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If you have sold or otherwise transferred all your shares in SPI Lasers plc (the “Company”), please send this document, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom you made the sale or transfer for onward transmission to the purchaser or transferee.

This document does not constitute an offer to sell, or the solicitation of an offer to purchase, any securities of SPI Lasers plc.

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# **SPI LASERS PLC**

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**PLACINGS OF 29,635,415 ORDINARY SHARES OF 2.5 PENCE  
EACH AT A PRICE OF 30 PENCE PER ORDINARY SHARE**

**SUBSCRIPTION FOR 6,666,667 ORDINARY SHARES OF 2.5 PENCE  
EACH AT A PRICE OF 30 PENCE PER ORDINARY SHARE**

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Notice of an Extraordinary General Meeting of SPI Lasers plc, to be held on 8 November 2007 at 10.00 a.m. at the offices of Panmure Gordon (Broking) Limited at 155 Moorgate, London EC2M 6XB, is set out at the end of this document.

Shareholders will find enclosed a form of proxy for use at the Extraordinary General Meeting. **The form of proxy may be completed and returned by any shareholder entitled to vote.** To be valid, a form of proxy must be completed and returned in accordance with the instructions printed thereon, as soon as practicable and, in any event, so as to arrive no later than 48 hours before the time of the meeting or any adjournment thereof. **Please note, you are entitled to attend the Extraordinary General Meeting even if you return a form of proxy.**

**Should you wish to vote at the Extraordinary General Meeting, you are requested to return the accompanying form of proxy to the Company’s registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible, and in any event no later than 48 hours before the time of the meeting.**

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## ENCLOSURE

Form of proxy for use at the Extraordinary General Meeting

## PLACINGS AND INVESTMENT STATISTICS

Placing Price	30 pence
Number of Ordinary Shares in issue prior to the Placings and the Investment	26,227,892
Number of Ordinary Shares to be issued under the Placings	29,635,415
Number of Ordinary Shares to be issued under the Investment	6,666,667
Percentage of the enlarged ordinary share capital subject to the Placings and the Investment	58.06%
Number of Ordinary Shares in issue immediately following the Placings and the Investment	62,529,974

## EXPECTED TIMETABLE

Latest date for receipt of forms of proxy	10.00 a.m. on 6 November 2007
Extraordinary General Meeting	10.00 a.m. on 8 November 2007
Completion of the First Placing	8.00 a.m. on 12 November 2007
Completion of the Second Placing and the Investment	8.00 a.m. on 13 November 2007

*References to time in this document and the Notice of Extraordinary General Meeting are to British Time.*

**SPI LASERS PLC**  
(Registered in England and Wales with No. 05546901)

*Directors:*

Graham Meek (*Chairman*)  
David Parker  
David Holloway  
David Cheesman  
David Payne  
Peter Schulz

*Registered Office:*

3 Wellington Park  
Tollbar Way  
Hedge End  
Southampton  
SO30 2QU

*To Shareholders*

16 October 2007

Dear Shareholder,

**EXTRAORDINARY GENERAL MEETING**  
**PLACING OF SHARES**  
**SUBSCRIPTION FOR SHARES**

**Introduction**

On behalf of the directors of the Company (the “**Directors**”), I am writing to inform you that, as announced today, in order to meet its working capital requirements, the Company has raised, subject to shareholder approval and certain other conditions, £10.5 million (net) via an equity fundraising. The proceeds will enable the Company to meet its working capital requirements as well as to provide for the continued growth of the business.

The fundraising comprises a secondary offering by the Company of its shares to institutional investors (the “**Placings**”) which will raise £8.5 million (net), and a strategic investment by The Furukawa Electric Co., Ltd of £2 million (the “**Investment**”). The Placings will also include an investment of 170,000 new Ordinary Shares by certain Directors. The Placings are fully underwritten by Panmure Gordon (Broking) Limited, the Company’s Nominated Adviser and Broker.

**Background**

Following the trading update of 21 August 2007, where the Company announced that trading was being impacted by a number of external and internal issues including the weak US dollar, the pricing environment within its laser markets, and some supplier delays, the Company commenced examining various sources of additional funding. The Company reported with its interim results on 28 September 2007 that it was making good progress in its discussions to raise the required funds to ensure the Company remains a going concern, although a significant uncertainty remained until the financing was completed. Completion of the equity fundraising, if approved by shareholders, removes this uncertainty.

The Company also continues to make good progress implementing its various cost reduction initiatives with the benefits due to come through in the beginning of 2008 with the goal to become profitable towards the end of 2008.

## **The Placings**

It is proposed that the Placings will be in respect of 29,635,415 ordinary shares in the capital of the Company (the “**Ordinary Shares**”) at a price of 30 pence per share (the “**Placing Price**”) to raise £8.5 million (net). The Placings will also include an investment of 170,000 new Ordinary Shares by certain members of the board of the Company, as follows:

Graham Meek ( <i>Chairman</i> )	83,334 shares
David Parker ( <i>CEO</i> )	33,333 shares
David Holloway ( <i>CFO</i> )	33,333 shares
David Payne	10,000 shares
Peter Schultz	10,000 shares

In order to protect the Company’s VCT status, the Placings will be effected in two tranches. Firstly, shares will be offered to those investors who may seek relief under the VCT legislation (the “**First Placing**”) and secondly, on the following business day, shares will be issued to non VCT investors (the “**Second Placing**”). The Second Placing is conditional upon, *inter alia*, completion of the First Placing.

## **The Investment**

The Investment by The Furukawa Electric Co., Ltd (“**FEC**”) of £2 million comprises of the issue of 6,666,667 Ordinary Shares at the Placing Price to FEC. This will give FEC an interest of 10.7 per cent. of the Company’s enlarged share capital following the Placings and the Investment.

FEC has decided to make this strategic investment in order to strengthen the fibre laser business of FEC Group (including OFS FITEL, LLC, its affiliate).

FEC is involved in highly diversified businesses that provide materials, products and services in a wide range of industries, including energy, electronics, optical and information systems and automobiles. FEC, which has a primary listing on the Tokyo Stock Exchange has a market capitalisation of approximately ¥400 billion (£1.7 billion) and revenues for the full year to 31 March 2007 of ¥1,105 billion (£4.7 billion).

The Company and FEC intend to investigate other strategic opportunities to leverage their relationship.

## **Extraordinary General Meeting**

An Extraordinary General Meeting of the Company has been convened for the purpose of considering and approving the allotment of shares and the disapplication of pre-emption rights in connection with the Placings and the Investment, for which the consent of the Company’s shareholders is required. The Notice of Extraordinary General Meeting, which is to be held on 8 November 2007 at 10.00 a.m. at the offices of Panmure Gordon (Broking) Limited at 155 Moorgate, London EC2M 6XB, is attached to this letter.

## **The Resolutions**

The Notice of the Extraordinary General Meeting contains both ordinary resolutions (which require the approval of a simple majority of shareholders who vote) and special resolutions (which require the approval of at least 75 per cent. of shareholders who vote), all of which relate to the Placings and the Investment. Resolutions 1 and 2 will be proposed as ordinary resolutions and Resolutions 3 and 4 will be proposed as special resolutions.

### **Resolution 1**

The Directors require shareholder authority under Section 80 of the Companies Act 1985 (as amended) for the allotment of up to 29,636,000 Ordinary Shares that the Company intends to issue pursuant to the Placings. Resolution 1 authorises the Directors to allot such shares and also gives the Directors the authority to allot a further amount of 20,634,920 Ordinary Shares or rights over such shares, subject to the limitations set out in Resolution 1, which will represent one third of the Company’s issued share capital following completion of the Placings and the Investment. This will give the Company flexibility to issue shares going forward and is in line with the guidance of the Association of British Insurers for listed companies. The authority sought under Resolution 1 will expire on the earlier of 15 months after the passing of the resolution or at the conclusion of the annual general meeting of the Company to be held in 2008.

### **Resolution 2**

As mentioned above, the Directors require shareholder authority to allot shares, this authority is also required in respect of up to 6,666,680 Ordinary Shares to be allotted in connection with the Investment and Resolution 2 authorises the Directors to allot such shares. As with Resolution 1, the authority sought will expire on the earlier of 15 months after the passing of this resolution or at the conclusion of the annual general meeting of the Company to be held in 2008.

### **Resolution 3**

Resolution 3 proposes to disapply pre-emption rights by giving the Directors authority to allot up to the 29,636,000 Ordinary Shares pursuant to the Placings, without first being required to offer such securities to existing shareholders. Resolution 3 also gives flexibility for further issues of securities on a non-pre-emptive basis. Following completion of the Placings and the Investment, this authority for further issues will apply to up to 6,253,000 new Ordinary Shares representing approximately 10 per cent. of the Company's then issued share capital.

The authority sought under Resolution 3 will expire on the earlier of 15 months from the passing of the resolution or at the conclusion of the annual general meeting of the Company to be held in 2008.

### **Resolution 4**

Resolution 4 proposes to disapply pre-emption rights by giving the Directors authority to allot up to 6,666,680 Ordinary Shares pursuant to the Investment, without first being required to offer such securities to existing shareholders. The authority sought under Resolution 4 will expire on the earlier of 15 months from the passing of the resolution or at the conclusion of the annual general meeting of the Company to be held in 2008.

### **Admission**

Application will be made to the London Stock Exchange to admit the new Ordinary Shares to be issued pursuant to the Placings and the Investment, to trading on AIM. It is expected that admission of the new Ordinary Shares will become effective on AIM and that dealings will commence on AIM at 8.00 a.m. on 12 November 2007 in respect of the Ordinary Shares to be issued pursuant to the First Placing and 13 November 2007 in respect of the Ordinary Shares to be issued pursuant to the Second Placing and the Investment.

The Ordinary Shares to be issued pursuant to the Placings and the Investment will, when issued and fully paid, rank, *pari passu*, in all respects with the existing Ordinary Shares of the Company and will be issued subject to the memorandum and articles of association of the Company.

### **Action to be taken**

**All Shareholders are asked to complete and return the enclosed form of proxy** to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive as soon as possible and in any event not later than 48 hours before the time of the meeting or any adjournment thereof, whether or not they intend to attend the Extraordinary General Meeting. Completion and return of a form of proxy will not preclude a shareholder so entitled from attending and voting at the Extraordinary General Meeting should he or she so wish.

### **Recommendation**

The Directors believe that the Resolutions to be proposed at the Extraordinary General Meeting are in the best interests of the Company and shareholders as a whole and unanimously recommend that you vote in favour of them as they intend to do in respect of their own beneficial holdings of shares in the Company.

Yours faithfully

**Graham Meek**  
*Chairman*

## SPI LASERS PLC

(Registered in England and Wales with No. 05546901)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of SPI Lasers plc (the “**Company**”) will be held at the offices of Panmure Gordon (Broking) Limited at 155 Moorgate, London EC2M 6XB on 8 November 2007 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, with Resolutions 1 and 2 being proposed as ordinary resolutions and Resolutions 3 and 4 being proposed as a special resolutions:

#### Ordinary Resolutions

1. That the Directors be authorised generally and unconditionally pursuant to Section 80 of the Companies Act 1985, as amended, (the “**Act**”) (in substitution for all other authorities pursuant to Section 80 of the Act, to the extent not utilised at the date this Resolution is passed, other than as is set out below in Resolution 2) to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) but limited to the allotment of:
  - (a) relevant securities in connection with the placings to certain institutional investors (the “**Placings**”) up to a maximum nominal amount of £740,900; and
  - (b) relevant securities up to a maximum nominal amount of £515,873,

such authority (unless previously revoked, varied or renewed) shall expire on the earlier to occur of 15 months after the passing of this Resolution or on the conclusion of the annual general meeting of the Company to be held in the calendar year 2008, provided that the Company may before such expiry make an offer, agreement or other arrangement, which would or might require any such relevant securities to be allotted after such expiry and the Directors may allot such relevant securities pursuant to any such offer, agreement or other arrangement as if the authority thereby had not expired.

2. Subject to Resolution 1 above being duly passed, that the Directors be authorised generally and unconditionally pursuant to Section 80 of the Act (in substitution for all other authorities pursuant to Section 80 of the Act, to the extent not utilised at the date this Resolution is passed, other than as set out above in Resolution 1) to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) but limited to the allotment of relevant securities in connection with the investment by The Furukawa Electric Co., Ltd and/or its affiliates (the “**Investment**”) up to a maximum nominal amount of £166,667, such authority (unless previously revoked, varied or renewed) shall expire on the earlier to occur of 15 months after the passing of this Resolution or on the conclusion of the annual general meeting of the Company to be held in the calendar year 2008, provided that the Company may before such expiry make an offer, agreement or other arrangement, which would or might require any such relevant securities to be allotted after such expiry and the Directors may allot such relevant securities pursuant to any such offer, agreement or other arrangement as if the authority thereby had not expired.

#### Special Resolutions

3. Subject to Resolution 1 above being duly passed, that the Directors be generally empowered to allot equity securities (within the meaning of Section 94(2) of the Act) of the Company (in substitution for all other authorities pursuant to Section 95 of the Act, to the extent not utilised at the date this Resolution is passed, other than as set out below in Resolution 4) for cash pursuant

to the authority referred to in Resolution 1 above as if Section 89(1) of the Act or any pre-emption provisions contained in the articles of association of the Company or otherwise did not apply to any such allotment, provided that this power is limited to:

- (a) the allotment of equity securities up to an aggregate nominal amount of £740,900 in connection with the Placings; and
- (b) any other allotment (otherwise than pursuant to sub-paragraph (a) of this sub-paragraph) of equity securities up to an aggregate nominal amount of £156,325,

such authorities and powers (unless previously revoked, varied or renewed) shall expire on the earlier to occur of 15 months after the passing of this Resolution or on the conclusion of the annual general meeting of the Company to be held in the calendar year 2008, provided that the Company may prior to such expiry make any offer, agreement or other arrangement, which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer, agreement or other arrangement as if the power thereby conferred had not expired.

4. Subject to Resolution 2 above being duly passed, that the Directors be generally empowered to allot equity securities (within the meaning of Section 94(2) of the Act) of the Company (in substitution for all other authorities pursuant to Section 95 of the Act, to the extent not utilised at the date this Resolution is passed, other than as set out above in Resolution 3) for cash pursuant to the authority referred to in Resolution 2 above as if Section 89(1) of the Act or any pre-emption provisions contained in the articles of association of the Company or otherwise did not apply to any such allotment, provided that this power is limited to the allotment of equity securities up to an aggregate nominal value of £166,667, in connection with the Investment, such authority and power (unless previously revoked, varied or renewed) shall expire on the earlier to occur of 15 months after the passing of this Resolution or on the conclusion of the annual general meeting of the Company to be held in the calendar year 2008, provided that the Company may prior to such expiry make any offer, agreement or other arrangement, which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer, agreement or other arrangement as if the power thereby conferred had not expired.

#### **BY ORDER OF THE BOARD**

*Registered Office:*

3 Wellington Park  
Tollbar Way  
Hedge End  
Southampton  
SO30 2QU

**David Holloway**

*Secretary*

16 October 2007

#### NOTES:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders registered in the register of members of the Company as at 6.00 p.m. on 6 November 2007 shall be entitled to attend and vote at this Extraordinary General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after such time shall be disregarded in determining the rights of any person to attend or vote at this Extraordinary General Meeting.
2. Any shareholder who is entitled to attend and vote at this Extraordinary General Meeting is entitled to appoint one or more proxies to exercise all or any of his/her rights to attend, speak and vote at the meeting. A proxy need not be a shareholder of the Company. Completion and return of the form of proxy will not preclude a shareholder from attending and voting at this Extraordinary General Meeting. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please attach to the proxy form specific details of the proxy appointments required.
4. 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).
5. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.
6. A form of proxy is enclosed which to be effective must be completed, signed and received by the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 48 hours before the time of the Extraordinary General Meeting. You can only appoint a proxy using the procedures set out in these notes and in the notes to the enclosed form of proxy.