining, on behalf of the Board, the Company's remuneration policy, the employment conditions and remuneration packages (comprising salary and benefits) of individual executive directors and the fees for the Chairman. The Committee also administers and determines the grant of options under the Group's share option schemes for senior employees and administers and determines the grants of awards under the Performance Share Plan.

The Committee obtains independent professional advice from Towers Perrin (now Towers Watson) to ensure that the Company's remuneration policy is appropriate and competitive. Towers Perrin was appointed by the Committee and has not provided other services to the Company during the year. The Chairman (Mr. M. Townsend up to 30th June 2009 and Mr. W. H. Whiteley since that date) and Mr. M. E. Vernon, the Chief Executive, attend meetings at the invitation of the Committee to provide information requested by it. However, the invitees do not participate in any discussions involving their own remuneration. The Company Secretary acts as Secretary to the Committee.

The Committee consulted with Towers Perrin in arriving at the remuneration packages paid to directors during 2009.

The Company has throughout the year complied with the provisions of the Combined Code with regard to directors' remuneration. The Committee has given full consideration to the Combined Code in establishing the remuneration policy and packages for directors.

Policy on executive directors' remuneration

The Company's policy is to reward directors competitively and on the broad principle that their remuneration should be comparable with remuneration in other similar public companies. Further, the total remuneration package is designed in a way which is appropriate and necessary to attract, retain and motivate directors of the calibre required to achieve the Company's strategic objectives. It is anticipated that this policy will continue to govern the Company's approach to executive directors' remuneration in subsequent financial years.

In order to align the interests of directors and shareholders, the Committee has structured the total remuneration package to provide a material performance-related element through the annual bonus and the Group's Performance Share Plan.

The structure of the directors' remuneration package has been established, subject to appropriate modifications, for many years and has regard to pay and conditions elsewhere in the Group.

The Company's policy on directors' remuneration and the structure of their remuneration package are kept under review to ensure the directors' overall package remains competitive and shareholders will be informed of any resulting change. The remuneration package comprises:

Basic salary

The Committee obtained independent professional advice from Towers Perrin using published information for comparable public companies. Salaries are reviewed annually as at 1st January taking into account the experience, responsibility and performance of the individual.

Benefits

The Company operates company car, life assurance and private health insurance schemes in which the executive directors are eligible to participate. These benefits are reviewed annually to ensure they remain comparable with benefits provided by other similar public companies and to ensure they are purchased by the Company at a competitive market rate.

Annual bonus

The Company operates a non-pensionable annual bonus scheme for executive directors. The bonus is determined as a percentage of salary. For 2009, maximum available bonus remained at 100% of salary (as in prior years).

The bonus was made up as follows:

- (i) a component of up to 65% of salary was determined on a sliding scale by reference to the operating profit of the Group including the Group's associate companies in India and Mexico; and
- (ii) a component of up to 35% of salary was determined on a sliding scale by reference to the return on capital employed (ROCE).

The application of the above formula resulted in a bonus equal to 37% of salary being payable to all executive directors in respect of the Group's 2009 performance. The auditors confirmed the calculation was made in line with the rules.

For 2010, the Committee plans to base the bonus for Mr. M. E. Vernon and Mr. D. J. Meredith on the same two measures with the same relative weight as in 2009 and the maximum bonus payable will remain a sum equal to 100% of base salary. For Mr. N. H. Daws, Mr M. E. Gibbin and Mr. A. J. Scrivin, the maximum profit component of the bonus will be split so that 35% of salary will be paid based on Group operating profit and 30% of salary will be paid based on their respective divisional profit performances, for a total maximum bonus of 65% of salary based on the profit component.

The Committee has offered to executive directors in a UK defined benefit scheme a cash alternative to pension contributions equal to 25% of pensionable salary. The level of this cash alternative was confirmed by Watson Wyatt LLC (now Towers Watson). The cost of the alternative to the Company would be no greater than the cost of the pension contributions. The cash alternative has not so far been adopted by any of the executive directors in the scheme.

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Options

Spirax-Sarco Engineering 1992 UK and global share option schemes

Spirax-Sarco Engineering approved and global share option schemes

The Company operates share option schemes administered by the Committee which determines the grant of options under the schemes, usually once per year. These are designed to align the longer term interests of participants with those of shareholders by giving an incentive linked to added shareholder value. Following the introduction of the performance share plan in 2005, it is intended that, ordinarily, executive directors will be granted awards under that plan rather than be granted options.

Executive directors, senior executives and management hold options granted in previous years and it is currently intended that options will continue to be granted to senior executives and management. Options granted to each director from 1997 are subject to a performance condition which is described below.

Performance condition for share option schemes

In accordance with market practice, options granted are normally specified to be exercisable between three and ten years from the date of grant and, for grants from 1997, only if a specified performance condition is satisfied. In line with the then established market practice, the performance condition for options granted from 1997 up to 2001 requires an increase in earnings per share (EPS) of more than 6% greater than the increase in the UK retail prices index over a period of three consecutive years between grant and ten years from grant. For options granted from and including 2002 the performance condition requires an increase in EPS of more than 9% greater than the increase in the UK retail prices index over a period of three consecutive years between grant and ten years from grant. For grants from and including 2005, the performance condition will, ordinarily, need to be met over the three-year period from the 1st January prior to the date of grant in order for the option to become exercisable. If the condition is not met at the end of the three-year period, the option will lapse. The same performance condition applies to each director. The performance condition chosen was considered appropriate because it ensured increases in the EPS were achieved having taken account of UK inflation. The auditors are asked to confirm whether the performance condition has been met. The method of assessment is considered appropriate to confirm compliance with the condition. The performance condition requires a comparison with a factor external to the Company, namely the growth in the UK retail prices index over the performance period.

Details of total share options outstanding are set out in Note 24 on page 66. The above performance conditions apply to other relevant options granted to all other participants in the share option schemes.

Spirax-Sarco performance share plan (PSP)

The PSP for executive directors, senior executives and management was adopted at the 2005 annual general meeting. Following the introduction of this PSP no further option grants have been made to executive directors. Details of options that were awarded prior to this and which remain outstanding are provided on page 43.

The PSP allows for awards to be made each year with a market value of up to 150% of base salary although in practice the market value of awards has been limited in previous years to 100% of base salary. The market value of awards made to executive directors in 2009 was limited to 75% of base salary. Details are set out on pages 43 and 44. Awards take the form of contingent rights to acquire shares, subject to the satisfaction of performance targets. To the extent they vest, awards may be satisfied in cash, in shares or an option over shares at the discretion of the Company.

The performance target applied to awards granted in 2006, 2007 and 2008 was based on the Company's Total Shareholder Return (TSR) relative to the TSR of other companies included in the FTSE All-Share Industrial Engineering Index over the three-year periods commencing with effect from 1st January 2006, 1st January 2007 and 1st January 2008. For awards made in 2009, the Committee decided to amend the comparator group of companies against which the Company's TSR would be measured to encompass a group of the 27 companies within the overall Industrial Goods and Services super sector of FTSE 350. TSR was chosen as the measure of performance as the Committee felt that this achieved an appropriate alignment of the interests of the directors with those of the Company's shareholders. For full vesting, the Company's TSR must be at or above the upper quartile, with 25% of the shares subject to an award vesting if the Company's TSR is at the median relative to the comparator group. Awards vest on a straight line pro-rata basis between median and upper quartile performance. In respect of the awards made in 2007, the Company's relative TSR performance resulted in 100% of the awards vesting.

Following a review of the operation of the PSP and the market competitiveness of awards, the Committee decided in 2008 to adopt a second performance measure to determine vesting under the PSP. Although relative TSR was retained as one of the measures to determine the vesting of part of the award, a second, separate element of the award was based upon EPS growth. The decision to adopt EPS as a specific measure to determine the vesting of part of the future awards was a reflection of the importance the Company gives to continuing growth in earnings.

Specifically, for awards made in 2009, the award was split into two separate parts amounting to 60% and 40% of award respectively.

The vesting of each part of the overall award will be subject to the satisfaction of separate performance targets as follows:

- (i) vesting of the first part, amounting to 45% of salary, will be based on the TSR measure as described above; and
- (ii) vesting of the second part, amounting to 30% of salary, will be subject to achievement of a target based on aggregate EPS over the whole of the three-year performance period, with growth measured relative to EPS in the year prior to that in which the award is made. For the awards made in 2009, 25% of this element of the award will vest if the compound annual growth in EPS over the three-year period 2009 to 2011 is equal to 5%; and 100% of the award will vest if the compound annual growth in EPS is equal to or exceeds 11%; there will be pro-rata vesting for actual growth between these two rates.

No award will vest if the Company's TSR is below the median. TSR calculations are performed by Towers Perrin. The method of assessment is considered appropriate to confirm compliance with the condition.

The Committee reviews the measures annually and is maintaining the same measures and the same performance standards for awards made in 2010.

The auditors are asked to confirm whether the EPS performance condition has been met. The method of assessment is considered appropriate to confirm compliance with the condition.

Spirax-Sarco Engineering plc employee share ownership plan (the plan)

The executive directors, with the exception of Mr. M. E. Vernon, participate in the plan, as described on page 44. Participation in the plan is open to all eligible UK employees. No employee's entitlement under the plan is subject to performance conditions, as the aim of the plan is to encourage increased shareholding in the Company by all eligible UK employees.

There are no other long-term incentives or share-based arrangements provided to directors.

Share ownership policy

It is the policy of the Board of Spirax-Sarco Engineering plc that executive directors should have a significant shareholding in the Company. The Board expects that executive directors will accumulate, following appointment to the Board, a shareholding equivalent to at least 100% of basic salary and should retain a shareholding of at least this amount whilst remaining on the Board.

To achieve this level of share ownership the Board expects that executive directors will retain shares acquired under the Company's share-based incentive schemes (after sales of such shares as are needed to settle relevant tax and national insurance charges) until the required level of shareholding is achieved. Any shares held in trust for an executive director or in the name of a connected person, e.g. spouse, will be considered as part of an executive director's shareholding.

The Board will exercise discretion in implementing this policy where the personal circumstances of an individual executive director make that appropriate.

The policy does not require any shareholdings by non-executive directors.

Pensions

The UK executive directors, other than Mr. M. E. Vernon and Mr. M. E. Gibbin, are members of an HMRC-registered, non-contributory defined benefit pension scheme based on 1/60th of pensionable salary, for each year of pensionable service. Up to 31st March 2010, the maximum pension is two-thirds of pensionable salary. Mr. N. H. Daws and Mr. D. J. Meredith accrue pro-rata additional service at a rate which gives a further two and a half years of service at age 62½ although their normal retirement age is 65. The same provision applied to Mr. A. D. H. Black who retired on 30th April 2009. This additional service provision does not apply to Mr. M. E. Vernon, Mr. M. E. Gibbin and Mr. A. J. Scrivin who have a normal retirement age of 65.

In April 2010 the terms of the defined benefit pension scheme will change in that the scheme will no longer be non-contributory. The change allows members to choose to:

- (i) continue to build up future benefits as previously in return for sharing some of the cost by way of making member contributions. Under this option members retain the 1/60th rate of accrual and contribute 3% of their pensionable salary from 1st April 2010 to 31st March 2011 and then 6% of their pensionable salary from 1st April 2011 onwards; or
- (ii) build up future benefits at a lower rate of 1/80th accrual without having to make contributions.

The UK scheme also provides lump sum death-in-service benefit of four times pensionable salary and spouses' pensions are payable where death occurs in service or in retirement.

Mr. M. E. Vernon, in addition to membership of the Spirax Sarco Inc. defined benefit scheme, has a defined contributions pension scheme as set out on page 45. In total, pension contributions at the rate of 25% of pensionable pay were payable from 12th June 2007. A lump sum death-in-service benefit of four times salary is also provided for Mr. M. E. Vernon.

Mr. M. E. Gibbin has a defined contributions pension scheme as set out on page 45. From 1st January 2009 to 30th April 2009 contributions at the rate of 10% of pensionable pay were payable, increasing to 25% of pensionable pay with effect from 1st May 2009. A lump sum death-in-service benefit of four times salary is also provided for Mr. M. E. Gibbin.

Non-executive directors

The remuneration of non-executive directors is approved by the full Board within the limits set out in the Company's articles of association. Their remuneration reflects the amount of time spent on the Company's business. The non-executive directors do not participate in the bonus, share option or share ownership schemes and do not participate in the Performance Share Plan. Non-executive directors' appointments are non-pensionable.

Service contracts

The Committee applies a policy on directors' contracts reflecting established practice and reviews the content from time-to-time on professional advice. The executive directors have rolling service contracts with no fixed expiry dates which are subject to 12 months' notice.

	Date of Contract	Notice Period
M.E. Vernon	10.12.08	12 months
A.D.H. Black ⁽¹⁾	18.10.98	12 months
N.H. Daws	28.05.03	12 months
M.E. Gibbin	17.04.09	12 months
D.J. Meredith	30.12.92	12 months
A.J. Scrivin	15.03.05	12 months

(1) Mr. A. D. H. Black retired from the Board on 30th April 2009. No compensation for loss of office was made on his retirement.

The service contract of Mr. M. E. Vernon was amended on 4th March 2009. Pursuant to the amendment, the Company agreed to pay on behalf of Mr. M. E. Vernon any UK or US tax liabilities which arise on his earnings under his service contract over and above the amount of UK tax liabilities which would have been payable had Mr. M. E. Vernon only been liable to pay UK tax on such earnings. The Company also agreed to pay the reasonable costs incurred by Mr. M. E. Vernon of obtaining full tax advice in respect of his employment with the Company for the duration of his employment and, save in certain bad leaver circumstances, for a period of two years after termination of employment.

Termination payments reflect the circumstances leading to termination of employment and excessive compensation will not be paid. Professional advice will be obtained by the Committee to ensure legal obligations and good practice are followed.

Executive directors' contracts may be terminated without notice and without payment of compensation on the occurrence of certain events, such as gross misconduct. If, however, the Company were to terminate an executive director's contract without cause and without due notice, it would pay a sum equal to the value of the salary and benefits to be received during the notice period, but taking into account the director's duty to mitigate his loss. Any rights to pensions would be dealt with under the rules of the pension scheme applicable to the director and any rights under the Company's share plans would be dealt with in accordance with the rules of each plan.

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The executive directors' contracts contain no provisions regarding material non-statutory redundancy payments, rights to compensation on change of control of the Company or entitlement to early retirement benefits.

The non-executive directors, including the Chairman, Mr. W. H. Whiteley, do not have service contracts. They have appointment letters for three-year periods, and re-appointment is not automatic. No compensation for loss of office is payable to non-executive directors under their appointment letters.

	Date of Appointment Letter	Notice Period
W.H. Whiteley	04.03.09	1 month
G. Bullock	05.03.08	1 month
K. Rajagopal	21.01.09	1 month
M. Townsend ⁽¹⁾	11.04.06	1 month
C.G. Watson	16.07.09	1 month

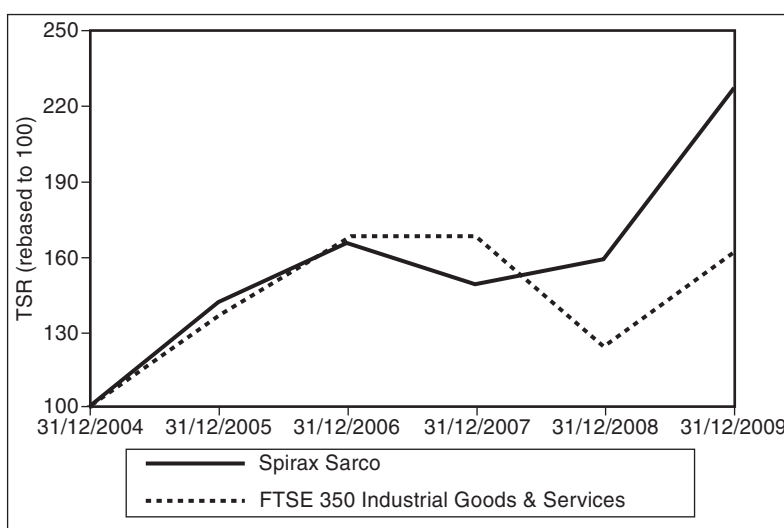
(1) Mr. M. Townsend retired from the Board on 30th June 2009. No compensation for loss of office was made on his retirement.

Policy on senior executive remuneration

The Committee determines the philosophy, principles and policy of remuneration which shall apply to the Group's senior executives. The responsibility for determining the precise package to meet local practice and performance lies with the Chief Executive and the responsible executive director.

Total shareholder return

The performance graph illustrated shows the Company's total cumulative shareholder return for the five-year period ended 31st December 2009 compared with the total cumulative shareholder return for the FTSE 350 Industrial Goods and Services super sector. This comparison is selected as being the most appropriate sector for the Company's operations.



Information subject to audit

The auditors are required to report on the information contained in the remaining sections of the Report.

Directors' emoluments

No directors have waived, or agreed to waive in future, any emoluments.

	Basic Salary/ Fees	Benefits ⁽¹⁾	Annual performance related bonus	Total emoluments excluding pension	
	£	£	£	2009 Total £	2008 Total £
W.H. Whiteley ⁽²⁾	88,500	–	–	88,500	52,000
M.E. Vernon	420,000	17,514	155,400	592,914	676,010
A.D.H. Black ⁽⁴⁾	78,333	4,602	28,983	111,918	435,163
N.H. Daws	229,000	13,066	84,730	326,796	419,277
M.E. Gibbin ⁽³⁾	126,000	4,641	46,620	177,261	–
D.J. Meredith	261,000	16,991	96,570	374,561	485,321
A.J. Scrivin	229,000	12,057	84,730	325,787	414,205
G. Bullock ⁽²⁾	44,000	–	–	44,000	36,000
K. Rajagopal ^{(2) (3)}	35,169	–	–	35,169	–
M. Townsend ^{(2) (4)}	50,000	–	–	50,000	100,000
C.G. Watson ^{(2) (3)}	22,949	–	–	22,949	–
	1,583,951	68,871	497,033	2,149,855	2,617,976

(1) Benefits arising from employment by the Company relate mainly to the provision of a company car, private health insurance and provision of telecommunications equipment.

(2) Non-executive director.

(3) Dr. K. Rajagopal and Mr. C. G. Watson were appointed to the Board on 10th February 2009 and 17th July 2009 respectively and their emoluments in the above table for 2009 were calculated from these dates.

Mr. M. E. Gibbin was appointed to the Board on 1st May 2009 and his emoluments in the above table are calculated from this date. Total emoluments for the full year 2009 were £227,650.

(4) Mr. A. D. H. Black and Mr. M. Townsend retired from the Board on 30th April 2009 and 30th June 2009 respectively. No compensation for loss of office was made on their retirements.

Long term incentives

- (i) Spirax-Sarco Engineering 1992 UK and Global Share Option Schemes
Spirax-Sarco Engineering Approved and Global Share Option Schemes

The interests of directors are set out below:

	(1)	01.01.09	Exercised in year (2)	31.12.09	Exercise price per share (3) pence	Date from which exercisable (4)	Expiry date (4)
		No.	No.	No.			
M.E. Vernon		–	–	–	–	–	–
A.D.H. Black (5)		–	–	–	–	–	–
N.H. Daws	A	20,000	–	20,000	541.9	25.03.07	25.03.14
	B	15,000	–	15,000	394.5	14.03.06	14.03.13
		35,000	–	35,000			
M.E. Gibbin (6)	B	6,000	–	6,000	959.0	12.03.11	12.03.18
		6,000	–	6,000			
D.J. Meredith	A	15,000	15,000	0	–	–	–
	A	17,500	–	17,500	436.0	22.03.05	22.03.12
	A	20,000	–	20,000	394.5	14.03.06	14.03.13
	A	20,000	–	20,000	541.9	25.03.07	25.03.14
		72,500	15,000	57,500			
A.J. Scrivin	B	7,000	–	7,000	394.5	14.03.06	16.06.12
	B	7,000	–	7,000	541.9	25.03.07	16.06.12
		14,000	–	14,000			

- (1) Options shown on line A relate to options granted to members of the Board, whereas options shown on line B relate to options granted to individuals prior to their appointment to the Board.

	2009 Options exercised	Option exercise price	Mid market price on the date options exercised	2009 Gain arising on exercise	2008 Gain arising on exercise
	No.	pence	pence	£	£
M.E. Vernon	–	–	–	–	18,396
A.D.H. Black (5)	–	–	–	–	–
N.H. Daws	–	–	–	–	–
M.E. Gibbin	–	–	–	–	–
D.J. Meredith	15,000	525.0	1047.0	78,300	–
A.J. Scrivin	–	–	–	–	–
Aggregate of gains arising on exercise				78,300	18,396

- (3) These are the exercise prices for ordinary shares under option at 31st December 2009. The exercise prices for all options shown are lower than the mid-market price of the Company's ordinary shares on 31st December 2009.

- (4) These are the ranges of dates between which options may be exercised.

- (5) Mr. A. D. H. Black retired from the Board on 30th April 2009.

- (6) Mr. M. E. Gibbin was appointed to the Board on 1st May 2009.

No options were granted to directors during the year and no options held by directors lapsed during the year.

The mid-market price of the ordinary shares on 31st December 2009 was 1240p. During the period from 1st January 2009 to 31st December 2009 the ordinary mid-market share price ranged between 758p and 1309p.

The performance conditions are described on page 40.

Some amendments were made to the rules of the schemes during the financial year as part of a general review and update of the rules (including to take account of legislative changes).

- (ii) Performance share plan

The interests of directors are set out below:

	Date of award				Total awards as at 01.01.09	Vested(1)	Expired	Awarded 11.03.09(5)	Total awards as at 31.12.09 (or date of retirement if earlier (6))
	24.03.06(1)	26.03.07(2)	10.09.07(3)	12.03.08(4)					
M.E. Vernon	12,567	11,288	17,538	36,757	78,150	12,567	0	41,176	106,759
A.D.H. Black (5)	12,500	12,416	0	23,461	48,377	12,500	0	0	35,877
N.H. Daws	11,375	11,887	0	22,627	45,889	11,375	0	22,450	56,964
M.E. Gibbin (7)	0	0	0	0	0	0	0	16,482	16,482
D.J. Meredith	14,000	13,887	0	26,068	53,955	14,000	0	25,588	65,543
A.J. Scrivin	10,250	10,886	0	22,627	43,763	10,250	0	22,450	55,963

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- (1) The mid-market price of the shares on 24th March 2006 was 972.5p. 100% of the award has vested as the performance conditions applicable to that award were met, namely that the TSR performance of the Company during the period 1st January 2006 to 31st December 2008 placed the Company within the upper quartile of the TSR performance of the companies in the FT250 All-Share Industrial Engineering Index over the performance period. The award vested on 4th March 2009 and the mid-market price of the shares on that date was 808.0p.
- (2) The mid-market price of the shares on 26th March 2007 was 1020.0p. The period over which performance conditions are measured is 1st January 2007 to 31st December 2009.
- (3) The mid-market price of the shares on 10th September 2007 was 1013.0p. The period over which performance conditions are measured is 1st January 2007 to 31st December 2009.
- (4) The mid-market price of the shares on 12th March 2008 was 994.5p. The period over which performance conditions are measured is 1st January 2008 to 31st December 2010.
- (5) The mid-market price on 10th March 2009 was 765.0p. This was applied in determining the number of shares subject to the award granted on 11th March 2009. The mid-market price of the shares on that date was 758.0p. The period over which performance conditions are measured is 1st January 2009 to 31st December 2011.
- (6) Mr. A. D. H. Black retired from the Board on 30th April 2009. 100% of the awards made on 26th March 2007 and 12th March 2008 have vested as the performance conditions applicable at that date were met. The 2007 award was reduced by applying a factor of 28/36 due to the shortened performance period of 28 months from 1st January 2007 to 30th April 2009. The 2008 award was reduced by applying a factor of 16/36 due to the shortened performance period of 16 months from 1st January 2008 to 30th April 2009. The awards vested on 8th May 2009 and the mid-market price of the shares on that date was 862.0p. Mr. A. D. H. Black requested that the awards be satisfied in shares. Mr. A. D. H. Black sold sufficient shares to cover the basic rate tax and National Insurance liability and retained the remaining shares as follows:

	Date of award 26.03.07	Date of award 12.03.08	Shares vested	Shares sold
	12,416	23,461	20,084	6,563

- (7) Mr. M. E. Gibbin was appointed to the Board on 1st May 2009.

The performance conditions are described on page 40.

(iii) Spirax-Sarco Engineering plc employee share ownership plan (the plan)

The Company operates the plan in which all the executive directors, with the exception of Mr. M. E. Vernon, are eligible to participate on the same basis as all other eligible UK employees. For the plan period the individual director's contributions are limited to a maximum of £1,500 per annum under HMRC rules. The trustee of the plan provides a matching share for each share purchased under the plan on behalf of the director which is the same basis as for other participating employees. Dividends paid on the partnership and matching shares, up to a maximum of £1,500 per tax year, are reinvested and held by the trustee as dividend shares. Matching shares and dividend shares may generally only be released three years after they were purchased by the trustee.

	Interest at 01.01.09 (or date of appointment if later ⁽¹⁾)	Partnership shares purchased ⁽²⁾	Matching shares awarded ⁽²⁾	Dividend shares awarded ⁽³⁾	Interest at 31.12.09 (or date of retirement if earlier ⁽⁴⁾)	Period of qualifying conditions ⁽⁵⁾
A.D.H. Black ⁽⁴⁾	4,253	0	0	0	4,253	3 years
N.H. Daws	4,365	165	165	165	4,860	3 years
M.E. Gibbin ⁽¹⁾	0	165	165	3	333	3 years
D.J. Meredith	4,365	165	165	165	4,860	3 years
A.J. Scrivin	1,621	165	165	64	2,015	3 years

- (1) Mr. M. E. Gibbin was appointed to the Board on 1st May 2009.
- (2) Partnership shares were purchased, at a price of 908.8p, and matching shares were awarded on 8th October 2009. The mid-market price of the shares on that date was 1118.0p.
- (3) 289 dividend shares were awarded on 18th May 2009, on which date the mid-market price of the shares was 833.5p, and 108 dividend shares were awarded on 6th November 2009, on which date the mid-market price of the shares was 1114.0p.
- (4) Mr. A. D. H. Black retired from the Board on 30th April 2009. The mid-market price of the shares on that date was 858.5p.
- (5) Partnership shares are not subject to qualifying conditions. In accordance with the rules of the plan matching shares and dividend shares were released to Mr. A. D. H. Black following his retirement. No other matching shares or dividend shares were released from the plan or forfeited during the year.

Directors' pensions

The UK executive directors, other than Mr. M. E. Vernon and Mr. M. E. Gibbin, are members of UK defined benefit pension arrangements.

Mr. M. E. Vernon is a member of a defined benefit scheme provided by Spirax Sarco Inc. Mr. M. E. Gibbin is a member of the UK defined contributions pension scheme. The following information is consistent with the presentation used last year and sets out the disclosures under the Stock Exchange Listing Rules and the Companies Act 2006.

	Age attained at 31.12.09	Accrued pension at 31.12.08 £pa	Accrued pension at 31.12.09 £pa	Change in accrued pension during the year £pa	Change in accrued pension during the year ⁽¹⁾ £pa	Transfer value of change in accrued pension ⁽¹⁾ £	Transfer value of accrued pension at 31.12.08 £	Transfer value of accrued pension at 31.12.09 £	Change in total transfer value £
A.D.H. Black ⁽²⁾⁽³⁾	52	80,388	83,434	3,046	1,120	28,664	926,000	1,364,000	438,000
N.H. Daws	47	94,248	104,118	9,870	7,612	96,004	883,000	1,263,000	380,000
D.J. Meredith	50	101,372	110,600	9,228	6,799	95,643	1,095,000	1,515,000	420,000
A.J. Scrivin	62	144,667	152,667	8,000	4,534	89,769	2,287,000	2,730,000	443,000

(1) Net of deferred revaluation at a rate of 2.4% per annum

(2) Benefits shown net of pensions sharing order, currently worth £28,897 per annum.

(3) Mr. A. D. H. Black retired on 30th April 2009 and is now receiving pension payments.

The following is additional information relating to UK executive directors' pensions:

(i) Dependant's pension

On the death of a director in service, a spouse's pension equal to one-half of the director's pension based on pensionable service to the date of death is payable. On the death of a director after payment of the pension commences, a spouse's pension of one-half of the director's pension entitlement at the date of death, ignoring commutation and any early retirement actuarial reduction, is payable; in addition directors' pensions are guaranteed to be paid for five years from retirement.

(ii) Early retirement rights

After leaving the service of the Company, a director has the right to draw his accrued pension at any time after his 60th birthday with no reduction, with the exception of Mr. A. J. Scrivin.

(iii) Pension increases

Pensions are subject to annual increases in line with the annual rise in the retail prices index subject to a maximum of 5% per annum. The Trustees and the Company have the discretion to apply a greater increase.

(iv) Other discretionary benefits

There are no discretionary practices which are taken into account in calculating transfer values on leaving service.

Mr. M. E. Vernon's defined benefit pension arrangements are as follows:

	Age attained at 31.12.09	Accrued pension at 31.12.08 £pa	Accrued pension at 31.12.09 £pa	Change in accrued pension during the year £pa	Change in accrued pension during the year ⁽¹⁾ £pa	Transfer value of change in accrued pension ⁽¹⁾ £	Transfer value of accrued pension at 31.12.08 £	Transfer value of accrued pension at 31.12.09 £	Change in total transfer value £
M.E. Vernon	56	11,049	12,078	1,029	1,171	9,260	82,388	95,509	13,121

(1) Net of inflation at a rate of -1.3% per annum.

The following is additional information relating to Mr. M. E. Vernon's pension:

(i) Dependant's pension

On the death of Mr. M. E. Vernon in service, a spouse's pension equal to one-half of his pension based on pensionable service to the date of death is payable. After payment of the pension commences the accrued pension shown has no attaching spouse's pension. However at retirement Mr. M. E. Vernon has the option to reduce his own pension to provide for a spouse's pension after death.

(ii) Early retirement rights

After leaving the service of the Company, Mr. M. E. Vernon has the right to draw his accrued pension at any time after his 65th birthday with no reduction.

Mr. M. E. Vernon has the right to commence his pension upon retirement (for which he now meets the age and service requirements), with the pension being reduced. The annual reductions for early retirement are 3% for each year from age 65 to age 60 and 5% for each year from age 60 to earliest retirement age.

(iii) Pension increases

The pension has no guaranteed increases. Spirax Sarco Inc. has the discretion to provide increases.

(iv) Other discretionary benefits

Additionally, Mr. M. E. Vernon benefited from contributions made into a UK defined contributions pension scheme. The total contributions made by the Group were £96,833.

The following is additional information relating to Mr. M. E. Gibbin's pension:

(i) Dependant's pension

On the death of Mr. M. E. Gibbin in service, the total plan value of his UK defined contributions pension scheme will become payable.

(ii) Other discretionary benefits

Mr. M. E. Gibbin benefited from contributions made into a UK defined contributions pension scheme. The total contributions made by the Group were £21,008.

Signed by

G. Bullock Chairman of Remuneration Committee
on behalf of the Board