

## Notice of Annual General Meeting

Notice is hereby given that the ninety-fifth Annual General Meeting of Smiths Group plc will be held at The Thomas Lord Suite, Lord's Cricket Ground, Grace Gate, St John's Wood Road, London NW8 8QN on Tuesday 17 November 2009 at 2:30pm, for the following purposes:

### Ordinary business

1. To adopt the reports of the directors and the auditor and the audited accounts for the financial year ended 31 July 2009.
2. To approve the directors' remuneration report for the financial year ended 31 July 2009.
3. To declare a final dividend of 23.5 pence per ordinary share for the year ended 31 July 2009.
4. To re-elect Sir Kevin Tebbit as a director of the Company.
5. To elect Ms A C Quinn as a director of the Company.
6. To reappoint PricewaterhouseCoopers LLP as auditor of the Company.
7. To authorise the directors to determine the remuneration of the auditor.

### Special business

8. To consider and, if thought fit, pass the following as an ordinary resolution:

That the directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company:

(i) up to a nominal amount of £48,637,728; and

(ii) up to a further nominal amount of £48,637,728 in connection with an offer by way of a rights issue;

such authorities to apply in substitution for all previous authorities pursuant to Section 80 of the Companies Act 1985 and to expire at the end of the next Annual General Meeting or on 31 January 2011, whichever is the earlier but, in each case, so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to be granted after the authority ends.

For the purposes of this Resolution 'rights issue' means an offer to:

(a) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(b) people who are holders of other equity securities if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities

to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory.

9. To consider and, if thought fit, pass the following as a special resolution:

That subject to the passing of Resolution 8 above, the directors be empowered to allot equity securities (as defined in Section 560(1) of the Companies Act 2006) wholly for cash:

(i) pursuant to the authority given by paragraph (i) of Resolution 8 above or where the allotment constitutes an allotment of equity securities by virtue of section 560(2)(b) of the Companies Act 2006 in each case:

(a) in connection with a pre-emptive offer; and/or

(b) otherwise than in connection with a pre-emptive offer, up to an aggregate nominal amount of £7,295,659; and

(ii) pursuant to the authority given by paragraph (ii) of Resolution 8 above in connection with a rights issue,

as if Section 561(1) of the Companies Act 2006 did not apply to any such allotment; such power to expire at the end of the next Annual General Meeting or on 31 January 2011, whichever is the earlier but so that the Company may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the power ends and the directors may allot equity securities under any such offer or agreement as if the power had not ended.

For the purposes of this Resolution:

(a) 'rights issue' has the same meaning as in Resolution 8 above;

(b) 'pre-emptive offer' means an offer of equity securities open for acceptance for a period fixed by the directors to holders (other than the Company) on the register on a record date fixed by the directors of ordinary shares in proportion to their respective holdings but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory;

(c) references to an allotment of equity securities shall include a sale of treasury shares; and

(d) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

**10.** To consider and, if thought fit, pass the following as a special resolution:

That the Company be and is hereby unconditionally and generally authorised for the purpose of Section 701 of the Companies Act 2006 to make market purchases (as defined in Section 693(4) of the Companies Act 2006) of ordinary shares of 37.5p each in the capital of the Company on such terms and in such manner as the directors may determine provided that:

(a) the maximum number of shares which may be purchased is 38,910,182;

(b) the minimum price which may be paid for each share is 37.5p;

(c) the maximum price which may be paid for an ordinary share shall not be more than the higher of 5 per cent above the average middle market quotations for an ordinary share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the ordinary share is purchased and the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;

(d) this authority shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier 31 January 2011 (except in relation to the purchase of shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry); and

(e) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase in pursuance of any such contract.

**11.** To consider and, if thought fit, to pass the following as a special resolution:

That with effect from the conclusion of the meeting:

(i) the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

(ii) the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

**12.** To consider and, if thought fit, to pass the following as a special resolution:

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

**13.** To consider and, if thought fit, to pass the following as an ordinary resolution:

That, in accordance with Part 14 of the Companies Act 2006, the Company and every other company which is now or may become a subsidiary of the Company at any time during the period during which this resolution is in force is hereby authorised to make donations and incur expenditure under each and any of the following heads:

(a) donations to political parties or independent election candidates;

(b) donations to political organisations other than political parties; and

(c) political expenditure,

up to an aggregate amount of £50,000, and the amount authorised under each of paragraphs (a), (b) and (c) shall also be limited to such amount.

The authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 31 January 2011.

All existing authorisations and approvals relating to political donations or expenditure under Part 14 of the Companies Act 2006 are hereby revoked without prejudice to any donation made or expenditure incurred prior to the date hereof pursuant to such authorisation or approval.

For the purpose of this resolution, the terms 'political donations', 'political parties', 'independent election candidates', 'political organisations' and 'political expenditure' have the meanings set out in sections 363 to 365 of the Companies Act 2006.

By Order of the Board

**Sarah Cameron**  
Secretary

Smiths Group plc  
Registered Office:  
2nd Floor, Cardinal Place  
80 Victoria Street  
London SW1E 5JL

12 October 2009

## General Notes

**1.** The statutory Reports and Accounts for Smiths Group plc for 2009 are called the Annual Report 2009. The Directors' Remuneration Report for 2009 is contained in the Annual Report 2009. The first two items of business at the Annual General Meeting ('AGM') relate to the approval of the statutory Reports and Accounts for 2009 and the Directors' Remuneration Report for 2009. Shareholders who have not elected to receive a printed copy of the statutory Reports and Accounts for 2009 may obtain copies by writing to the Secretary, Smiths Group plc, 2nd Floor, Cardinal Place, London SW1E 5JL (email: [secretary@smiths.com](mailto:secretary@smiths.com)) or by downloading them from the Company's website ([www.smiths.com](http://www.smiths.com)). Shareholders who wish to receive the printed statutory Reports and Accounts (free of charge) in future years should write to the Company's registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, quoting Reference 0282.

**2.** Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. If a proxy is submitted without indicating how the proxy should vote on any resolution, the proxy will exercise his discretion as to whether and, if so, how he votes.

**3.** A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Equiniti Limited on 0871 384 2943. (Calls to this number are charged at 8p per minute from a BT landline. Other telephony providers' costs may vary.) Shareholders wishing to appoint a proxy and register their proxy votes electronically should visit the website [www.sharevote.co.uk](http://www.sharevote.co.uk). The on-screen instructions will give details on how to complete the appointment and voting process. Electronic proxy appointments and voting instructions must be received not later than 48 hours before the AGM to be effective.

**4.** In order to be valid any proxy form or other instrument appointing a proxy must be received by one of the following methods:

(a) in hard copy form using the reply-paid envelope or otherwise by post (in which case postage will be payable), by courier or (during normal business hours only) by hand to the Company's registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA;

(b) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below; or

(c) by appointing and registering his proxy vote electronically by visiting the website [www.sharevote.co.uk](http://www.sharevote.co.uk) (the on-screen instructions will give details on how to complete the appointment and voting process)

and in each case must be received by the Company not less than 48 hours before the time of the meeting.

**5.** The return of a completed proxy form, other such instrument, any CREST Proxy Instruction (as described in paragraph 9 below) or the appointment of a proxy electronically will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.

**6.** Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the '2006 Act') to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy of that shareholder for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

**7.** The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company. If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains the registered shareholder or custodian or broker who administers the investment on your behalf. Therefore, any changes or queries relating to your personal details and holding (including any administration) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee to deal with matters that are directed to them in error. The only exception to this is where the Company, in exercising one of its powers under the 2006 Act, writes to you directly for a response.

**8.** In order to be entitled to attend, speak and vote at the AGM or any adjourned meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 6:00pm on 15 November 2009 (or, in the event of any adjournment, 6:00pm on the date which is two days before the time 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, speak and vote at the meeting.

**9.** CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a 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.

**10.** 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's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

**11.** CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. 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, 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The CREST Manual can be reviewed at [www.euroclear.com/CREST](http://www.euroclear.com/CREST).

**12.** 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.

**13.** Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

**14.** As at 7 October 2009 (being the last practical date day prior to the publication of this Notice) the Company's issued share capital consists of 389,118,876 ordinary shares carrying one vote each. Therefore the total voting rights in the Company as at 7 October 2009 are 389,118,876.

**15.** Copies of the directors' service contracts and letters of appointment for non-executive directors and deeds of indemnity are available for inspection by shareholders at the registered office of the Company during normal business hours. Copies of the current articles of association and the proposed new articles of association are available for inspection at the registered office of the Company and at the offices of Linklaters LLP, One Silk Street, London, EC2Y 8HQ during normal business hours until the conclusion of the AGM on 17 November 2009. The non-executive directors' letters of appointment and a copy of the current and proposed new articles of association of the Company may be inspected at the place of the AGM on 17 November 2009 from 2:15pm until the close of the Meeting.

**16.** Each of the resolutions to be put to the meeting will be voted on by poll and not by show of hands. A poll reflects the number of voting rights exercisable by each member and is in line with corporate governance recommendations. The results of the poll will be published on the Company's website and notified to the UK Listing Authority as soon as practicable after the votes have been counted and verified.

**17.** Subject to the final dividend being approved at the AGM, dividend warrants will be payable on 20 November 2009 to the ordinary shareholders on the register at the close of business on 23 October 2009.

**18.** Although copies of the Annual Report 2009 are distributed to some shareholders and made available on the website, [www.smiths.com](http://www.smiths.com), only ordinary shareholders on the register at the relevant time or their proxies are entitled to attend, speak or vote at the AGM.

**19.** The Company is not a close company.

**20.** Shareholders should note that, on a request made by shareholders of the Company under section 527 of the 2006 Act, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM for the financial year beginning 1 August 2008; or (ii) any circumstance connected with an auditor of the Company appointed for the financial year beginning 1 August 2008 ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 (requirements as to website availability) of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM for the relevant financial year includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

**21.** Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

**22.** A copy of this notice and other information required by Section 311A of the 2006 Act can be found at [www.smiths.com](http://www.smiths.com).

## Explanatory notes to the Notice of Annual General Meeting

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 8 and 13 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 9 to 12 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

### Resolution 4: Re-election of Sir Kevin Tebbit

In accordance with Article 55(1)(b) of the Company's Articles of Association, Sir Kevin Tebbit, who was appointed as a non-executive director to the Board in June 2006, retires and offers himself for re-election. Biographies of all the directors, including Sir Kevin, are included in the Annual Report 2009 and on the Company's website – www.smiths.com. The Board confirms that, following a formal performance evaluation, Sir Kevin continues to be effective and to demonstrate commitment to his position as a non-executive director and recommends his re-election as a director of the Company at the AGM.

### Resolution 5: Election of Ms A C Quinn

In accordance with Article 55(1)(a) of the Company's Articles of Association, Ms A.C. Quinn, who was appointed as a non-executive director to the Board on 1 August 2009, retires and offers herself for election. Biographies of all the directors, including Ms Quinn, are included in the Annual Report 2009 and on the Company's website – www.smiths.com. Ms Quinn's appointment followed a rigorous and comprehensive recruitment process during which her experience and skills were identified as appropriate for the role. The Board recommends the election of Ms Quinn as a director of the Company at the AGM.

### Resolutions 6 and 7: Reappointment and Remuneration of PricewaterhouseCoopers as auditor

The Board recommends the reappointment of PricewaterhouseCoopers LLP as auditor, to hold office until the next meeting at which the accounts are laid. Resolution 7 authorises the directors to determine the auditor's remuneration.

### Resolution 8: Authority to allot shares

The purpose of Resolution 8 is to renew the directors' power to allot shares.

The authority in paragraph (i) will allow the directors to allot new shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company up to a nominal value of £48,637,728, which is equivalent to approximately one third of the total issued ordinary share capital of the Company as at 26 September 2009.

The authority in paragraph (ii) will allow the directors to allot new shares or to grant rights to subscribe for or convert any security into shares in the Company only in connection with a rights issue up to a further nominal value of £48,637,728, which is equivalent to approximately one third of the total issued ordinary share capital of the Company as at 26 September 2009. This is in line with corporate governance guidelines.

As at 26 September 2009, the Company did not hold any shares in treasury.

There are no present plans to undertake a rights issue or to allot new shares other than in connection with the Company's share option schemes and plans. The directors intend to take note of relevant corporate governance guidelines on the use of such powers in the event that the authority is exercised.

If the resolution is passed the authority will expire on the earlier of 31 January 2011 and the end of the AGM due to be held in 2010.

### Resolution 9: Disapplication of Pre-emption rights

If the directors wish to allot new shares and other equity securities or sell treasury shares for cash (other than in connection with an employee share scheme) company law requires that these shares are offered first to shareholders in proportion to their existing holdings.

The purpose of paragraph (i) of Resolution 9 is to authorise directors to allot new shares, pursuant to the authority given by paragraph (i) of Resolution 8, or to sell treasury shares for cash: (a) in connection with a pre-emptive offer; and/or (b) otherwise up to a nominal value of £7,295,659, equivalent to five per cent of the total issued ordinary share capital of the Company as at 26 September 2009, in each case without the shares first being offered to existing shareholders in proportion to their existing holdings.

The purpose of paragraph (ii) of Resolution 9 is to authorise the directors to allot new shares pursuant to the authority given by paragraph (ii) of Resolution 8 or sell treasury shares for cash in connection with a rights issue without the shares first being offered to existing shareholders in proportion to their existing holdings. This is in line with corporate governance guidelines.

The directors intend to adhere to the provisions in the Pre-emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three-year period where the Principles provide that usage in excess of 7.5% should not take place without prior consultation with the Investment Committees of the Association of British Insurers and National Association of Pension Funds.

### Resolution 10: Purchase of own shares

The effect of this resolution is to renew the authority granted to the Company to purchase its own ordinary shares, up to a maximum of 38,910,182 ordinary shares, until the AGM in 2010 or 31 January 2011 whichever is the earlier. This represents 10% of the ordinary shares in issue as at 26 September 2009 and the Company's exercise of this authority is subject to the stated upper and lower limits on the price payable, which reflect the requirements of the Listing Rules.

Pursuant to the 2006 Act (as amended), the Company can hold the shares which have been purchased as treasury shares and either resell them for cash, cancel them, either immediately or at a point in the future, or use them for the purposes of its employee share schemes. The directors believe that it is desirable for the Company to have this choice as holding the purchased shares as treasury shares would give the Company the ability to re-sell or transfer them in the future, and so provide the Company with additional flexibility in the management of its capital base. No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares. However, it is not the Company's present intention to hold shares in treasury, in the event that any shares were to be purchased under this authority.

Shares will only be purchased if the directors consider such purchases to be in the best interests of shareholders generally and that they can be expected to result in an increase in earnings per share. The authority will only be used after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels and the overall financial position of the Company. Shares held as treasury shares will not automatically be cancelled and will not be taken into account in future calculations of earnings per share (unless they are subsequently resold or transferred out of treasury).

If any shares purchased by the Company are held in treasury and used for the purposes of its employee share schemes, the Company will count those shares towards the limits on the number of new shares which may be issued under such schemes.

As at 26 September 2009 (being the latest practicable date prior to the publication of the Annual Report 2009), there were outstanding options over 7.6m shares granted under all share option schemes operated by the Company, which, if exercised would represent 2.0% of the issued ordinary share capital of the Company. If this authority were exercised in full, that percentage would increase to 2.2%.

### **Resolution 11: Adoption of new articles of association**

It is proposed in this resolution to adopt new articles of association (the 'New Articles') in order to update the Company's current articles of association (the 'Current Articles') primarily to take account of changes in English company law brought about by the implementation on 1 October 2009 of the remaining parts of the 2006 Act and the implementation on 3 August 2009 of The Companies (Shareholders' Rights) Regulations 2009 (the 'Shareholders Rights Regulations').

The principal changes introduced in the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature reflect changes made by the 2006 Act and conform the language of the New Articles with that used in the model articles for public companies set out in The Companies (Model Articles) Regulations 2008 and have not been noted. As certain provisions of the Current Articles have been deleted and new provisions inserted, the New Articles are renumbered accordingly. The New Articles showing all the changes to the Current Articles are available for inspection, as described in the notes to the Notice of AGM above.

#### **The Company's objects**

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The 2006 Act significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the 2006 Act the objects clause and all other provisions which are currently contained in a company's memorandum, for existing companies at 1 October 2009, will be deemed to be contained in a company's articles of association but the company can remove these provisions by special resolution.

Further the 2006 Act states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the 2006 Act, are to be treated as forming part of the Company's articles of association. Resolution 11 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of the shareholders.

#### **Authorised share capital and unissued shares**

The 2006 Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. The directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the 2006 Act, save in respect of employee share schemes.

### **Redeemable shares**

The 2006 Act enables the directors to determine the terms and manner of redemption of redeemable shares provided they are so authorised by the articles. The New Articles contain such an authorisation. Under the Companies Act 1985, the manner and terms of redemption needed to be included in the articles. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

### **Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital**

Under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. Under the 2006 Act a company will only require shareholder authority to do any of these things. Accordingly the relevant enabling provisions have been removed in the New Articles.

### **Provision for employees on cessation of business**

The 2006 Act provides that the powers of the board of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the directors may exercise this power.

### **Voting by proxies on a show of hands**

The Shareholders' Rights Regulations have amended the 2006 Act so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The Current Articles have been amended to reflect these changes.

### **Notice of general meetings**

The Shareholders' Rights Regulations amend the 2006 Act to require the company to give 21 clear days' notice of general meetings unless the company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 days has been passed. Annual general meetings must be held on 21 clear days' notice. The New Articles remove provisions in the Current Articles dealing with notice periods of general meetings and content of such notices on the basis that these are dealt with in the 2006 Act.

### **Adjournments for lack of quorum**

Under the 2006 Act as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The Current Articles have been changed to reflect this requirement.

### **Voting record date**

Under the 2006 Act as amended by the Shareholders' Rights Regulations the company must determine the right of members to vote at a general meeting by reference to the register not more than 48 hours before the time for the holding of the meeting, not taking account of days which are not working days. The Current Articles have been amended to reflect this requirement.

**Resolution 12: Notice of general meetings**

As noted above, changes made to the 2006 Act by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. AGMs will continue to be held on at least 21 clear days' notice.

Before the coming into force of the Shareholders' Rights Regulations on 3 August 2009, the Company was able to call general meetings other than an AGM on 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, Resolution 12 seeks such approval. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

**Resolution 13: Political Donations**

Part 14 of the 2006 Act requires companies to obtain shareholders' authority for donations to registered political parties and other political organisations totalling more than £5,000 in any twelve month period, and for any political expenditure, subject to limited exceptions. The definition of donation in this context is very wide and extends to bodies such as those concerned with policy review, law reform and the representation of the business community. It could include special interest groups, such as those involved with the environment, which the Company and its subsidiaries might wish to support, even though these activities are not designed to support or influence support for a particular party.

It remains the policy of the Company not to make political donations or incur political expenditure as those expressions are normally understood. To avoid inadvertent infringement of the 2006 Act, the directors are seeking shareholders' authority for the Company and its UK subsidiaries to make political donations and to incur political expenditure during for the period from the date of the AGM to the conclusion of next year's AGM up to a maximum aggregate amount of £50,000.

## How to get there

### Smiths Group plc Annual General Meeting

The Thomas Lord Suite, Lord's Cricket Ground,  
Grace Gate, St John's Wood Road, London NW8 8QN

Tuesday 17 November 2009 at 2.30pm  
Light refreshments only will be served.

