

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek your own financial advice as soon as possible from your stockbroker, bank, solicitor, accountant or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (“FSMA”) if you are in the United Kingdom, or, if you are not, from another appropriately authorised independent professional adviser.

If you sell or transfer or have sold or transferred all of your Ordinary Shares, please send this document together with the accompanying documents at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you sell or have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. This document has been prepared for the purposes of complying with English law and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of England.



The Weir Group PLC

(Incorporated under the Companies Act 1862 and registered in Scotland with registered number SC002934)

Proposed Disposal of the Oil & Gas Division

Circular to Shareholders

and

Notice of General Meeting

The whole document should be read in full. Your attention, in particular, is drawn to the risk factors set out in Part II (*Risk Factors*) of this document and the letter from the Chairman of The Weir Group PLC (the “Company” or “Weir”) that is set out in Part I (*Letter from the Chairman of the Group*) of this document and which contains the unanimous recommendation from the Directors that you vote in favour of the Resolution to be proposed at the General Meeting.

Notice of a General Meeting of the Company to be held electronically in accordance with the provisions of the Corporate Insolvency and Governance Act 2020 at 3.00 p.m. on 23 November 2020 is set out in Part IX (*Notice of General Meeting*) of this document. A summary of the actions to be taken in respect of the General Meeting are set out in paragraph 6 of Part I (*Letter from the Chairman of the Group*) of this document.

IN ACCORDANCE WITH GOVERNMENT LEGISLATION AND RELATED RESTRICTIONS IN RESPONSE TO COVID-19, AND TO MINIMISE PUBLIC HEALTH RISKS, THE GENERAL MEETING IS TO BE HELD AS A CLOSED MEETING, ELECTRONICALLY, AND MEMBERS AND THEIR PROXIES WILL NOT BE ABLE TO ATTEND THE MEETING IN PERSON.

Shareholders are advised to vote in advance of the General Meeting, by appointing a proxy to vote on their behalf in accordance with the instructions set out below, prior to the relevant deadline set out below. Due to the restrictions on attendance at the General Meeting, Shareholders are strongly encouraged to appoint the Chairman of the General Meeting as their proxy, as any other named person will not be permitted to attend the meeting.

The Company will be providing a listen-only conference call facility to enable Shareholders to follow proceedings of the meeting remotely. All Shareholders are encouraged to use this facility and follow proceedings of the General Meeting in real time if they wish to do so. Shareholders using the conference call facility will not be able to vote or ask questions using this service. The Board is committed to Shareholder engagement. Any specific questions on the business of the General Meeting and the Resolution can be submitted ahead of the General Meeting by email to GeneralMeeting2020@mail.weir (marked for the attention of the Company Secretary). We will publish these questions (other than any questions which the Directors consider to be frivolous or vexatious) and answers on our website in the lead up to, and after, the meeting.

Shareholders will find enclosed with this document the Form of Proxy for use in connection with the General Meeting. Your participation is important to us, so you are encouraged to please complete and sign the Form of Proxy in accordance with the instructions printed on them and return them to the Company's Registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ, as soon as possible and, in any event, so as to be received by no later than 48 hours (excluding any part of a day that is not a working day) prior to the time appointed for the holding of the General Meeting (or, in the case of an adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting). You may alternatively appoint a proxy electronically by completing the Form of Proxy online at www.investorcentre.co.uk/eproxy. The lodging of a proxy electronically must be completed by no later than 3.00 p.m. on 19 November 2020 being 48 hours before the time appointed for the holding of the General Meeting (excluding any part of a day that is not a working day) (or, in the case of an adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting).

Further details of the electronic appointment methods (including timeframes for electronic appointment) are set out in Part IX (*Notice of General Meeting*).

If you have any questions about this document, the General Meeting or on the completion and return of the Form of Proxy, please call the Shareholder helpline on 0370 707 1402. If you are outside the United Kingdom, please call +44 0370 707 1402. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Resolution.

UBS AG London Branch is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. UBS is authorised by the Prudential Regulation Authority ("PRA") and subject to regulation by the FCA and limited regulation by the PRA in the United Kingdom. UBS is acting exclusively as lead financial adviser, joint sponsor and joint broker to the Company and for no one else in connection with the Disposal and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Disposal. Subject to its responsibilities and liabilities which may arise under FSMA or the regulatory regime established thereunder, UBS will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the arrangements described in this document or any other transaction or arrangement referred to in this document. Save as referred to above, to the fullest extent permitted by applicable law, UBS and its subsidiaries, branches and affiliates accordingly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise which they might otherwise have in respect of this document or any statement contained herein and they make no representation or warranty, express or implied, for the contents of this document, including its accuracy, fairness, sufficiency, completeness or verification or for any other statement made or purported to be made by them, or on their behalf, in connection with the Group or the Disposal, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future.

Goldman Sachs International is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom. Goldman Sachs is acting exclusively as joint financial adviser, joint sponsor and joint broker to the Company and for no one else in connection with the Disposal and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Disposal. Subject to its responsibilities and liabilities which may arise under FSMA or the regulatory regime established thereunder, Goldman Sachs will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the arrangements described in this document or any other transaction or arrangement referred to in this document. Save as referred to above, to the fullest extent permitted by applicable law, Goldman Sachs and its subsidiaries, branches and affiliates accordingly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise which they might otherwise have in respect of this document or any statement contained herein and they make no representation or warranty, express or implied, for the contents of this document, including its accuracy, fairness, sufficiency, completeness or verification or for any other statement made or purported to be made by them, or on their behalf, in connection with the Group or the Disposal, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future.

To the extent that any document or information incorporated by reference or attached to this document itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this document, except where such information or documents are stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information. Without prejudice to the documents incorporated by reference into this document, the contents of the website of the Group and any website directly or indirectly linked to that website do not form part of this document and should not be relied upon.

Capitalised terms have the meaning ascribed to them in Part VIII (*Definitions*) of this document.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This document contains statements which are, or may be deemed to be, “forward-looking statements” which are prospective in nature. All statements other than statements of historical fact are forward-looking statements. They are based on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of a date in the future or forward-looking words such as “plans”, “expects”, “is expected”, “is subject to”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, “targets”, “aims”, “projects” or words or terms of similar substance or the negative of those terms, as well as variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations or events that are beyond the Group control.

Forward-looking statements include statements regarding the intentions, beliefs or current expectations of the Group concerning, without limitation: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the Group’s operations; and (iii) the effects of global economic conditions on the business.

Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause the actual results, performance or achievements of the Group to differ materially from the expectations of the Group include, amongst other things, general business and economic conditions globally, commodity prices, industry trends including level of investment by mining and oil and gas companies, competition, changes in government and other regulation (including licensing) and policy, including in relation to the environment, health and safety and taxation, labour relations and work stoppages, interest rates and currency fluctuations, changes in its business strategy, the outcome of any litigation, the impact of any acquisitions or similar transactions, IT system and technology failures, political and economic uncertainty and other factors discussed in Part II (*Risk Factors*) of this document. Such forward-looking statements should therefore be construed in light of such factors.

Neither the Group nor any of its Directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

Forward-looking statements contained in this document apply only as at the date of this document. Other than in accordance with its legal or regulatory obligations (including under the Listing Rules and the Disclosure Guidance and Transparency Rules), the Group is not under any obligation and the Group expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The above explanatory wording regarding forward-looking statements does not in any way seek to qualify the working capital statement that can be found at paragraph 12 of Part VI (*Additional Information*) of this document.

NO PROFIT FORECAST

Unless otherwise stated, no statement in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings, earnings per share or income, cash flow from operations or free cash flow for the Group, or the Retained Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings, earnings per share or income, cash flow from operations or free cash flow for the Group, or the Retained Group, as appropriate.

NO OFFER OR SOLICITATION

This document is not a prospectus and it does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security.

PRESENTATION OF FINANCIAL INFORMATION

References to “£”, “GBP”, “pounds”, “pounds sterling”, “sterling”, “p” and “pence” are to the lawful currency of the United Kingdom.

References to “\$” or “US\$” are to the lawful currency of the United States of America.

References to “m” are to “million”.

Percentages in tables may have been rounded and accordingly may not add up to 100% or to the precise sum of the totals expressed in such tables. Certain financial data has been rounded, and, as a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

This document is dated 3 November 2020.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Disposal	5 October 2020
Publication of this document and Notice of General Meeting . .	3 November 2020
Posting of this document, the Notice of General Meeting and the Form of Proxy to Shareholders	4 November 2020

The following dates and times are provided by way of indicative guidance and are subject to change. If any of the following dates and/or times change, the new dates and/or times will be notified to Shareholders by an announcement through a RIS.

Record time and date for entitlement to vote at the General Meeting	6.00 p.m. on 19 November 2020
Latest time and date for receipt of the Form of Proxy for the Shareholders	3.00 p.m. on 19 November 2020
General Meeting	3.00 p.m. on 23 November 2020
Expected date of Completion (subject to the conditions being satisfied or waived)	Q4 2020
Long Stop Date	30 June 2021

Notes:

All time references in this document are to London time.

CORPORATE DETAILS AND ADVISERS

Directors	Charles Berry (<i>Chairman</i>) Jon Stanton (<i>Chief Executive Officer</i>) John Heasley (<i>Chief Financial Officer</i>) Barbara Jeremiah (<i>Senior Independent Director</i>) Clare Chapman (<i>Non-Executive Director</i>) Engelbert Haan (<i>Non-Executive Director</i>) Mary Jo Jacobi (<i>Non-Executive Director</i>) Sir Jim McDonald (<i>Non-Executive Director</i>) Stephen Young (<i>Non-Executive Director</i>)
Company Secretary	Graham Vanhegan
Registered Office	1 West Regent Street Glasgow Scotland, G2 1RW
Lead Financial Adviser, Joint Sponsor and Joint Broker	UBS AG London Branch 5 Broadgate London, EC2M 2QS
Joint Financial Adviser, Joint Sponsor and Joint Broker	Goldman Sachs International Plumtree Court 25 Shoe Lane London, EC4A 4AU
UK Legal Advisers	Herbert Smith Freehills LLP Exchange House Primrose Street London, EC2A 2EG
US Legal Advisers	Sullivan & Cromwell LLP 125 Broad Street New York, New York 10004-2498 United States
Reporting Accountants and Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Registrars	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ

PART I
LETTER FROM THE CHAIRMAN OF THE GROUP

The Weir Group PLC

(Incorporated and registered in Scotland with registered number SC002934)

Directors:

Charles Berry (Chairman)
Jon Stanton (Chief Executive Officer)
John Heasley (Chief Financial Officer)
Barbara Jeremiah (Senior Independent Director)
Clare Chapman (Non-Executive Director)
Engelbert Haan (Non-Executive Director)
Mary Jo Jacobi (Non-Executive Director)
Sir Jim McDonald (Non-Executive Director)
Stephen Young (Non-Executive Director)

Registered Office:

1 West Regent Street, Glasgow,
Scotland,
G2 1RW

3 November 2020

Dear Shareholders

Proposed Disposal of the Oil & Gas Division and Notice of General Meeting

1. INTRODUCTION

On 5 October 2020, the Company announced that it had entered into an agreement for the all-cash sale of the entire Oil & Gas Division (the “**Disposal**”) to Caterpillar Inc. (the “**Purchaser**” or “**Caterpillar**”). The terms of the Disposal are based on an enterprise value of the Oil & Gas Division of \$405 million (£314 million)¹ (the “**Enterprise Value**”), subject to customary working capital and debt like adjustments at closing.

The Disposal of the Oil & Gas Division will complete the strategic transformation of Weir into a pure play premium mining technology business. The Board believes that the Disposal maximises value for Shareholders with the simplified and stronger Retained Group being ideally placed to benefit from long-term structural trends, including the growing demand from Weir’s customers for critical solutions that are smarter, more efficient and sustainable.

The business being sold comprises the entirety of the Oil & Gas Division of the Group, including its North American and international operations. It is made up of the pressure pumping and pressure control business units, and associated aftermarket spares, equipment repairs, upgrades, certification and asset management, and field services supporting those units (the “**Oil & Gas Division**” or “**Oil & Gas**”). The Disposal will be effected through a combination of the sale of Oil & Gas companies and assets. The Oil & Gas business is led by Paul Copping.

Pursuant to the terms of a Share and Asset Purchase Agreement entered into between the Company and the Purchaser (the “**SAPA**”), consideration equal to the Enterprise Value is payable in full on the date of Completion, subject to customary working capital and net debt adjustments. The principal terms of the SAPA are described in more detail in Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document.

After adjustment for estimated transaction costs, the net cash proceeds from the Disposal are expected to be approximately \$395 million (£306 million)² (the “**Net Cash Proceeds**”). The Company intends to use the funds to pay down debt and therefore reduce the Group’s leverage.

In view of its size, the Disposal constitutes a Class 1 transaction under the Listing Rules. Completion is therefore conditional upon, amongst other things, the passing of the Resolution approving the Disposal by the Shareholders. Accordingly, a General Meeting is being

¹ Based on an exchange rate of US\$1.29/£ on 2 October 2020, the last business day prior to announcement of the Disposal.

² Based on an exchange rate of US\$1.29/£ on the Latest Practicable Date.

convened at which such approval will be sought and such meeting will be held electronically in accordance with the provisions of the Corporate Insolvency and Governance Act 2020 at 3.00 p.m. on 23 November 2020. The Notice of General Meeting is set out in Part IX (*Notice of General Meeting*) of this document.

The Board expects that, subject to the satisfaction and/or waiver (where applicable) of the conditions precedent to the Disposal, Completion is expected to occur in the fourth quarter of 2020.

The purpose of this document is to: (i) provide you with information relating to the Disposal; (ii) explain the background to and reasons for the Disposal and why the Board considers the Disposal to be in the best interests of Shareholders as a whole; and (iii) recommend that you vote in favour of the Resolution set out in the Notice of General Meeting at the end of this document.

The Directors have each committed to vote at the General Meeting in favour of the Resolution in amounts representing approximately 0.077629% of the total issued Ordinary Shares of the Group as at 30 October 2020 (being the latest practicable date prior to publication of this document) (the “**Latest Practicable Date**”).

Shareholders should read the whole of this document and not just rely on the summarised information set out in this letter. Shareholders will find definitions for capitalised terms used in this letter and the rest of the document in Part VIII (*Definitions*) of this document.

2. BACKGROUND TO AND REASONS FOR THE DISPOSAL

Since Jon Stanton became CEO in 2016, the Group’s strategy has been to focus capital allocation on its mining technology businesses, which reflects its core strengths. The Board believes there are clear structural trends that the Group is well placed to benefit from, including global demographic trends, carbon transition and specific mining industry factors such as declining ore grades and miners’ emissions reduction targets. These trends all support demand for the Group’s technology and are expected to provide a strong platform for sustainable growth.

The Group has made significant progress on this strategy, including the acquisition and successful integration of ESCO in 2018, the sale of the Group’s Flow Control business in 2019, and the continued strengthening of its Minerals Division.

In February 2020 the Group announced its intention to become a mining technology pure play and that it was taking the necessary steps to maximise value from the Oil & Gas Division at the right time.

The Oil & Gas Division is a global leader in the provision of pressure pumping equipment and aftermarket support to shale operations, with a developing presence in pressure control. North America has been the primary market for Oil & Gas, principally as a result of the historic expansion of the unconventional upstream oil and gas market in that region.

However, the nature of that market has changed in recent years with increasingly short economic cycles and higher volatility of orders and spending patterns from the Oil & Gas Division’s core customers. This has led to greater volatility in the earnings profile of Oil & Gas. As a result, the Oil & Gas Division represents a significantly different financial profile and investment case to the Group’s core mining businesses. The Board has concluded that the Oil & Gas Division would therefore benefit from the prioritisation and scale of a new owner.

Given Caterpillar’s focus on oil and gas solutions, the Directors consider Caterpillar to be the ideal owner of the Oil & Gas Division. The Board believes that Caterpillar will foster an environment in which the Oil & Gas Division can flourish. The Board also believes that Caterpillar upholds the Oil & Gas Division’s commitment to innovation and customer proximity supported by its proven track record in this industry.

In summary, the Board therefore believes that the Disposal will lead to a simpler and stronger Weir. It will enable management to focus on its core mining business and unlock the significant long-term growth opportunities the Group has, while delivering excellent outcomes for all stakeholders.

3. INFORMATION ON THE OIL & GAS DIVISION

The Oil & Gas Division provides highly engineered mission-critical solutions to upstream oil and gas markets in both North America and internationally.

In North America, its operations include:

- Pressure pumping: market leading brand of well service pumps and high-pressure flow equipment;
- Pressure control: provides wellhead and fracking product solutions and surface control equipment.

The Oil & Gas Division's international operations include wellhead manufacture and support, equipment repairs and upgrades, certification and asset management and field services. Its customers include multi-national and independent exploration and production operators, and national oil companies.

The combined businesses allow Oil & Gas to have a comprehensive coverage across the oilfield equipment and services value chain.

Oil & Gas has a track record of innovative product development driven by an understanding of ever-changing market conditions and the importance of addressing customer needs. Oil & Gas also has deep-rooted engineering capability which is the driver of product development.

Summary financial information on the Oil & Gas Division

	6 months ended 30 June 2020 £m unaudited	Year ended 31 December 2019 £m unaudited	Year ended 31 December 2018 £m unaudited	Year ended 31 December 2017 £m unaudited
Combined Income Statements				
Revenue	184.5	612.1	781.4	679.7
Operating (loss) profit before share of result of joint ventures	(6.3)	31.7	93.9	81.9
Share of results of joint ventures	1.9	4.7	2.2	10.9
Operating (loss) profit before exceptional items & intangibles amortisation	(4.4)	36.4	96.1	92.8
Combined Balance Sheet Information			As at 30 June 2020 £m unaudited	As at 31 December 2019 £m unaudited
Net assets			542.9	530.2

The financial information presented above has been extracted without material adjustment from the financial information contained in Part III (*Financial information on the Oil & Gas Division*) of this document. Shareholders should read the whole of this document and not just rely on the summarised information set out in this letter.

4. INFORMATION ON THE PURCHASER

The Purchaser is a leading global manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives. The Purchaser operates principally through three primary segments—Construction Industries, Resource Industries and Energy & Transportation—and provides financing and related services through its Financial Products segment. The Purchaser is listed on the New York Stock Exchange and is a constituent member of the S&P 100. In the year ending 31 December 2019 the Purchaser had revenue of \$53.8 billion and consolidated profit before tax of \$7.8 billion.

5. SUMMARY OF THE TERMS OF THE DISPOSAL

The Disposal is being made pursuant to the terms of the SAPA, which was entered into on 4 October 2020 between the Company and the Purchaser.

Under the SAPA, the Group has agreed to dispose of various Group subsidiaries that are engaged wholly or principally in the Oil & Gas Division and to transfer certain other assets that are currently owned by companies that will form part of the Retained Group following completion of the Disposal but which are wholly or mainly employed in the Oil & Gas Division. Weir SPM in North America constitutes a material part of the transaction perimeter.

The SAPA makes provision for the Group's interest in the AMCO joint venture to be carved out from the transaction perimeter in the event that the Group's joint venture partner, Olayan exercises a pre-emption right in respect of the sale of that interest.

The cash consideration of \$405 million (£314 million)³ is the Enterprise Value payable by the Purchaser in cash in full on the day of Completion, subject to customary working capital and net debt adjustments (the "**Consideration**").

In the event that Olayan exercises its pre-emption right in respect of the Group's 49% interest in the AMCO joint venture, the Consideration payable by Caterpillar in respect of the Disposal will be reduced by an amount equal to or, as set out below, slightly less than the amount payable by Olayan in respect of the exercise of its pre-emption right. The amount Olayan must pay in respect of the exercise of its pre-emption right will be determined in accordance with the terms of the shareholders agreement in respect of the AMCO joint venture, which requires the parties to seek to agree in good faith the fair market value of the interest, failing which either party can initiate independent determination of the value of the interest, subject to a floor price. Pursuant to the SAPA, in the event that Olayan pays more than the floor price Weir is entitled to retain the benefit of an amount equal to 10% of the excess above the floor price and the Consideration payable by the Purchaser under the SAPA will therefore be reduced by an amount equal to the amount payable by Olayan to Weir less any such amount. Further details of the AMCO shareholders agreement are set out in paragraph 8.1.2 of Part VI (*Additional Information*) of this document and further details of the arrangements between the Company and the Purchaser in relation to the AMCO joint venture are set out in paragraph 1.1 of Part V (*Summary of the Principal Terms and Conditions of the Disposal*).

Completion of the Disposal is conditional upon the satisfaction (or waiver, where applicable) of certain conditions, including:

- the approval of the Resolution to implement the Disposal at the General Meeting;
- the Disposal being approved under the HSR Act and by antitrust regulators in Brazil, Colombia, Cyprus, Germany, the Kingdom of Saudi Arabia, Trinidad & Tobago and Ukraine;
- No court or governmental order having been issued, and no governmental entity of competent jurisdiction having initiated proceedings which may result in an order, in either case where such order would prevent consummation of the Disposal or require it to be rescinded;
- The representations and warranties made by Weir being true and correct as of the date of Completion, save (except in the case of certain fundamental warranties) to the extent the same has not had a material adverse effect on the Oil & Gas Division;
- Weir having performed its pre-completion covenants in all material respects.

The SAPA may be terminated in certain circumstances, including in the event that Completion has not occurred by 30 June 2021 or if Weir's Board changes its recommendation to Shareholders to vote in favour of the Disposal at the General Meeting. The Company may be required to pay a break fee of \$6 million in the event the SAPA is terminated following the Board changing its recommendation to Shareholders to vote in favour of the Disposal.

The parties expect to enter into some transition services arrangements pursuant to the Transition Services Agreement, but none of these will be material to the Retained Group.

The Board expects that, subject to the satisfaction and/or waiver (where applicable) of the conditions precedent to the Disposal, Completion will occur in the fourth quarter of 2020.

Further details of the terms of the Disposal, including the principal terms of the SAPA, are set out in Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document.

6. USE OF PROCEEDS AND FINANCIAL EFFECTS OF THE DISPOSAL

Use of Proceeds

The proceeds will be used voluntarily to pay down debt and therefore reduce the Group's leverage. The Company intends to retain flexibility as to the proportions in which its notes and/or facilities may be repaid or prepaid using the proceeds of the Disposal and will make a decision in this respect close to the time of Completion, taking into account all relevant considerations.

³ Based on an exchange rate of US\$1.29/£ on 2 October 2020, the last business day prior to announcement of the Disposal.

Financial effects of the Disposal on the Retained Group

In the financial year ended 31 December 2019, Oil & Gas contributed an operating profit (before exceptional items and intangibles amortisation) of £36.4 million to the Group. For the six months ended 30 June 2020, Oil & Gas contributed an operating loss (before exceptional items and intangibles amortisation) of £4.4 million. As at 30 June 2020, Oil & Gas had gross assets of £747.4 million and net assets of £542.9 million.

Following Completion, the Retained Group will no longer receive the earnings contribution that Oil & Gas has made to the consolidated operating profit of the Group. The Group will benefit from the receipt of the Net Cash Proceeds and the reduction in interest costs resulting from the reduction in borrowings. The pro forma impact of the Disposal on the net assets of the Group as at 30 June 2020, which has been prepared for illustrative purposes only, is set out in Part IV (*Unaudited Pro Forma Financial Information*) of this document.

Tax considerations

The form of the transaction in the US allows the Group to retain certain deferred tax deductions with a tax value of \$24.5 million. In addition, an ordinary corporate income tax loss with an estimated tax value of \$45.6 million will be generated in the US as a result of the transaction. These combined tax attributes of \$70.1 million will be available to the Group to offset against future taxable income generated in the US, with a corresponding benefit to cash tax over the medium term. These estimated tax benefits are not included in the stated consideration figure of \$405 million. The additional ordinary corporate income tax losses are not reflected in the pro forma financial information set out in Part IV of this document on the basis that the assessment for determining their accounting recognition will be performed as part of the holistic year-end tax accounting process.

7. INFORMATION ON THE RETAINED GROUP AND FUTURE STRATEGY

Following Completion of the Disposal, Weir will be a focused, premium mining technology business.

The Group will operate through two Divisions: Minerals and ESCO.

Minerals is a global leader in the provision of mill circuit technology and services as well as the market leader in slurry-handling equipment and associated aftermarket support for abrasive high-wear applications. Its differentiated technology is used principally in mining, infrastructure and general industrial markets around the world.

ESCO is the global leader in ground engaging tools for large mining machines. The Division also applies its differentiated technology to infrastructure markets including construction, dredging and sand and aggregates.

A focused, premium mining technology business

Weir has a portfolio of market-leading brands providing mission-critical equipment used in highly abrasive applications from ore extraction through to processing and tailings management including slurry and positive displacement pumps, ground engaging tools and high pressure grinding rolls.

The Group's large installed base of original equipment is served by a unique global footprint which includes regional manufacturing plants and local service facilities in more than 50 countries, serving a broad customer base and providing increased protection from political uncertainty.

The Group's technology is used in extreme operating environments that generate significant aftermarket demand for higher-margin spare parts, which are expected to represent around 80% of revenues. This recurring revenue provides a high degree of resilience, as reaffirmed during the Covid-19 pandemic where mining has been deemed an essential industry. The Group will continue to target sector-leading performance through the cycle, reflecting its premium offering.

Maximising long-term structural growth opportunities through its differentiated 'We are Weir' strategy

Weir's purpose will be to enable the sustainable and efficient delivery of natural resources. The Group has chosen to focus on markets that will benefit from long-term structural trends that underpin demand for its technology. These include demographic changes such as population growth, urbanisation and the rise of the middle class, particularly in Asia. In addition, electrification of energy production and

transport will require increased supplies of essential metals such as copper. However, it is becoming more complex to access these resources due to trends such as ongoing ore grade declines. Miners are also increasingly committing to making their operations 'Net Zero' from an emissions perspective which will require a technology transformation in the industry that Weir is well placed to help lead.

The Group will maximise these opportunities through its 'We are Weir' strategic framework which differentiates the business through its focus on People, Customers, Technology and Performance.

Engineering critical solutions for smarter, more efficient and sustainable mining

The Group's product portfolio is concentrated on highly abrasive applications that generate significant demand for aftermarket spares and services. Through continuous innovation and customer proximity, the Group's solutions lower total cost of ownership by improving productivity. Increasingly, demand for the Group's technology is being driven by social and environmental scrutiny of mining operations with a particular emphasis on reducing energy, water and waste, where the Group has a comprehensive range of solutions. These include improving productivity and safety in extraction, reducing energy and water consumption in comminution, and developing tailings solutions that allow the industry's biggest waste product to be safely stored or repurposed.

As a global mining technology leader with an aftermarket-focused business model, Weir is ideally placed to benefit from these trends. This is reflected in the Group's technology roadmap, which is focused on making miners' operations smarter, more efficient and sustainable.

Investing in attractive growth opportunities

The Directors expect the Disposal to significantly enhance the Group's earnings stability and further strengthen the balance sheet, while providing a very clear strategic focus. It will also continue to benefit from the highly cash generative nature of its operations with leverage reducing as a result of the Disposal⁴. The Group will continue to invest in both organic and inorganic growth opportunities, including extending its technology leadership positions.

In the financial year ended 31 December 2019, the Minerals and ESCO Divisions contributed 56% and 21% of the Group's total revenues respectively, and 69% and 21% of the Group's Operating Profit before exceptional items and intangibles amortisation and before unallocated expenses.

Producing significant value for stakeholders

The Group has a strong record of execution in its mining business with Minerals delivering strong growth and operating margins between 17% and 20% through the cycle. Following the acquisition of ESCO in 2018, the Group has also delivered a 500bps increase in its margins to 16.1% for the period ending 30 June 2020. On Completion of the Disposal, Weir will be better positioned to deliver on its ambition of long-term sustainable growth reflecting the quality and resilience of its mining technology business, the positive prospects of its markets and the differentiation provided by its 'We are Weir' strategy.

The Completion of the Disposal also enables the Group to review its functional operating structure and broader financial model to maximise future opportunities. Further details will be provided in due course.

In summary, following completion of the Disposal, Weir will be simpler and stronger. It will have a clear purpose delivered through a proven strategy enabling it to fully benefit from growth in its main mining markets, supporting excellent outcomes for all stakeholders.

8. CURRENT TRADING, TRENDS AND FUTURE PROSPECTS

On 29 July 2020, the Group released its interim results for the six months ended 30 June 2020. In his Chief Executive's statement, Jon Stanton commented as follows:

"In a first half dominated by the impacts of a global health crisis, the Group's overall performance was highly resilient set against a backdrop of global ore production estimated to be down 15% from pre-

⁴ Taking into account the impact of the Disposal if it had taken place on such date, the Group's Net Debt/EBITDA ratio for the purposes of its covenants under its banking facilities would have been 1.9x on 30 June 2020. Note that this information is calculated on the basis of Net Debt and EBITDA as measured in accordance with the Group's banking facilities, which is not based on or directly comparable to the Group's financial statements and as such this is not pro forma financial information for the purposes of the Listing Rules.

Covid-19 levels in the second quarter. Minerals delivered an excellent set of results with orders down just 6% against an extremely strong prior year comparator, which included record aftermarket demand, whilst orders and revenues actually increased sequentially from Q1 to Q2. That performance, alongside maintaining margins and generating 74% of sales from recurring aftermarket revenues, underlines the quality of this business.

ESCO's 17% order reduction reflects the impact of both Covid-19 disruption to underlying activity levels and destocking by North American distributors. As a result of reduced capacity constraints due to the benefits of investment in our main foundries, lead times significantly reduced from the abnormally high levels in H2 2019, allowing distributors to reduce underlying safety stocks. The division's core GET revenues, which are a better indicator of underlying demand, were more robust, down 6%, broadly similar to the performance of Minerals' aftermarket business. Infrastructure markets were significantly impacted by the shutdown of construction activity in both North America and Europe. While this affected revenues overall, the division benefited from strong cost control and the early delivery of integration synergies supporting a 190bps improvement in margins, up 500bps since acquisition. Overall, I believe there is much to be encouraged about in the performance of our mining technology businesses through this period.

Oil and gas markets were already very challenging before conditions were exacerbated by the impact of both the decision by Saudi Arabia and Russia to end their production agreement, and weaker demand as a result of Covid-19's impact on global oil prices. In North America, market activity has fallen more than 50%, reaching historic lows. Despite this, the division has remained cash positive from operations, which is an excellent result in the circumstances and reflects strong execution by the divisional team in an extremely tough market.

Overall, the Group generated £192m in operating cash flow before exceptional items, reaffirming the highly cash generative nature of our business and enabling us to continue to invest in our longer-term strategic initiatives."

On 3 November 2020, the Group published a trading update for the third quarter ended on 30 September 2020. During the third quarter demand in mining markets remained broadly resilient, helped by both the essential status of the industry and supportive commodity prices. A small number of mines remained closed and many are operating with skeleton crews and limited third-party access due to Covid-19 restrictions. This translated into overall ore production levels that remain below pre-Covid volumes and slower customer decision making, however, demand strengthened towards the end of the quarter.

In total, the Group's third quarter orders were 11% lower on an underlying basis, which excludes the impact of the c.£100 million Iron Bridge original equipment order in Q3 2019, (-26% as reported). Underlying original equipment orders were down 8% (-55% as reported) while aftermarket orders were down 12%. The book-to-bill ratio of the Group's continuing operations (which excludes Oil & Gas) in the period was 0.82 reflecting the ongoing delivery of the Iron Bridge original equipment project and destocking. Longer-term bid activity remains strong, reflecting positive fundamentals for mining.

The Group remains on track to deliver its previously announced 2020 cost saving programme. Full year guidance remains withdrawn due to ongoing Covid-19 uncertainty.

Net debt at 30 September 2020 was higher than that reported at 30 June 2020 reflecting normal seasonal patterns.

9. RISK FACTORS

For a discussion of the risks and uncertainties associated with the Disposal and the Retained Group which you should take into account when considering whether to vote in favour of the Resolution, please refer to Part II (*Risk Factors*) of this document.

10. GENERAL MEETING

A General Meeting is being convened electronically in accordance with the provisions of the Corporate Insolvency and Governance Act 2020 at 3.00 p.m. on 23 November 2020 for the purpose of seeking Shareholder approval for the Resolution.

IN ACCORDANCE WITH GOVERNMENT LEGISLATION AND RELATED RESTRICTIONS IN RESPONSE TO COVID-19, AND TO MINIMISE PUBLIC HEALTH RISKS, THE GENERAL MEETING IS TO BE HELD AS A CLOSED MEETING, ELECTRONICALLY, AND MEMBERS AND THEIR PROXIES WILL NOT BE ABLE TO ATTEND THE MEETING IN PERSON. AS SUCH, SHAREHOLDERS ARE STRONGLY ENCOURAGED TO APPOINT THE CHAIRMAN OF THE GENERAL MEETING TO ACT AS THEIR PROXY AS ANY OTHER NAMED PERSON WILL NOT BE PERMITTED TO ATTEND THE MEETING.

PROVISION HAS BEEN MADE FOR SHAREHOLDERS TO LISTEN TO PROCEEDINGS VIA TELEPHONE AND TO ASK QUESTIONS OF THE DIRECTORS RELATING TO THE DISPOSAL WHICH WILL BE ANSWERED IN WRITING PRIOR TO THE DATE OF THE MEETING.

The General Meeting will be kept as concise and efficient as possible and physical attendance from Shareholders is discouraged.

As such, we invite Shareholders to:

- submit any questions in advance of the General Meeting. Any specific questions on the business of the General Meeting and Resolution can be submitted ahead of the General Meeting by email to GeneralMeeting2020@mail.weir (marked for the attention of the Company Secretary). We will publish these questions (other than any questions which the Directors consider to be frivolous or vexatious) and answers on our website in the lead up to, and after, the meeting.
- participate remotely in the General Meeting, if desired, via a (mute only) conference telephone facility, details of which will be provided in advance of the meeting. Shareholders wishing to attend should register their interest with the Company beforehand via the following email address: GeneralMeeting2020@mail.weir. Information and instructions detailing how Shareholders may dial in to the General Meeting will also be made available on the Company website closer to the date of the General Meeting at www.global.weir/investors.

The Resolution will be proposed as an ordinary resolution requiring a majority of votes in favour for the Resolution to be carried. The Resolution proposes that the Disposal be approved and that the Directors be authorised to implement the Disposal. The Disposal is conditional on, amongst other things, the Resolution being passed.

11. ACTION TO BE TAKEN

If you are a Shareholder, please vote on the Resolution by proxy in accordance with the instructions set out in the Notice of General Meeting.

You will find enclosed with this document the Form of Proxy for use at the General Meeting in respect of your holdings of Ordinary Shares.

It is important that you complete, sign and return a Form of Proxy in order to vote on the Resolution. To be valid, the Form of Proxy must be completed in accordance with the instructions printed on it and returned to the Registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ, so as to arrive as soon as possible and, in any event, so as to be received by no later than 3.00 p.m. on 19 November 2020, being 48 hours before the time appointed for the holding of the General Meeting (excluding any part of a day that is not a working day) (or, in the case of an adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting).

Alternatively, you may lodge your relevant proxy instruction online via www.investorcentre.co.uk/eproxy using your Shareholder Reference Number (SRN) and PIN and by following the online instructions so that your proxy instruction is received by the Registrars no later than 3.00 p.m. on 19 November 2020 (or, in the case of an adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting).

Shareholders who are users of the CREST system (including CREST personal members) may also choose to appoint a proxy by completing and transmitting a CREST Proxy Instruction so that it is received by the Registrars (under CREST participant ID number 3RA50) by no later than 3.00 p.m. on 19 November 2020 being 48 hours before the time appointed for the holding of the General Meeting (excluding any part of a day that is not a working day) (or, in the case of an adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the

holding of the adjourned meeting). The time of receipt will be taken to be the time from which the Registrars are able to retrieve the message in the manner prescribed by CREST.

Unless the Form of Proxy or the CREST Proxy Instruction are received by the dates and times specified above, they will be invalid.

Further details regarding the appointment of proxies are set out in the Notice of General Meeting at Part IX (*Notice of General Meeting*) at the end of this document.

12. FURTHER INFORMATION

The expected timetable of principal events for the Disposal is set out on page 5 of this document. Further information regarding the terms of the Disposal are set out in Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document.

Shareholders are advised to read the whole of this document and not merely rely on the summarised information set out in this letter.

13. FINANCIAL ADVICE

The Board has received financial advice from UBS and Goldman Sachs in relation to the Disposal. In providing their financial advice to the Board, UBS and Goldman Sachs have relied upon the Board's commercial assessment of the Disposal.

14. RECOMMENDATION TO SHAREHOLDERS

The Board considers the Disposal to be in the best interests of Shareholders as a whole. Accordingly, the Board unanimously recommends that the Shareholders vote in favour of the Resolution to be proposed at the General Meeting.

The Directors have each committed to vote at the General Meeting in favour of the Resolution in respect of the Ordinary Shares to which they are beneficially entitled (representing approximately 0.077629% of the total issued Ordinary Shares of the Group as at 30 October 2020 (being the latest practicable date prior to the publication of this document)).

Yours faithfully.



Charles Berry
Chairman

The Weir Group PLC

PART II RISK FACTORS

This Part II (Risk Factors) addresses the risks known to Weir and the Directors as at the date of this document which are risks which are material to the Disposal, will be material new risk factors to the Group as a result of the Disposal, and existing material risks to the Group which will be impacted by the Disposal. The risk factors do not seek to cover all the material risks which generally affect the Group. Further information on the material risks which generally affect the Group are set out in the 2019 Annual Report and Accounts.

The risk factors included in this document are risks which could materially and adversely affect the business, results of operations, cash flow, financial condition, turnover, profits, capital resources and/or assets of the Group, as appropriate. If certain risks materialise, the market price of the Ordinary Shares could decline and Shareholders may lose some or all of their investment in the Company.

Prior to voting on the Resolution at the General Meeting, Shareholders should carefully consider, together with all other information contained in this document, the specific risks and uncertainties described below.

The risk factors below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties that do not currently exist or that are currently unknown to Weir and the Directors, or which Weir and the Directors currently deem immaterial, or which Weir and the Directors consider to be material but which are not related to or will not be impacted by the Disposal, may also have an adverse effect on the Retained Group's operating results, financial condition and prospects if they materialise.

The information given is at the date of this document and, except as requested by the FCA or required by the Listing Rules or any other applicable law, will not be updated. Any forward-looking statements are made subject to the reservations specified under "Forward-looking statements" at the beginning of this document.

1. RISKS WHICH ARE MATERIAL TO THE DISPOSAL

The following risks and uncertainties relate to the Disposal:

Completion of the Disposal is subject to the satisfaction of a number of conditions in the Share and Asset Purchase Agreement

Completion of the SAPA is conditional upon the satisfaction (or waiver, if applicable) of certain conditions, including:

- the approval of the Resolution to implement the Disposal at the General Meeting;
- the Disposal being approved under the HSR Act and by antitrust regulators in Brazil, Colombia, Cyprus, Germany, the Kingdom of Saudi Arabia, Trinidad & Tobago and Ukraine;
- No court or governmental order having been issued, and no governmental entity of competent jurisdiction having initiated proceedings which may result in an order, in either case where such order would prevent consummation of the Disposal or require it to be rescinded;
- The representations and warranties made by Weir being true and correct as of the date of Completion, save (except in the case of certain fundamental warranties) to the extent the same has not had a material adverse effect on the Oil & Gas Division; and
- Weir having performed its pre-completion covenants in all material respects.

There can be no assurance that the outstanding conditions will be satisfied and, accordingly, that Completion will take place. In that case the Disposal would not complete and Weir would not derive the anticipated benefits from the Disposal. Weir would also have incurred costs in connection with the Disposal, which it will not be able to recover. The conditions are set out in further detail in paragraph 1.2 of Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document. If the Disposal does not complete, any of the risks and uncertainties set out in paragraph 2 of this Part II (*Risk Factors*) may adversely affect the Group business and results.

Under the SAPA, the Purchaser has termination rights in certain circumstances

The Purchaser could become entitled to terminate the SAPA and withdraw from the Disposal if:

- the conditions to Completion are not satisfied (or waived, if applicable) on or before the Long Stop Date, subject to the Long Stop Date renewal mechanisms included in the SAPA;
- if any Order is issued after the date of entry into the SAPA which prohibits Completion under the SAPA or any governmental entity of competent jurisdiction initiates proceedings which may result in such an Order or require the Disposal to be rescinded;
- if the requisite Shareholder approval for the Disposal is not obtained at the General Meeting or such approval is otherwise delayed or postponed for more than 14 days;
- the Group breaches any representation, warranty, covenant or agreement provided in the SAPA, or if any representation or warranty becomes untrue and if such breach is not cured within 60 days of receipt of notification from the Purchaser, in circumstances where (except in the case of certain fundamental warranties) such breach would have a material adverse effect on the Group; and
- prior to Shareholder approval of the Disposal, the Board withholds, withdraws, qualifies or modifies its recommendation in respect of the Disposal.

In the event that the Purchaser were to terminate the SAPA, the Disposal would not complete and Weir would not derive the anticipated benefits from the Disposal. Weir would also have incurred costs in connection with the Disposal, which it will not be able to recover and may, in the event that the Purchaser's termination was as a result of a breach of representation, warranty, covenant or agreement, have further liability to the Purchaser for the purchaser's losses arising therefrom.

In addition, in the event that the Purchaser terminates the SAPA following a change of recommendation by the Board, or either party terminates the SAPA in the event Shareholder approval is not obtained at the General Meeting or the General Meeting is adjourned by more than 14 days (in each case, following a change of recommendation by the Board), the Company will pay to the Purchaser a break fee of \$6 million.

There are a number of warranties, indemnities and undertakings in the SAPA pursuant to which Weir is exposed to some liability risk

The SAPA contains customary warranties given by the Company in favour of the Purchaser, details of which are set out in Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document. As is customary in US law governed transactions, these warranties are given on an indemnity basis. The Company has taken steps to minimise the risk of liability under these provisions, including through disclosure and the agreement of liability caps and time limits. However, any liability to make a payment arising from a successful claim by the Purchaser under the warranties could have a material adverse effect on the Group financial condition.

The SAPA contains indemnities from the Company in favour of the Purchaser, including in relation to the proposed pre-completion reorganisation and liabilities to be retained by the Retained Group, and pre-completion taxes, as further described in Part V (*Summary of the Principal Terms and Conditions of the Disposal*). Although the Company would be exposed to certain of these liabilities in any event if the Disposal does not proceed, following Completion it may be less able to mitigate those liabilities given that it will not have control of the Oil & Gas Division. As a result of these indemnities, the Company is exposed to certain liabilities, the full extent of which may not be known at Completion. If the Company is required to make a payment to the Purchaser pursuant to any indemnity in the SAPA, this payment could have a material adverse effect on the Group financial condition.

The Group will be bound to complete the Disposal if the conditions are satisfied, even if pre-completion changes in the Oil & Gas Division undermine the rationale for the Disposal

During the period from the signing of the SAPA to Completion, events or developments may occur, including changes in the trading, operations or outlook of the Retained Group or the Oil & Gas Division, or external market factors, which could make the terms of the SAPA less attractive for the Company or undermine the rationale for the Disposal. The Company would, subject to satisfaction of the conditions to the SAPA be obliged to complete the Disposal notwithstanding such events or developments. If such market developments give rise to an increase in value of the Oil & Gas Division

from which the Retained Group cannot benefit due to its obligation to complete the Disposal, this may have an adverse effect on the Retained Group's business, financial condition and results of operations.

The Group's ability to benefit from deferred US tax deductions retained on completion of the Disposal and further US tax losses created by the Disposal is subject to certain risks

The form of the transaction in the US allows the Group to retain certain deferred tax deductions with a tax value of \$24.5 million. In addition, an ordinary corporate income tax loss with an estimated tax value of \$45.6 million will be generated in the US as a result of the transaction. These combined tax attributes of \$70.1 million will be available to the Group to offset against future taxable income generated in the US, with a corresponding benefit to cash tax over the medium term. These estimated tax benefits are not included in the stated consideration figure of \$405 million. The additional ordinary corporate income tax losses are not reflected in the pro forma financial information set out in Part IV of this document on the basis that the assessment for determining their accounting recognition will be performed as part of the holistic year-end tax accounting process.

The Group's ability to utilise these tax attributes, and therefore the value of those attributes to the Group, is subject to certain risks including the risk that the Group is unable to generate sufficient future US taxable profits to utilise these deductions and losses in full or at all; the risk that subsequent changes to tax law or regulation restrict or limit the utilisation of deferred deductions and losses and the risk that future reductions in US tax rates would reduce the amount of tax saved when such deductions or losses are utilised. If any of these events materialise, the potential value of these tax losses may reduce.

Other risks of the Disposal

Other risks that may arise out of the Disposal include exposure of the Retained Group to liabilities incurred prior to Completion in respect of the Oil & Gas Division (to the extent these are not transferred as part of the Disposal), commercial and other risks associated with meeting undertakings to the Purchaser during the period up to Completion, disruption caused to the Retained Group as a direct or indirect result of the Disposal and other transaction costs and use of management time, which could all adversely affect the Retained Group's financial condition and operating results.

2. RISKS RELATED TO THE DISPOSAL NOT PROCEEDING

The Company might be approached by a third party seeking to make a more favourable offer than that of the Purchaser for the Oil & Gas Division or the Group as a whole and the Directors might consequently be required (in accordance with their fiduciary duties and subject to the terms of the SAPA) to withdraw their recommendation of the Resolution and the Disposal. Also, as a listed company, the Company may be exposed to potential approaches from third parties seeking to instigate a public takeover of the Company which might delay or prevent execution of the Disposal. If the Resolution is not approved, or if the conditions to the SAPA are not satisfied or the Purchaser terminates the SAPA, the Disposal will not complete, and any of the risks and uncertainties set out below may adversely affect the Group's business and results.

If the Disposal does not complete, the Group would lose the benefits of the sale proceeds and incur transaction costs

If the Disposal does not complete, the Group will not receive the cash proceeds from the Disposal and consequently the transaction, restructuring and other costs incurred by the Group in connection with the Disposal would not be offset by such cash proceeds. This would then result in the Group having higher leverage and therefore potentially having less financial headroom in executing its pure play mining strategy.

If the Disposal does not complete, retention of the Oil & Gas Division may dilute shareholder value

The Board believes that the Disposal is in the best interests of Shareholders taken as a whole and that the Disposal currently provides the best opportunity to realise an attractive and certain value for the Oil & Gas Division. If the Disposal does not complete, the value that may be realised by the Group on any subsequent disposal or through retaining the Oil & Gas Division may be lower than can be

realised by way of the Disposal. This could have an adverse effect on the financial position of the Group. In addition, the market's perception of a failed disposal and of the ongoing impact of retaining the Oil & Gas Division on the Group's financial performance and risk profile could result in a negative impact on the share price of the Ordinary Shares.

If the Disposal does not complete, there can be no assurance that the Group will be able to sell the Oil & Gas Division at an improved or equivalent valuation, or at all

If the Disposal does not complete, there could also be no assurance that the Group would be able to dispose of the Oil & Gas Division at a later date, at an improved or equivalent valuation, or to dispose of the Oil & Gas Division at all. If the Group is unable to identify another suitable purchaser for the Oil & Gas Division this could lead to a loss of confidence amongst employees and customers and a reduced value of the Oil & Gas Division.

There may be an adverse impact on the Group's reputation if the Disposal does not complete

If the Disposal does not complete, there may be an adverse impact on the reputation of the Group due to amplified media scrutiny arising in connection with the attempted Disposal and the Group's broader strategy. Such scrutiny could adversely affect the Group's reputation and share price.

Failure to complete the Disposal could have a disruptive effect on the Group

If the Disposal does not complete it could lead to the loss of key persons in management and/or operating functions in the Oil & Gas Division, the distraction of management and employees, and concern amongst customers and suppliers with respect to the future ownership of the Oil & Gas Division. These could have an adverse effect on the performance of the Oil & Gas Division and therefore its value to the Group.

To maintain shareholder value, the management of the Oil & Gas Division and the Group may be required to allocate additional time and cost to the ongoing supervision and development of the Oil & Gas Division and to invest further amounts that the Group would otherwise invest in furtherance of its pure play mining strategy. If the Disposal does not proceed, Oil & Gas customer sentiment and spending behaviour may also be negatively impacted.

3. RISKS RELATED TO THE RETAINED GROUP

Following completion of the Disposal, the Group's operations will be more focused on mining which has sector specific risks

The Group currently comprises three segments: the Oil & Gas Division, Minerals and ESCO. For the six months ended 30 June 2020, the Oil & Gas Division contributed revenue of £184.5 million and an operating loss of £4.4 million (before exceptional items and intangibles amortisation).

Following the Disposal, the Group's business will principally be mining focused with the industry representing c.80% of revenues. This will mean it is exposed to sector specific risks and its overall financial performance will depend on the performance of the Minerals and ESCO businesses. Sector specific risks include the cyclical nature of mining markets although these have historically been more stable than upstream North American oil and gas markets. Weak performance, however, in Minerals and ESCO, or in any particular part of these businesses, whether as a result of these specific risks or otherwise, will have a proportionately greater adverse impact on the financial condition of the Retained Group.

The Oil & Gas Division has historically been cyclical, with financial performance broadly tracking oil prices and the Oil & Gas Division contributing materially to Group profits in a high oil-price environment, benefiting from increased original equipment orders and aftermarket demand from the US shale industry in particular. Following the Disposal, the Group will have less exposure to oil prices and positive developments in the US shale industry which, while removing volatility from the Group's financial performance and share price, will mean that the Group will lose the benefits of exposure to this segment at such times.

The Disposal will remove the potential for the Oil & Gas Division to contribute materially to the Group's revenue, profits and cash flow in the future. There can be no guarantee that the Group's reinvestment of the proceeds of sale of the Oil & Gas Division will generate better financial returns than continued investment in Oil & Gas.

Following the Disposal, the Retained Group will no longer receive the contribution that the Oil & Gas Division currently makes to the consolidated trading profit of the Group. For the financial year ended 31 December 2019, the Oil & Gas Division contributed revenue of £612.1 million and an operating profit (before exceptional items and intangibles amortisation) of £36.4 million. In prior years, corresponding with a better trading environment at other points in the commodities cycle, the Oil & Gas Division has contributed more strongly to Group profitability and cash flow. For example, in the financial years ended 31 December 2018 and 2017, the Oil & Gas Division's contribution to Group operating profit (before exceptional items and intangibles amortisation) was £96.1 million and £92.8 million respectively.

The Group intends to use the net proceeds from the sale of Oil & Gas to pay down debt and reduce its leverage. There can be no guarantee that this strategy to reduce leverage will generate better financial returns than continued investment in Oil & Gas.

The Disposal may make it more likely that a third party instigates a takeover of the Retained Group

As a listed company, the Company is exposed to potential approaches from third parties seeking to instigate a public takeover of the Company. Following the Disposal, the Retained Group will be a smaller and more sector-focused business and this may make it more likely that a third party could seek to make an offer for the Retained Group and the Directors might be required (in accordance with their fiduciary duties) to engage in discussions with that third party in relation to a possible takeover of the Company. Whether or not any such takeover (if made) were ultimately to succeed would depend on a range of factors, including price, and, ultimately, would only succeed if the requisite proportion of Shareholders accept the takeover offer.

The market price of the Ordinary Shares may go down as well as up

Shareholders should be aware that the value of an investment in the Company may go down as well as up and can be highly volatile. The price at which the Ordinary Shares may be quoted and the price which Shareholders may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Retained Group and its operations and some which may affect the industry as a whole, other comparable companies or publicly traded companies as a whole.

In particular, the future success of the Retained Group will depend on the successful implementation of its business strategy. The implementation of the business strategy will be subject to certain risks and factors outside of the Board's control, including changes in the markets in which the Retained Group operates.

In addition, certain investors for whom exposure to the Oil & Gas Division forms part of the rationale for investing in Weir may sell their shares as a result of the Disposal, which may impact the market price of the Ordinary Shares.

PART III
FINANCIAL INFORMATION ON THE OIL & GAS DIVISION

1. BASIS OF PREPARATION

The unaudited financial information contained in paragraphs 2 and 3 of this Part III (*Financial Information on the Oil & Gas Division*) represents financial information relating to the Oil & Gas Division. The Oil & Gas Division has not in the past formed a separate legal group and has not prepared separate consolidated financial statements.

The following financial information has been extracted without material adjustment from the consolidated schedules and supporting accounting records that form the basis of the Group audited consolidated financial statements for the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 and the Group unaudited consolidated interim financial information for the 6 month period ended 30 June 2020 other than the adjustments to reflect an allocation in respect of a central sourcing function which are described in the notes to the Historical Financial Information relating to the Oil & Gas Division. The Directors believe that such allocations provide a reasonable basis for the presentation of the financial information for the Oil & Gas Division to enable Shareholders to make a fully informed voting decision.

The financial information in this Part III (*Financial Information on the Oil & Gas Division*) has been prepared in accordance with the IFRS accounting policies adopted in the Group's consolidated financial statements for the 6 month period ended 30 June 2020 and each of the financial years presented. The financial information reflects, therefore, Oil & Gas's contribution to the Group during the periods presented, applying the relevant Group accounting policies. The income statements and the net asset statement set out below are unaudited.

It is not possible to present a meaningful allocation of interest and tax as these items are managed centrally by Group and not on a subsidiary by subsidiary basis. Therefore, the financial information presented has only been prepared to a profit before interest and tax level.

Shareholders should read the whole document and not rely solely on the summarised financial information contained in this Part III (*Financial Information on the Oil & Gas Division*).

2. INCOME STATEMENT INFORMATION FOR OIL & GAS FOR THE PERIOD ENDED 30 JUNE 2020 AND THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2018 AND 31 DECEMBER 2017

<u>£m</u>	<u>6 months ended 30 June 2020 unaudited</u>	<u>Year ended 31 December 2019 unaudited</u>	<u>Year ended 31 December 2018 unaudited</u>	<u>Year ended 31 December 2017 unaudited</u>
Revenue	<u>184.5</u>	<u>612.1</u>	<u>781.4</u>	<u>679.7</u>
Operating (loss) profit before share of result of joint ventures	<u>(6.3)</u>	<u>31.7</u>	<u>93.9</u>	<u>81.9</u>
Share of results of joint ventures	<u>1.9</u>	<u>4.7</u>	<u>2.2</u>	<u>10.9</u>
Operating (loss) profit before exceptional items & intangibles amortisation	<u>(4.4)</u>	<u>36.4</u>	<u>96.1</u>	<u>92.8</u>
Exceptional items & intangibles amortisation	<u>(10.5)</u>	<u>(595.9)</u>	<u>(60.0)</u>	<u>(22.3)</u>
Operating (loss) profit	<u>(14.9)</u>	<u>(559.5)</u>	<u>36.1</u>	<u>70.5</u>

3. NET ASSET STATEMENT OF OIL & GAS AS AT 30 JUNE 2020 AND 31 DECEMBER 2019

<u>£m</u>	<u>As at 30 June 2020</u>	<u>As at 31 December 2019</u>
ASSETS		
Non-current assets		
Property, plant & equipment	132.8	137.1
Intangible assets	278.9	267.7
Investments in joint ventures	24.1	21.4
Deferred tax assets	39.5	55.1
Other receivables	—	—
Derivative financial instruments	—	—
Total non-current assets	<u>475.3</u>	<u>481.3</u>
Current assets		
Inventories	175.2	166.3
Trade & other receivables	95.3	121.8
Derivative financial instruments	0.1	0.2
Income tax receivable	1.5	1.4
Cash & short-term deposits	—	—
Total current assets	<u>272.1</u>	<u>289.7</u>
Total assets	<u>747.4</u>	<u>771.0</u>
LIABILITIES		
Current liabilities		
Interest-bearing loans & borrowings	13.9	15.3
Trade & other payables	75.2	108.2
Derivative financial instruments	—	0.2
Income tax payable	8.8	8.8
Provisions	11.2	9.9
Total current liabilities	<u>109.1</u>	<u>142.4</u>
Non-current liabilities		
Interest-bearing loans & borrowings	65.7	67.4
Derivative financial instruments	—	—
Provisions	4.0	5.6
Deferred tax liabilities	25.7	25.4
Retirement benefit plan deficits	—	—
Total non-current liabilities	<u>95.4</u>	<u>98.4</u>
Total liabilities	<u>204.5</u>	<u>240.8</u>
NET ASSETS	<u>542.9</u>	<u>530.2</u>

Notes:

- (1) The income statement and net asset statement above are unaudited.
- (2) The income statement and the net asset statement include an allocation of the results and net assets of a central sourcing entity which will be split between Oil & Gas and the Retained Group on disposal.
- (3) The Group adopted IFRS 9: *Financial instruments* and IFRS 15: *Revenue from contracts with customers* for the year ended 31 December 2018, with the latter being applied retrospectively for the year ended 31 December 2017. There was no impact on Oil & Gas as a result of the adoption of both accounting standard changes.
- (4) The Group adopted IFRS 16: *Leases* on 1 January 2019, applying the modified retrospective transition method, and consequently comparative information was not restated.
- (5) Oil & Gas includes KOP Surface Products (KOP) which was acquired by the Group on 27 July 2017. KOP contributed £13.3 million to revenue and operating loss of £4.3 million (including exceptional items and intangible amortisation) in the period from acquisition to 31 December 2017. If the acquisition had occurred at the start of 2017, the revenue and profit for the year from acquired operations, after exceptional items and intangibles amortisation, would not have been materially different from the results disclosed in the Income statement information above.
- (6) The net asset statement above for 30 June 2020 excludes £283.6 million of net intercompany payables from Oil & Gas to the Group and for 31 December 2019 excludes £230.7 million of net intercompany payables from Oil & Gas to the Group.

PART IV
UNAUDITED PRO FORMA FINANCIAL INFORMATION

SECTION A

1. UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE RETAINED GROUP

The following unaudited pro forma statement of net assets of the Retained Group has been prepared to illustrate the effect of the Disposal on the net assets of the Group as if the Disposal had occurred on 30 June 2020.

The unaudited pro forma statement of net assets is for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not represent the Retained Group's actual financial position or results.

The unaudited pro forma financial information is based on the unaudited interim financial statements of the Group as at 30 June 2020, which are incorporated herein by reference and the unaudited historical financial information of the Oil & Gas Division as at 30 June 2020 contained in Part III (*Financial Information on the Oil & Gas Division*) of this document.

The unaudited pro forma financial information has been prepared on the basis set out in the notes below and in accordance with Annex 20 of the Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation, as applied by Listing Rule 13.3.3R and has been prepared in a manner consistent with the accounting policies of the Group for the 6 month period ended 30 June 2020. The unaudited pro forma financial information does not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

All pro forma financial adjustments are directly attributable to the Disposal. No pro forma adjustments have been made to reflect any matters not directly attributable to the Disposal.

Shareholders should read the whole of this document and not rely solely on the summarised financial information in this Part IV (*Unaudited Pro Forma Financial Information*).

PricewaterhouseCoopers LLP report on the unaudited pro forma financial information is set out in Section C of this Part IV (*Unaudited Pro Forma Financial Information*) of this document.

Retained Group unaudited consolidated pro forma statement of net assets as at 30 June 2020

<u>£m</u>	<u>Group (1)</u>	<u>Oil & Gas (2)</u>	<u>Transaction Adjustments (3)</u>	<u>Retained Group Pro Forma (1)—(2) + (3)</u>
ASSETS				
Non-current assets				
Property, plant & equipment	585.2	132.8	—	452.4
Intangible assets	1,657.7	278.9	—	1,378.8
Investments in joint ventures	38.6	24.1	—	14.5
Deferred tax assets	82.7	39.5	—	43.2
Other receivables	83.0	—	—	83.0
Retirement benefit plan assets	1.5	—	—	1.5
Derivative financial instruments	0.4	—	—	0.4
Total non-current assets	<u>2,449.1</u>	<u>475.3</u>	<u>—</u>	<u>1,973.8</u>
Current assets				
Inventories	692.6	175.2	—	517.4
Trade & other receivables	481.3	95.3	—	386.0
Derivative financial instruments	21.3	0.1	—	21.2
Income tax receivable	22.9	1.5	—	21.4
Cash & short-term deposits	356.7	—	319.1	675.8
Total current assets	<u>1,574.8</u>	<u>272.1</u>	<u>319.1</u>	<u>1,621.8</u>
Total assets	<u>4,023.9</u>	<u>747.4</u>	<u>319.1</u>	<u>3,595.6</u>
LIABILITIES				
Current liabilities				
Interest-bearing loans & borrowings	153.7	13.9	—	139.8
Trade & other payables	543.0	75.2	—	467.8
Derivative financial instruments	16.5	—	—	16.5
Income tax payable	8.4	8.8	—	(0.4)
Provisions	41.4	11.2	—	30.2
Total current liabilities	<u>763.0</u>	<u>109.1</u>	<u>—</u>	<u>653.9</u>
Non-current liabilities				
Interest-bearing loans & borrowings	1,369.7	65.7	—	1,304.0
Derivative financial instruments	0.5	—	—	0.5
Provisions	65.4	4.0	—	61.4
Deferred tax liabilities	30.2	25.7	—	4.5
Retirement benefit plan deficits	186.6	—	—	186.6
Total non-current liabilities	<u>1,652.4</u>	<u>95.4</u>	<u>—</u>	<u>1,557.0</u>
Total liabilities	<u>2,415.4</u>	<u>204.5</u>	<u>—</u>	<u>2,210.9</u>
NET ASSETS	<u>1,608.5</u>	<u>542.9</u>	<u>319.1</u>	<u>1,384.7</u>

Notes:

- (1) The net assets relating to the Group have been extracted without material adjustment from the unaudited consolidated financial statements of the Group as at 30 June 2020, which were prepared in accordance with IFRS.
- (2) These adjustments remove the assets and liabilities of the Oil & Gas Division and were sourced without material adjustment from the historical financial information of the Weir Group as at 30 June 2020 contained in Part III (*Financial Information on the Oil & Gas Division*) of this document.
- (3) Transaction adjustments: At Completion, Weir Group is expected to receive approximately \$395 million (£319 million based on an exchange rate of US\$1.24/£ on 30 June 2020) of net cash proceeds, after adjustment for estimated transaction and separation costs of circa \$10 million (£8 million based on an exchange rate of US\$1.24/£ on 30 June 2020). As noted in paragraph 1 of Part I (*Letter from the Chairman of the Group*) the exact consideration is subject to customary working capital and net debt adjustments. The proceeds will be used to voluntarily pay down debt and therefore reduce the Group's leverage.
- (4) No account has been taken of any trading or results of the Group or the Oil & Gas Division since 30 June 2020.
- (5) This unaudited consolidated pro forma statement of net assets does not constitute a financial statement within the meaning of section 434 of the Companies Act 2006.

SECTION B

1. UNAUDITED PRO FORMA ACCOUNTANTS' REPORT ON NET ASSET STATEMENT OF THE RETAINED GROUP



The Directors
The Weir Group PLC
1 West Regent Street
Glasgow
Scotland
G2 1RW

Goldman Sachs International
Plumtree Court
25 Shoe Lane
London
EC4A 4AU

UBS AG London Branch
5 Broadgate
London
EC2M 2QS

3 November 2020

Dear Ladies and Gentlemen

The Weir Group PLC (the “Company”)

We report on the pro forma financial information (the “**Pro Forma Financial Information**”) set out in Section A of Part IV of the Company’s circular dated 3 November 2020 (the “**Circular**”) which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the disposal of the Oil & Gas Division might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the 6 month period ended 30 June 2020. This report is required by item 13.3.3R of the Listing Rules of the Financial Conduct Authority (the “**Listing Rules**”) and is given for the purpose of complying with that Listing Rule and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance item 13.3.3R of the Listing Rules.

It is our responsibility to form an opinion, as required by item 13.3.3R of the Listing Rules, as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

*PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH
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PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- b) such basis is consistent with the accounting policies of the Company.

Yours faithfully



PricewaterhouseCoopers LLP
Chartered Accountants

PART V
SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL

1. SUMMARY OF THE PRINCIPAL TERMS OF THE SAPA

1.1 Disposal

The SAPA was entered into on 4 October 2020 between the Company and the Purchaser. Pursuant to the SAPA, the Company has agreed to dispose of various Group subsidiaries that are engaged wholly or principally in the Oil & Gas Division and to transfer certain other assets that are currently owned by companies that will form part of the Retained Group following completion of the Disposal but which are wholly or mainly employed in the Oil & Gas Division, subject to the conditions described below.

The SAPA makes provision for the Group's 49% interest in the AMCO joint venture to be carved out from the transaction perimeter in the event that the Group's joint venture partner, Olayan exercises a pre-emption right in respect of the sale of that interest.

In the event that Olayan exercises its pre-emption right in respect of the Group's interest in the AMCO joint venture the Consideration payable by Caterpillar in respect of the Disposal will be reduced by an amount equal to or, as set out below, slightly less than, the amount payable by Olayan in respect of the exercise of its pre-emption right. The amount payable by Olayan in respect of the exercise of its pre-emption right will be determined in accordance with the terms of the shareholders agreement in relation to the AMCO joint venture, which requires the parties to seek to agree in good faith the fair market value of the interest, failing which either party can initiate independent determination of the value of the interest, subject to a floor price. Pursuant to the SAPA, in the event that Olayan pays more than the floor price Weir is entitled to retain the benefit of an amount equal to 10% of the excess above the floor price and the Consideration payable by the Purchaser under the SAPA will therefore be reduced by an amount equal to the amount payable by Olayan to Weir less any such amount.

In the event that Olayan exercises its pre-emption right but does not complete the purchase of the Group's interest in the AMCO joint venture and the Disposal has completed in the interim, the Group is entitled to put that interest on the Purchaser, restoring the original transaction perimeter and consideration. Further details of the AMCO shareholders agreement are set out in paragraph 8.1.2 of Part VI (*Additional Information*) of this document.

Pursuant to the terms of the SAPA, at Completion the parties will enter (or procure the entry by subsidiaries) into:

- a Transition Services Agreement to provide for the provision of a limited number of services by the Group to the Purchaser for a period of time after Completion. These transitional services are not expected to be material;
- certain commercial agreements for the transfer or licensing of intellectual property held by the Group which is for the benefit of the Oil & Gas Division; and
- a brand licence setting out the terms on which the Purchaser may use the Weir brand and other brands owned by the Group for a limited period after Completion.

1.2 Conditions precedent

Completion of the Disposal is conditional upon the satisfaction (or waiver, where applicable) of certain conditions, including:

- the approval of the Resolution to implement the Disposal at the General Meeting;
- the Disposal being approved under the HSR Act and by antitrust regulators in Brazil, Colombia, Cyprus, Germany, the Kingdom of Saudi Arabia, Trinidad & Tobago and Ukraine;
- no court or governmental order having been issued, and no governmental entity of competent jurisdiction having initiated proceedings which may result in an order, in either case where such order would prevent consummation of the Disposal or require it to be rescinded; and

- the representations and warranties made by Weir being true and correct as of the date of Completion, save (except in the case of certain fundamental warranties) to the extent the same has not had a material adverse effect on the Oil & Gas Division.

The SAPA contains provision for the parties to seek to consummate a deferred closing in respect of certain jurisdictions if there is a material delay to the obtaining of requisite antitrust approvals in those jurisdictions subject to compliance with law and regulation.

1.3 Consideration

The consideration for the Disposal is \$405 million, subject to customary working capital and net debt adjustments. The consideration is payable in cash in full at Completion.

In the event that Olayan exercises its pre-emption right in respect of the Group's interest in the AMCO joint venture the consideration payable by Caterpillar in respect of the Disposal will be reduced by an amount equal to or, as set out above, slightly less than the amount payable by Olayan in respect of the exercise of its pre-emption right. This amount will be determined in accordance with the terms of the shareholders agreement in relation to the AMCO joint venture, which requires independent determination of the value of the interest, subject to a floor price.

1.4 Pre-Completion covenants

The Company has given certain customary covenants in relation to the period between signing of the SAPA and Completion including to operate the Oil & Gas Division in the ordinary course of business and to use commercially reasonable efforts to preserve the business. The Company has covenanted not to take certain actions, including creating any encumbrance over the assets of the Oil & Gas Division or entering into or terminating any material contract, except in the ordinary course of business, acquiring or selling material assets or settling material litigation, except with the Purchaser's consent.

1.5 Reorganisation

The Company has undertaken to implement a minor pre-sale reorganisation (at its sole cost) as soon as reasonably practicable after entry into the SAPA to separate the Oil & Gas Division from the Retained Group. The Company expects to complete the reorganisation shortly.

1.6 Restrictive covenants

The Company has agreed that, whilst the SAPA remains in force and subject to certain limited exceptions, it shall not solicit or engage in any discussions or negotiations with any third party regarding a potential sale of the Oil & Gas Division or any other transaction having a broadly similar effect.

The Group has also entered into customary non-compete, non-solicitation and other covenants with the Purchaser in connection with the Disposal.

1.7 Warranties

The Company has given warranties to the Purchaser that are customary for a transaction of this nature. The warranties given include those relating to title, capacity, authority, solvency, tax, financial matters, financial debt, compliance, contracts, insurance, restrictions on trade, litigation, intellectual property and information technology, real estate, environmental matters, employees and benefit arrangements and pension schemes. These warranties will be repeated at Completion. As is customary in US law governed transactions, these warranties have been given on an indemnity basis and are repeated at Completion. The Purchaser has also given customary warranties in favour of the Company.

The warranties given by the Company are subject to customary financial and other limitations, as described below in paragraph 1.8 of this Part V (*Summary of the Principal Terms and Conditions of the Disposal*).

1.8 Limitations of liabilities

The SAPA includes customary financial thresholds, time limitations and other limitations and exclusions in relation to certain claims made under the SAPA. The liability of the Group under the SAPA is capped at:

- (a) \$40 million for any warranty claims (other than fundamental warranty claims); and
- (b) \$405 million for all claims (including fundamental warranty claims and tax indemnity claims) under the SAPA.

The Purchaser must give notice of any claim under the business warranties prior to the date which is 24 months after the date of Completion (other than tax warranties and environmental warranties, for which the time limits shall be fifteen months and three years, respectively). Notice of any claims in respect of fundamental warranties or tax matters must be given within eight years of Completion.

1.9 Termination

The Purchaser may terminate the SAPA if:

- the conditions to Completion are not satisfied (or waived, if applicable) on or before the Long Stop Date, subject to the Long Stop Date renewal mechanisms included in the SAPA;
- any Order is issued after the date of entry into the SAPA which prohibits Completion under the SAPA;
- the requisite Shareholder approval for the Disposal is not obtained at the General Meeting or the General Meeting is otherwise delayed or postponed for more than 14 days;
- the Group breaches any representation, warranty, covenant or agreement provided in the SAPA, or if any representation or warranty becomes untrue and if such breach is not cured within 60 days of receipt of notification from the Purchaser, in circumstances where such breach would (except in the case of certain fundamental warranties) have a material adverse effect on the Group; and
- prior to Shareholder approval, the Board withholds, withdraws, qualifies or modifies its recommendation or states its intention to do so (a “**change of recommendation**”) in respect of the Disposal.

1.10 Break fee

In the event that the Purchaser terminates the SAPA following a change of recommendation by the Board, or either party terminates the SAPA in the event Shareholder approval is not obtained at the General Meeting or the General Meeting is adjourned by more than 14 days (in each case, following a change of recommendation by the Board), the Company will pay to the Purchaser a break fee of \$6 million.

1.11 Governing law and jurisdiction

The SAPA is governed by the Laws of the State of Delaware and the state or federal courts sitting in Delaware will have jurisdiction to hear any disputes arising from or relating to the Disposal.

PART VI
ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Company and the Directors, whose names appear in paragraph 3 of this Part VI (*Additional Information*) accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. COMPANY INFORMATION

The Company was incorporated and registered in Scotland on 14 June 1895 as a company limited by shares under the Companies Acts 1862 to 1890 with the name G. & J. Weir, Limited and with certificate number 2934.

The Weir Group began in 1871 when two engineers, brothers James and George Weir, founded the engineering firm of G & J Weir, joining the booming industrial scene in the West of Scotland. The Weir brothers produced their own ground-breaking inventions in pumping equipment—primarily for the Clyde shipyards and the steam ships being built there. After continuing to grow and patent new designs during the late 19th and early 20th centuries, the Company was first listed on the London Stock Exchange in 1946. Throughout the 1980s and 1990s, the Weir Group expanded and made various acquisitions to grow its business. The Weir Group was restructured in 2001, and then again in 2008, with growing focus on key sectors, the Company restructured its business into three divisions—Minerals, Oil & Gas and Power & Industrial with services business aligned to key market areas. In 2010 the Weir Group entered the FTSE 100 index of leading companies. The Weir Group continued expanding and acquiring new assets and entities, culminating in the 2018 acquisition of ESCO and bringing the Weir Group to where we are today. On 25 February 2019, Weir announced the sale of the Group’s Flow Control business to First Reserve for an enterprise value of £275 million in line with the Group’s strategy towards strengthening its Minerals Division. The Group has c.13,000 employees in over 50 countries.

Weir Oil & Gas is based in Fort Worth, Texas, and is a leading provider of pressure pumping and pressure control solutions to upstream markets.

The Company’s registered office is at 1 West Regent Street, Glasgow, Scotland, G2 1RW. Contact by telephone is via the Company’s Head Office, situated at 1 West Regent Street, Glasgow, Scotland, G2 1RW on +44 (0)141 637 7111. The Company’s registered number is SC002934.

The principal laws and legislation under which the Company operates is the Companies Act 2006 (as amended) and the regulations made thereunder. PricewaterhouseCoopers LLP were the auditors of the Company throughout the period covered by the financial information in this document.

3. DIRECTORS

The Directors of the Company and their respective functions are as follows:

Charles Berry	(Chairman)
Jon Stanton	(Chief Executive Officer)
John Heasley	(Chief Financial Officer)
Barbara Jeremiah	(Senior Independent Director)
Clare Chapman	(Non-Executive Director)
Engelbert Haan	(Non-Executive Director)
Mary Jo Jacobi	(Non-Executive Director—Employee Engagement)
Sir Jim McDonald	(Non-Executive Director)
Stephen Young	(Non-Executive Director)

4. DETAILS OF THE KEY INDIVIDUALS FOR THE NESS DIVISION

The following individual is deemed by the Company to be key to the operations of the Oil & Gas Division.

Paul Coppinger—President Oil & Gas. Paul joined Weir in 2011 as President of SPM, before becoming President of the Oil & Gas Division in January 2015.

5. DIRECTORS' INTERESTS IN THE COMPANY

As at the close of business on 30 October 2020 (being the latest practicable date prior to the publication of this document), the interests of the Directors and any of their connected persons (within the meaning of sections 252 to 255 of the Companies Act) in Ordinary Shares were as follows:

<u>Directors[^]</u>	<u>Number of Ordinary Shares (Beneficial Interest)</u>	<u>Percentage of voting rights in respect of the Resolution as at close of business on 30 October 2020*</u>
<i>Executive Directors</i>	185,300	0.071376%
Jon Stanton	123,256	0.047477%
John Heasley	62,044	0.023899%
<i>Non-Executive Directors</i>	16,234	0.006253%
Charles Berry	2,145	0.000826%
Barbara Jeremiah	2,250	0.000867%
Clare Chapman	456	0.000176%
Engelbert Haan	—	—
Mary Jo Jacobi**	5,000	0.001926%
Sir Jim McDonald	500	0.000193%
Stephen Young	5,883	0.002266%
Total:	<u>201,534</u>	<u>0.077629%</u>

* The Ordinary Shares held in treasury have been excluded for the purposes of calculating these percentages as the voting rights in respect of the Ordinary Shares held in treasury cannot be exercised in relation to the Resolution.

[^] Percentages in this table have been rounded and therefore the precise sum of the rows titled 'Total' may not reflect the figures in the table.

** American Depositary Receipts ("ADR"s). One ADR is equivalent to 0.5 Weir Group PLC Ordinary Share.

In addition, as at the close of business on 30 October 2020 (being the latest practicable date prior to the publication of this document), Jon Stanton and John Heasley (the "Executive Directors") held the following interests as a result of awards made under the terms of the Company's Long-Term Incentive Plan ("LTIP") and Share Reward Plan ("SRP"):

	<u>Total as at 30 October 2020</u>	<u>Total as at 31 December 2019</u>	<u>Awarded since year ended 31 December 2019</u>	<u>Vested since year ended 31 December 2019</u>	<u>Lapsed since year ended 31 December 2019</u>
Jon Stanton	188,626	176,480	116,687	56,670	47,871
John Heasley	92,913	86,895	57,483	27,898	23,567
Total:	<u>281,539</u>	<u>263,375</u>	<u>174,170</u>	<u>84,568</u>	<u>71,438</u>

6. DIRECTORS' SERVICE CONTRACTS

6.1 Executive Directors

Executive Directors are appointed under one-year rolling service contracts. The service contracts may be terminated by either party giving one year's notice to the other.

Payments in lieu of notice will be at 1.2 x gross salary to reflect the value of salary and contractual benefits. At the discretion of the Company, a pro-rated bonus payment may be earned if employment ceases during the year, save where there has been a dismissal for gross misconduct. The treatment of outstanding share awards will be governed by the rules of the relevant plan. The Company's approach when considering payments in the event of termination is to take account of the individual circumstances including the reason for termination, contractual

obligations of both parties as well as incentive plan and pension scheme rules. If an Executive Director's service contract is terminated other than in accordance with its terms, the Company will give full consideration to the obligation and the ability of the individual to mitigate any loss they may suffer as a result of the termination of their contract.

Details of the service contracts entered into are set out below.

<u>Executive Director</u>	<u>Contract commencement date</u>	<u>Notice period by the Company and Director (months)</u>
Jon Stanton	28 July 2016	12
John Heasley	3 October 2016	12

6.2 *Non-Executive Directors*

The Non-Executive Directors do not have service contracts but instead have letters of appointment. The letters do not contain any contractual entitlement to a termination payment and the Non-Executive Directors can be removed in accordance with the Company's Articles of Association. The notice period for each of the Non-Executive Directors is 6 months from the Company and no notice from the individual. Details of the current letters of appointment are set out below.

<u>Non-Executive Director</u>	<u>Date of appointment</u>	<u>Notice period by the Company (months)</u>
Charles Berry	1 March 2013	6
Barbara Jeremiah	1 August 2017	6
Clare Chapman	1 August 2017	6
Engelbert Haan	18 February 2019	6
Mary Jo Jacobi	1 January 2014	6
Sir Jim McDonald	1 January 2015	6
Stephen Young	1 January 2018	6

7. SIGNIFICANT SHAREHOLDERS

As at the close of business on 30 October 2020 (being the latest practicable date prior to the publication of this document), so far as the Company is aware, no person other than those listed below was interested, directly or indirectly, in 3% or more of the listed issued share capital of the Group:

<u>Name of Shareholder</u>	<u>Number of existing issued Ordinary Shares as at the date the Company had been notified in accordance with the DTRs</u>	<u>Percentage of voting rights in respect of the Resolution as at close of business on 30 October 2020*</u>
Sprucegrove Investment Management Ltd	259,612,052	5.20%
BlackRock, Inc.	259,612,052	5.00%
Black Creek Investment Management Inc.	259,612,052	3.95%

* The Ordinary Shares held in treasury have been excluded for the purposes of calculating these percentages as the voting rights in respect of the Ordinary Shares held in treasury cannot be exercised in relation to the Resolution. The percentages in each table are only in respect of the relevant holder's Ordinary Shares (as may be applicable).

8. MATERIAL CONTRACTS

8.1 *The Retained Group*

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Retained Group, either: (i) within the two years immediately preceding the date of this document which are or may be material to the Retained Group; or (ii) at any time, which contain any provision under which any member of the Retained Group has any obligation or entitlement which is or may be material to the Retained Group as at the date of this document, save as disclosed below. In determining which contracts to disclose the Group has had regard to whether information about the relevant contract is information which Shareholders would reasonably require for the purpose of making an informed assessment about the way in which to exercise voting rights attached to the Ordinary Shares in connection with the Disposal.

8.1.1 SAPA

Details and a summary of the SAPA is set out in Part V (*Summary of the Principal Terms and Conditions of the Disposal*).

8.1.2 AMCO shareholders agreement

Weir Group (Overseas Holdings) Limited is party to a shareholders agreement dated 14 December 2005 with Olayan Saudi Holding Company, which governs the parties' relationship as shareholders in AMCO. The shareholders agreement contains pre-emption provisions which entitle a shareholder to pre-emptively acquire the shares comprised in a transfer notice issued by any shareholder proposing to sell their shares to a third party. The pre-emption provision requires the parties to make a good faith effort to determine the fair market value of the shares, failing which either party may require the chairman of AMCO to procure the appointment of an independent accountancy firm to determine the fair market value. In no event shall the fair market value be less than the greater of (i) the net book value of AMCO and (ii) the average of EBITDA for the preceding three (3) fiscal years multiplied by a factor of five (5).

The Oil & Gas Division

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by the Oil & Gas Division, either: (i) within the two years immediately preceding the date of this document which are or may be material to the Oil & Gas Division; or (ii) at any time, which contain any provision under which any member of the Oil & Gas Division has any obligation or entitlement which is or may be material to the Oil & Gas Division as at the date of this document.

9. LITIGATION

9.1 *The Retained Group*

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) during the 12 months prior to the date of this document, which may have, or have had in the recent past, significant effects on the Group and/or the Retained Group's financial position or profitability, save as disclosed below.

9.1.1 Asbestos-related claims

Certain of the Group's current and former US-based subsidiaries are co-defendants in lawsuits pending in the US in which plaintiffs are claiming damages arising from alleged exposure to products previously manufactured which contained asbestos, further details of which are set out on page 33 of the interim results for the 6 months ended 30 June 2020.

9.1.2 State Aid investigation

On 25 April 2019 the European Commission ("EC") released its full decision in relation to its State Aid investigation into the Group Financing Exemption ("GFE") included within the UK's Controlled Foreign Company ("CFC") legislation. While it is narrower than the original concerns raised and confirms that the CFC legislation as amended with effect from 1 January 2019 is compliant with EU State Aid rules, the decision concludes that, up to 31 December 2018, aspects of the legislation constitute State Aid. In common with other international groups, the Group has benefited from the GFE contained within the CFC legislation and may therefore be affected by the decision should it ultimately be upheld. The estimated maximum contingent liability, excluding interest, is approximately £19 million. The UK Government, together with a number of affected taxpayers, including the Group, have lodged annulment applications with the General Court of the European Union in response to this decision and there remains considerable uncertainty as to the outcome of both the appeals process and any recovery mechanism. The Group considers that no provision is required in respect of this issue at present and will continue to review this position.

9.2 *The Oil & Gas Division*

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) during the 12 months prior to the

date of this document, which may have, or have had in the recent past, significant effects on the financial position or profitability of the Oil & Gas Division.

10. RELATED PARTY TRANSACTIONS

10.1 Save as disclosed in the information incorporated by reference into this document referred to below, the Company entered into no transactions with related parties during the years ended 31 August 2019, 2018 and 2017.

10.1.1 Note 15 of the notes to the unaudited interim financial statements for Weir for the six months ended 30 June 2020 which can be found at page 38 of the Weir Half Year Report and Accounts 2020;

10.1.2 Note 28 of the notes to the audited consolidated financial statements for Weir for the year ended 31 December 2019 which can be found at page 189 of the Weir Annual Report 2019;

10.1.3 Note 28 of the notes to the audited consolidated financial statements for Weir for the year ended 31 December 2018 which can be found at pages 172-173 of the Weir Annual Report 2018; and

10.1.4 Note 29 of the notes to the audited consolidated financial statements for Weir for the year ended 31 December 2017 which can be found at page 176 of the Weir Annual Report 2017.

The disclosures incorporated by reference above include sales of goods and services to, and purchases of goods and services from, the Group's joint ventures in the ordinary course of business. For the period from and including 1 July 2020 to the date of this document, the Company has continued to enter into such sales and purchases, which are related party transactions, in the ordinary course of business. The aggregate value of such sales and purchases is measured bi-annually for the purposes of the preparation of the Group's audited annual accounts and interim results, and the value of such transactions will accordingly be disclosed in the annual report for the year ended 31 December 2020 in due course. Such sales and purchases are not expected to be material in the context of the Group's results.

11. NO SIGNIFICANT CHANGE

11.1 The Retained Group

There has been no significant change in the financial position or financial performance of the Retained Group since 30 June 2020, being the date to which the last published financial information on the Group was prepared.

11.2 The Oil & Gas Division

There has been no significant change in the financial position or financial performance of the Oil & Gas Division since 30 June 2020, being the date to which the historical financial information relating to the Oil & Gas Division in Part III (*Financial Information on the Oil & Gas Division*) of this document was prepared.

12. WORKING CAPITAL

The Company is of the opinion that the Retained Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

13. CONSENTS

PricewaterhouseCoopers LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given, and not withdrawn, its written consent to the inclusion of its report on the unaudited pro forma financial information for the Retained Group set out in Section B of Part IV (*Unaudited Pro Forma Financial Information*) of this document in the form and context in which it appears.

UBS and Goldman Sachs have given, and not withdrawn, their written consent to the issue of this document with references to its name being included in the form and context in which they appear.

14. INFORMATION INCORPORATED BY REFERENCE

Information from the following documents has been incorporated into this document by reference:

- 14.1.1 the 2017 Annual Report and Accounts;
- 14.1.2 the 2018 Annual Report and Accounts;
- 14.1.3 the 2019 Annual Report and Accounts; and
- 14.1.4 the 2020 Half Year Report and Accounts.

Part VII (*Checklist of information incorporated by reference*) of this document sets out the location of references to the above documents within this document.

A person who has received this document may request a copy of such documents incorporated by reference. A copy of any such documents or information incorporated by reference will not be sent to such persons unless requested from the Company's Registrars at Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ, or by calling the shareholder helpline on 0370 707 1402. If you are outside the United Kingdom, please call +44 0370 707 1402. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m.—5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Resolution. If requested, copies will be provided, free of charge, within two Business Days of the request.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on Weir's website at www.global.weir/investors/ from the date of this document up to and including the date of the General Meeting and for the duration of the General Meeting:

- 15.1.1 the Memorandum and Articles of Association of the Company;
- 15.1.2 the 2017 Annual Report and Accounts, the 2018 Annual Report and Accounts, the 2019 Annual Report and Accounts, and the 2020 Half Year Report and Accounts;
- 15.1.3 the report of PricewaterhouseCoopers LLP set out in Section B of Part IV (*Unaudited Pro Forma Financial Information*) of this document; and
- 15.1.4 this document.

A copy of the SAPA may, subject to Covid-19 restrictions and guidance followed by the Company and its advisers, be physically inspected at Herbert Smith Freehills LLP, Exchange House, Primrose Street, London, EC2A 2EG during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays). A hard copy may also be requested from the Company Secretary by emailing the following address: GeneralMeeting2020@mail.weir.

PART VII
CHECKLIST OF INFORMATION INCORPORATED BY REFERENCE

The 2017 Annual Report and Accounts, the 2018 Annual Report and Accounts, the 2019 Annual Report and Accounts and the 2020 Half Year Report and Accounts are incorporated by reference into this document in accordance with paragraph 14 of Part VI (*Additional Information*) of this document and contain information which is relevant to this document. These documents are also available on the Company's website at www.global.weir/investors/reporting-centre.

The table below sets out the various sections of such documents which are incorporated by reference into this document so as to provide the information required under the Listing Rules.

No part of the 2017 Annual Report and Accounts, the 2018 Annual Report and Accounts, the 2019 Annual Report and Accounts or the 2020 Half Year Report is incorporated by reference herein except as expressly stated below.

<u>Reference document</u>	<u>Information incorporated by reference</u>	<u>Document page reference</u>	<u>Page number(s) in this document</u>
2017 Annual Report and Accounts	Information on related party transactions in note 29 of the Company's 2017 audited financial statements.	176	35
2018 Annual Report and Accounts	Information on related party transactions in note 28 of the Company's 2018 audited financial statements.	172-173	35
2019 Annual Report and Accounts	Information on related party transactions in note 28 of the Company's 2019 audited financial statements.	189	35
2020 Half Year Report and Accounts	Information on asbestos liability and related party transactions in notes 10 and 15 respectively of the Company's 2020 Half Year Report and Accounts	33, 38	34 & 35

Information that is itself incorporated by reference in the above documents is not incorporated by reference into this document. It should be noted that, except as set forth above, no other portion of the above documents are incorporated by reference into this document and those portions which are not specifically incorporated by reference in this document are either not relevant for Shareholders or the relevant information is included elsewhere in this document.

Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this document to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

PART VIII
DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“2017 Annual Report and Accounts”	the annual report and audited financial statements of the Company for the 12 months ended 31 December 2017.
“2018 Annual Report and Accounts”	the annual report and audited financial statements of the Company for the 12 months ended 31 December 2018.
“2019 Annual Report and Accounts”	the annual report and audited financial statements of the Company for the 12 months ended 31 December 2019.
“2020 Half Year Report and Accounts”	the half year report and financial statements for the Company for the 6 months ended 30 June 2020.
“ADRs”	American depository receipts, administered by Citibank as part of the Company’s American depository receipt programme and which are equivalent to 0.5 Ordinary Share.
“AMCO”	Weir Arabian Metals Company Limited.
“Articles”	the articles of association of the Company.
“Board”	the board of Directors of the Company.
“bps”	the unit of measure in relation to the percentage change in value of a financial instrument.
“Business Day”	a day other than a Saturday or Sunday or public holiday in England and Wales on which banks are open in London for general commercial business.
“CFC”	Controlled Foreign Company.
“Consideration”	has the meaning given in paragraph 5 of Part I (<i>Letter from the Chairman of the Group</i>) of this document.
“Companies Act”	the Companies Act 2006, as amended from time to time.
“Company” or “Weir”	The Weir Group PLC, a public limited company incorporated in Scotland with registered number SC002934 and whose registered office is at 1 West Regent Street, Glasgow, Scotland, G2 1RW.
“Completion”	completion of the Disposal in accordance with the provisions of the SAPA.
“CREST”	the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear is the operator in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755).
“CREST Manual”	the manual, as amended from time to time, produced by Euroclear describing the CREST system, and supplied by Euroclear to users and participants thereof.
“CREST Proxy Instruction”	a proxy appointment or instruction made using CREST, authenticated in accordance with Euroclear’s specification and containing the information set out in the CREST Manual.
“Directors”	the Executive Directors and Non-Executive Directors of the Company.
“Disclosure Guidance and Transparency Rules” or “DTRs”	the Disclosure Guidance and Transparency Rules made by the FCA for the purposes of Part VI of FSMA.
“Disposal”	has the meaning given in paragraph 1 of Part I (<i>Letter from the Chairman of the Group</i>) of this document.
“EBITDA”	earnings before interest, tax, depreciation and amortisation.

“EC”	the European Commission.
“Enterprise Value”	has the meaning given in paragraph 1 of Part I (<i>Letter from the Chairman of the Group</i>) of this document.
“ESCO”	has the meaning given in paragraph 7 of Part I (<i>Letter from the Chairman of the Group</i>) of this document.
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST.
“Executive Directors”	the Executive Directors of the Company, currently being Jon Stanton and John Heasley.
“FCA”	the Financial Conduct Authority of the UK, its predecessors or its successors from time to time, including, as applicable, in its capacity as the competent authority for the purposes of Part VI of FSMA.
“Form of Proxy”	the form of proxy (which accompanies this document) for the Shareholders in connection with the Resolution.
“FSMA”	the Financial Services and Markets Act 2000, as amended.
“General Meeting”	the General Meeting of the Company to be held electronically at 3.00 p.m. on 23 November 2020 (or any adjournment thereof), notice of which is set out in the Notice of General Meeting.
“GFE”	Group Financing Exemption.
“Goldman Sachs”	Goldman Sachs International at Plumtree Court, 25 Shoe Lane, London, EC4A 4AU.
“Government Entity”	means any national, supranational, federal, state or local governmental entity or authority, including any court, administrative body, self-regulatory body or quasi-governmental entity, in each case, with competent jurisdiction to enforce or interpret any law.
“Group” or “Weir Group”	in respect of any time prior to Completion, the Company and its consolidated subsidiaries and subsidiary undertakings and, in respect of any time following Completion, the Retained Group, with Group or Retained Group being used as the context requires.
“Group Companies”	any subsidiary undertaking and/or parent undertaking from time to time of a company and/or any subsidiary undertaking of any such parent undertaking.
“HSR Act”	the Hart Scott Rodino Antitrust Improvements Act 1976.
“IFRS”	the International Financial Reporting Standards, as adopted by the European Union.
“Latest Practicable Date”	30 October 2020.
“LIBOR”	London interbank offered rate.
“London Stock Exchange”	London Stock Exchange P.L.C., of 10 Paternoster Square, London, EC4M 7LS.
“Long Stop Date”	30 June 2021.
“Listing Rules”	the Listing Rules made by the FCA for the purposes of Part VI of FSMA.
“LTIP”	the Company’s Long-Term Incentive Plan.
“Net Cash Proceeds”	has the meaning given in paragraph 1 of Part I (<i>Letter from the Chairman of the Group</i>) of this document.
“Non-Executive Directors”	the Non-Executive Directors of the Company, currently being Charles Berry, Barbara Jeremiah, Clare Chapman, Engelbert Haan, Mary Jo Jacobi, Sir Jim McDonald and Stephen Young.

“Notice of General Meeting”	the notice of the General Meeting, as set out in Part IX (<i>Notice of General Meeting</i>) of this document.
“Oil & Gas Division” or “Oil & Gas”	has the meaning given in paragraph 1 of Part I (<i>Letter from the Chairman of the Group</i>) of this document.
“Order”	means any order, writ, judgment, award, injunction or decree of any Government Entity, arbitrator or arbitral tribunal.
“Official List”	the FCA’s list of securities that have been admitted to listing.
“Ordinary Shares”	means the ordinary shares in the capital of the Company of 12.5p each as at the date of this document.
“PRA”	the Prudential Regulation Authority.
“Pro Forma Financial Information”	has the meaning given in Section B of Part IV (<i>Unaudited Pro Forma Financial Information</i>) of this document.
“Purchaser”	Caterpillar Inc.
“Purchaser’s Group”	Caterpillar Inc. and its subsidiaries and subsidiary undertakings from time to time.
“Registrars”	Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ.
“Remuneration Committee”	the remuneration committee of the Board.
“Remuneration Policy”	the Company’s remuneration policy approved by Shareholders in 2018.
“Resolution”	the ordinary resolution being proposed at the General Meeting to approve the Disposal and to grant the Directors authority to implement the Disposal, as set out in the Notice of General Meeting.
“Retained Group”	the Company and its subsidiaries and subsidiary undertakings from time to time (excluding, for the avoidance of doubt, the Oil & Gas Division), being the continuing business of the Group following Completion, with Group or Retained Group being used as the context requires.
“RIS”	a Regulatory Information Service that is approved by the FCA and that is on the list of Regulatory Information Services maintained by the FCA.
“SAPA”	the SAPA dated 4 October 2020 entered into between the Company and the Purchaser in connection with the Disposal, as described in more detail in Part V (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document.
“SRP”	the Company’s Share Reward Plan.
“Shareholders”	the holders of Ordinary Shares and ADRs from time to time.
“Transition Services Agreement”	the transition services agreement to be entered into between the Company and the Purchaser at Completion.
“UBS”	UBS AG London Branch at 5 Broadgate, London, EC2M 2QS.
“UK”	the United Kingdom of Great Britain and Northern Ireland.
“Weir SPM”	means SPM Flow Control, Inc.

PART IX
NOTICE OF GENERAL MEETING

The Weir Group PLC

(the “**Company**”)

(Incorporated and registered in Scotland with registered number SC002934)

NOTICE OF GENERAL MEETING

Notice is hereby given to holders of the Ordinary Shares in the capital of the Company that a General Meeting of the Company will be held electronically in accordance with the provisions of the Corporate Insolvency and Governance Act 2020 at 3.00 p.m. on 23 November 2020 to consider and, if thought fit, to pass the below resolution (the “**Resolution**”), which shall be proposed as an ordinary Resolution, in connection with the disposal of the Oil & Gas Division (the “**Disposal**”), as described in the Circular to the Company’s Shareholders dated 3 November 2020 (the “**Circular**”).

For the purposes of this notice, capitalised terms used but not defined therein shall (unless the context otherwise requires) have the same meaning ascribed to them in the Circular of which this notice forms part.

Ordinary Resolution

- (a) the proposed Disposal by the Company of the Oil & Gas Division, on the terms set out in the SAPA (a copy of which has been produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification only) and the associated and ancillary arrangements related thereto, be and are hereby approved; and
- (b) each and any of the Directors of the Company (or any duly constituted committee of the Directors) be and is hereby authorised to take all necessary or appropriate steps and to do all necessary or appropriate things to implement, complete or to procure the implementation or completion of the Disposal and give effect thereto with such modifications, variations, revisions, waivers or amendments (not being modifications, variations, revisions, waivers or amendments of a material nature) as such Director(s) or such committee of the Directors may deem necessary or appropriate in connection with the Disposal.

By order of the Board



A handwritten signature in black ink, appearing to read 'Graham Vanhegan', is written over a horizontal line.

Graham Vanhegan

Company Secretary

3 November 2020

Registered Office:

1 West Regent Street

Glasgow

G2 1RW, Scotland

Registered in Scotland No. SC002934

Notes to the Notice of General Meeting

1. To be entitled to vote at the General Meeting (and for the purpose of determining the number of votes they may cast), Shareholders must be on the Company's register of members at 6.00 p.m. on 19 November 2020 or, if this General Meeting is adjourned, at the close of business on the day which is two days before the day of the adjourned meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote (and the number of votes they may cast) at the General Meeting, or adjourned meeting.
2. In accordance with Government legislation and related restrictions in response to Covid-19, and to minimise public health risks, the General Meeting is to be held as a closed meeting, electronically, and members and their proxies will not be able to attend the meeting in person. As such, members are strongly encouraged to appoint the Chairman of the General Meeting to act as their proxy as any other named person will not be permitted to attend the meeting.
3. If you would like to vote on the Resolution, you can appoint a proxy to exercise your right to vote at the General Meeting. A registered Shareholder entitled to vote at the General Meeting is entitled to appoint a proxy or proxies (who need not be Shareholders) to exercise all or any of their rights to attend, speak and vote at the General Meeting. A Shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. However, Shareholders are strongly encouraged to appoint the Chairman of the General Meeting to act as their proxy as any other named person will not be permitted to attend the meeting. Your proxy must vote as you instruct and must attend the General Meeting for your vote to be counted. Unless you are appointing the Chairman as your proxy, please check with your appointed proxy prior to appointing him/her that he/she intends to attend the General Meeting.

A Shareholder must inform the Company in writing of any termination of the authority of a proxy.

4. Voting on Resolutions will be conducted by way of a poll.
5. To appoint a proxy you may:
 - a. register the appointment of your proxy vote electronically using the internet by going to www.investorcentre.co.uk/eproxy and following the instructions provided. The proxy appointment must be received by Computershare at the address referred to on the website by 3.00 p.m. on 19 November 2020. Please note that any electronic communication sent to the Company's Registrar in respect of the appointment of a proxy that is found to contain a computer virus will not be accepted; or
 - b. use the proxy card enclosed with this Notice of General Meeting (together with any power of attorney or other authority (if any) under which it is signed (or a duly certified copy thereof)) which should be returned direct to:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

so as to arrive no later than 3.00 p.m. on 19 November 2020; or
 - c. if you hold your shares in uncertificated form, utilise the CREST electronic proxy appointment service as set out overleaf.
6. A 'vote withheld' option is provided on the proxy card accompanying this Notice of General Meeting which is to enable a shareholder to abstain on any particular resolution. It should be noted that an abstention is not a vote in law and will not be included in the calculation of the proportion of votes 'for' or 'against' a resolution.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

8. To change your proxy instructions you may return a new proxy card in accordance with Note 5. Please contact the Company's Registrar, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ if you require another proxy card. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two (or more) valid but differing appointments of proxy are received in respect of the same share(s) for use at the same meeting and in respect of the same matter, the one which is last validly received (regardless of its date or of the date of its execution or submission) shall be treated as replacing and revoking the other or others as regards the relevant share(s). If the Company is unable to determine which appointment was last validly received, none of them shall be treated as valid in respect of the relevant share(s).
9. The statement of rights of Shareholders in relation to the appointment of proxies above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by Shareholders.
10. Information regarding the General Meeting including the information required by section 311A of the Companies Act 2006 is available at www.global.weir/investors. You can contact the Company electronically by emailing GeneralMeeting2020@mail.weir. Any email should be accompanied by your full name and Shareholder Reference Number as authentication.
11. Shareholders of the Company have the right, under section 338 of the Companies Act 2006, to require the Company to give its Shareholders notice of a resolution which the Shareholders wish to be moved at a General Meeting of the Company.

Additionally, Shareholders of the Company have the right under section 338A of the Companies Act 2006 to require the Company to include a matter (other than a proposed resolution) in the business to be dealt with at the General Meeting. The Company is required to give such notice of a resolution or include such matter once it has received requests from Shareholders representing at least 5% of the total voting rights of all the Shareholders who have a right to vote at the General Meeting or from at least 100 Shareholders with the same right to vote who hold shares in the Company on which there has been paid up an average sum, per Shareholder, of at least £100.

This request must be received by the Company not later than six weeks before the General Meeting or, if later, the time at which notice is given of the General Meeting. In the case of a request relating to section 338A of the Companies Act 2006, the request must be accompanied by a statement setting out the grounds for the request.

12. Under section 527 of the Companies Act 2006, Shareholders have a right to request publication of any concerns that they propose to raise at the General Meeting relating to the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be submitted to the General Meeting or any circumstances connected to the Company's auditors who ceased to hold office since the last General Meeting. The Company will publish the statement if sufficient requests have been received in accordance with section 527(2) of the Companies Act 2006 which, broadly, requires a minimum of 100 Shareholders holding shares in the Company on which there has been paid up an average sum, per Shareholder, of at least £100 or Shareholders holding at least 5% of the Company's issued share capital to make the request. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with such request. Where a statement is published, the Company will forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on its website.
13. As at the Latest Practicable Date, the Company's issued share capital comprised 259,613,517 Ordinary Shares of 12.5p each. Each Ordinary Share carries the right to one vote at a General Meeting of the Company. There are 1,465 Ordinary Shares held as treasury shares and therefore the total number of voting rights in the Company as at 9.00 a.m. on the Latest Practicable Date is 259,612,052. The Company website includes information on the number of Ordinary Shares in issue and voting rights thereon.

14. A corporation which is a Shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a Shareholder provided that no more than one corporate representative exercises power over the same share.
15. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual on the Euroclear website www.euroclear.com/CREST. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the CREST Proxy 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 3RA50) not later than 48 hours before the General 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.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) 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 sponsors 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.

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.

16. Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out, but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that Shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgement of an electronic proxy form, that is found to contain any virus will not be accepted.
17. The contents of this Notice of General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice will be available on the Company's website www.global.weir.