

# Notice of Annual General Meeting

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## Circular to shareholders

**The one hundredth Annual General Meeting of Smiths Group plc will be held at the Northcliffe House Auditorium of the law firm, Freshfields Bruckhaus Deringer LLP, 26-28 Tudor Street, London EC4Y 0BQ on Tuesday 18 November 2014 at 10.30am.**

### **This document is important and requires your immediate attention**

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser.

If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

# Notice of Annual General Meeting

**Notice is hereby given that the one hundredth Annual General Meeting of Smiths Group plc will be held at the Northcliffe House Auditorium of the law firm, Freshfields Bruckhaus Deringer LLP, 26-28 Tudor Street, London EC4Y 0BQ on Tuesday 18 November 2014 at 10.30am.**

Resolutions 17 to 19 (inclusive) will be proposed as special resolutions.

All other resolutions will be proposed as ordinary resolutions.

- 1** To adopt the reports of the directors and the auditors and the audited accounts for the financial year ended 31 July 2014.
- 2** To approve the directors' remuneration policy set out on pages 93 to 100 of the directors remuneration report contained within the annual report and accounts for the financial year ended 31 July 2014, such directors' remuneration policy to take effect from the date of its approval.
- 3** To approve the directors' remuneration report (other than the part containing the directors' remuneration policy referred to in Resolution 2 above) contained within the annual report and accounts for the financial year ended 31 July 2014.
- 4** To declare a final dividend of 27.5 pence per ordinary share for the financial year ended 31 July 2014 as recommended by the directors.
- 5** To re-elect Mr B.F.J. Angelici as a director of the Company.
- 6** To re-elect Mr P. Bowman as a director of the Company.
- 7** To re-elect Sir George Buckley as a director of the Company.
- 8** To re-elect Mr D.J. Challen, CBE as a director of the Company.
- 9** To re-elect Ms T.D. Fratto as a director of the Company.
- 10** To re-elect Ms A.C. Quinn, CBE as a director of the Company.
- 11** To re-elect Sir Kevin Tebbit, KCB, CMG as a director of the Company.
- 12** To re-elect Mr P.A. Turner as a director of the Company.
- 13** To elect Mr W.C. Seeger as a director of the Company.
- 14** To reappoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
- 15** To authorise the directors to determine the remuneration of the auditors.

**16** 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 grant rights to subscribe for or to convert any security into shares in the Company:

- (i) up to an aggregate nominal amount of £49,334,503; and
- (ii) comprising equity securities (as defined in Section 560(1) of the Companies Act 2006) up to a further nominal amount of £49,334,503 in connection with an offer by way of a rights issue,

such authorities to apply in substitution for all previous authorities pursuant to Section 551 of the Companies Act 2006 and to expire at the end of the next Annual General Meeting or on 31 January 2016, 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 to subscribe for or convert any security into shares 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 or any other matter.

**17** That, subject to the passing of Resolution 16 above, the directors be generally empowered pursuant to sections 570 and 573 of the Companies Act 2006 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 16 above or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) 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 £7,400,175; and

(ii) pursuant to the authority given by paragraph (ii) of Resolution 16 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 (unless previously renewed, varied or revoked by the Company at a general meeting) at the end of the next Annual General Meeting or on 31 January 2016, 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 16 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.

**18** 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 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 39,467,602;

(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 : (i) an amount equal to 105 per cent of 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 (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System ("SETS");

(d) this authority shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, 31 January 2016; and

(e) a contract for the purchase of shares under this authority may be made before the expiry of this authority and concluded wholly or partly after the expiry of this authority.

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

**20** 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 2016.

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.

**21** That the Smiths Group US Employee Share Purchase Plan 2014 (the 'ESPP'), the principal terms of which are summarised in the explanatory note to this resolution and as shown in the rules of the ESPP produced to the Meeting and initialled by the Chairman for the purposes of identification, be and is hereby approved and that the directors be and are hereby authorised to do all such acts and things that they may consider necessary or desirable to implement the ESPP, including making any amendments to the rules of the ESPP, and the directors be and are hereby authorised to vote as directors and be counted in any quorum on any matter connected with the ESPP, notwithstanding that they may be interested in the same, save that no director may vote or be counted in the quorum on any matter solely concerning his own participation therein, and that any prohibition on directors' voting shall be suspended to this extent accordingly.

By Order of the Board

**Melanie Jane Rowlands**  
Company Secretary

Registered Office:  
2nd Floor, Cardinal Place  
80 Victoria Street  
London SW1E 5JL  
13 October 2014

Registered in England and Wales No. 00137013

# General notes

**1** The statutory Accounts and Reports for Smiths Group plc for 2014 are called the Annual Report 2014. The Directors' Remuneration Report for 2014, which includes the Directors' Remuneration Policy (2014), is contained in the Annual Report 2014. The first three items of business at the Annual General Meeting ('AGM') relate to the approval of the statutory Accounts and Reports for 2014; the Directors' Remuneration Policy (2014); and the Directors' Remuneration Report for 2014. Shareholders who have not elected to receive the statutory Accounts and Reports for 2014 in printed form may obtain copies by writing to the Secretary, Smiths Group plc, 2nd Floor, Cardinal Place, London SW1E 5JL (e-mail: [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 Accounts and Reports (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, from the UK, please contact Equiniti Limited on 0871 384 2943. (Calls to this number are charged at 8p per minute plus network extras. Helpline services are available from 8.30am to 5.30pm, Monday to Friday (excluding UK Bank Holidays).) From outside the UK, call the Equiniti overseas helpline on +44 121 415 7047. 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. To be effective, electronic proxy appointments and voting instructions must be received before 10.30am on 16 November 2014 (or, in the event of an adjournment, not later than 48 hours before the time of the adjourned meeting).

**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 the 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).

**IMPORTANT:** in any case, a proxy form must be received by the Company before 10.30am on 16 November 2014 (or, in the event of an adjournment, not later than 48 hours before the adjourned meeting).

**5** The return of a completed proxy form, other such instrument, any CREST Proxy Instruction (as described in paragraph 10 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 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 16 November 2014 (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 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 (available via [www.euroclear.com](http://www.euroclear.com)). 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 (available via [www.euroclear.com](http://www.euroclear.com)). 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 (IDRA19) 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 time stamp 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.

**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 if two or more representatives purport to vote in respect of the same shares:

(a) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and

(b) in other cases, the power is treated as not exercised.

**14** As at 8 October 2014 (being the latest practicable date prior to the publication of this Notice) the Company's issued share capital consisted of 394,676,028 ordinary shares carrying one vote each. Therefore the total voting rights in the Company as at 8 October 2014 was 394,676,028.

**15** Copies of the directors' service contracts and letters of appointment for non-executive directors and deeds of indemnity and the draft Rules of the US Employee Share Purchase Plan 2014 are available for inspection at the registered office of the Company during normal business hours and may be inspected at the place of the AGM on 18 November 2014 from 10.15am 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 21 November 2014 to the ordinary shareholders on the register at the close of business on 24 October 2014.

**18** Although copies of the Annual Report 2014 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 or vote at the AGM.

**19** 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 auditors' report and the conduct of the audit) that are to be laid before the AGM for the financial year beginning 1 August 2013; or (ii) any circumstance connected with an auditor of the Company appointed for the financial year beginning 1 August 2013 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.

**20** 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.

**21** 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).

**22** Members may not use any electronic address provided in either this notice of meeting or any related documents (including the enclosed form of proxy) to communicate with the Company for any purposes other than those expressly stated.

**23** The results of the voting at the general meeting will be announced through a Regulatory Information Service and will appear on our website [www.smiths.com](http://www.smiths.com) on 18 November 2014 or shortly thereafter.



# 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 16, 20 and 21 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 17 to 19 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 1: adoption of reports and accounts**

The directors must present the reports of the directors and the accounts of the Company for the year ended 31 July 2014 to shareholders at the AGM. The reports of the directors, the accounts, and the report of the Company's auditors on the accounts and on those parts of the directors' remuneration report that are required to be audited are contained within the Annual Report 2014.

## **Resolution 2: Approval of directors' remuneration policy**

The directors' remuneration policy, which may be found on pages 93 to 100 of the Annual Report 2014, gives details of the remuneration policy being proposed by the Remuneration Committee for the executive directors, the Chairman and the non-executive directors. Under new regulations which now form part of the 2006 Act, the remuneration policy must be put to a binding shareholder vote at least once every three years. Shareholders will be invited to approve the directors' remuneration policy (2014) by passing Resolution 2 at the AGM. If so approved, the policy will take effect at the conclusion of the meeting. Once effective, all future payments to directors, past and present, must comply with the terms of the policy, unless specifically approved by shareholders in general meeting.

## **Resolution 3: Approval of directors' remuneration report**

The directors' remuneration report, which may be found on pages 92 to 109 of the Annual Report 2014, gives details of your directors' remuneration for the year ended 31 July 2014. The Company's auditors, PricewaterhouseCoopers LLP, have audited those parts of the directors' remuneration report that are required to be audited and their report may be found on pages 119 to 123 of the Annual Report 2014.

The board considers that appropriate executive remuneration plays a vital part in helping to achieve the Company's overall objectives and, accordingly, in compliance with the legislation, shareholders will be invited to approve the directors' remuneration report. This resolution is subject to an 'advisory vote' by shareholders: in the event that the resolution is not passed, the directors' remuneration policy would normally need to be reconsidered by shareholders at the next AGM. As this is the first occasion that the Company has been required to submit its directors' remuneration policy for shareholder approval, the approval of the new policy (per Resolution 2 above) would remain in force notwithstanding any failure to pass this Resolution.

## **Resolution 4: Declaration of final dividend**

A final dividend can only be paid after the shareholders at a general meeting have approved it. If the final dividend is approved, it will be payable to shareholders on the register of members at 6.00pm on 24 October 2014 (the final dividend record date) and is expected to be paid to shareholders (including CREST shareholders) on 21 November 2014 by cheque or BACS (where there is an existing dividend mandate). The ex-dividend date is 23 October 2014.

## **Resolutions 5 to 13: Re-election and election of directors**

In accordance with the UK Corporate Governance Code, all the directors, apart from Mr Seeger, will retire from office at the AGM and offer themselves for re-election. Mr Seeger was appointed to the Board during the year and will retire in accordance with Article 49 of the Company's Articles of Association. Mr Seeger, being eligible, will stand for election at the AGM. Separate resolutions will be proposed at the AGM to re-elect each of the directors standing for re-election and to elect Mr Seeger. Detailed biographies of all the directors are included in the Annual Report 2014 and on the Company's website – [www.smiths.com](http://www.smiths.com).

The Board recommends the re-election or election of all the non-executive directors so nominated in these resolutions because each director continues to demonstrate the skills, judgement and character which, in combination with extensive, relevant commercial experience, make each individual a valuable director of the Company and, taken collectively, they form a competent, critical and independent non-executive component of the Board.

The Chairman has confirmed that the performance of each director standing for re-election or election continues to be effective and that they continue to demonstrate commitment to their respective roles and make available the time necessary to perform their duties.

## **Resolutions 14 and 15: Reappointment and Remuneration of PricewaterhouseCoopers as auditors**

The Board recommends the reappointment of PricewaterhouseCoopers LLP as auditors, to hold office until the next meeting at which the accounts are laid. Resolution 15 authorises the directors to determine the auditors' remuneration.

## **Resolution 16: Authority to allot shares**

The purpose of Resolution 16 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 £49,334,503, which is equivalent to approximately one third of the total issued ordinary share capital of the Company as at 8 October 2014. 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 £49,334,503 which is equivalent to approximately one third of the total issued ordinary share capital of the Company as at 8 October 2014. This is in line with corporate governance guidelines. The Board has undertaken to seek the re-election of each director annually by the shareholders, whether or not this authority were to be used. As at 8 October 2014, 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 consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities. If the resolution is passed the authority will expire on the earlier of 31 January 2016 and the end of the AGM due to be held in 2015.

## **Resolution 17: 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. There may be occasions, however, when the directors need the flexibility to finance business opportunities by the issue of shares without a pre-emptive offer to existing shareholders. This cannot be done under the 2006 Act unless the shareholders have first waived their pre-emption rights. The purpose of paragraph (i) of Resolution 17 is to authorise directors to allot new shares, pursuant to the authority given by paragraph (i) of Resolution 16, 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 £7,400,175, equivalent to approximately five per cent of the total issued ordinary share capital of the Company as at 8 October 2014, 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 17 is to authorise the directors to allot new shares pursuant to the authority given by paragraph (ii) of Resolution 16, 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 consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to

enable allotments to take place to finance business opportunities. 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 per cent should not take place without prior consultation with the Investment Committees of the Association of British Insurers and National Association of Pension Funds. If the resolution is passed, the authority will expire on the earlier of 31 January 2016 and the end of the AGM due to be held in 2015.

#### **Resolution 18: 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 39,467,602 ordinary shares, until the AGM in 2015 or 31 January 2016 whichever is the earlier. This represents approximately 10% of the ordinary shares in issue as at 8 October 2014 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, 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 8 October 2014, there were 5.80 million outstanding options and awards granted under all share schemes operated by the Company, which, if vested, would represent 1.47% of the issued ordinary share capital of the Company. If the full authority to purchase such shares (existing and sought) were exercised in full, that percentage would increase to 1.84%. For the purpose of these calculations, it has been assumed that (i) all the extant options under the Sharesave and Executive Share Option schemes and all the conditional share awards under the Co-Investment Plan and Long Term Incentive Plan would vest in full and (ii) none of the extant options or awards under any of the plans would lapse prior to their applicable vesting dates. The actual number of ordinary shares that will vest in respect of awards under the Co-Investment Plan and the Long Term Incentive Plan will only be determined at their applicable vesting dates, subject to the satisfaction of the performance conditions and other requirements at those times.

#### **Resolution 19: Notice of general meetings**

Under the 2006 Act, as amended, the notice period required for general meetings of the Company is 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 law was amended in 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 19 seeks such approval.

Any exercise of this power by the Company will be conducted in accordance with any relevant corporate governance guidelines applicable at the time. In particular, the shorter notice period will only be used where flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The Company will comply with the requirement to provide appropriate facilities for all shareholders to vote by electronic means at general meetings held on less than 21 clear days' notice.

#### **Resolution 20: Political donations**

Part 14 of the 2006 Act requires companies to obtain shareholders' authority for donations to registered political parties and other political organisations in the EU totalling more than £5,000 in any twelve month period, and for any political expenditure in the EU, 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 UK subsidiaries might wish to support, even though these activities are not designed to support or influence support for a particular party. It is the policy of the Company not to make political donations or incur political expenditure in the EU 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 (by virtue of the 2006 Act, the term "subsidiary" in Resolution 18 is a reference to each UK subsidiary of the Company) to make political donations and to incur political expenditure in the EU 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.

#### **Resolution 21: US Employee Share Purchase Plan 2014 (the 'ESPP')**

##### **Background**

In proposing Resolution 21, the Company is seeking to adopt the ESPP, an all-employee savings related stock purchase plan for employees based in the United States. The ESPP has been designed to qualify under section 423 of the US Internal Revenue Code 1986 (as amended) giving US participants tax and social security benefits on any grants made under the ESPP. It is currently intended that the ESPP will be operated in a similar manner to the Smiths Group Sharesave Scheme, although it may be operated in other ways permitted by the relevant US legislation.

Under the ESPP, eligible employees will be able to elect to make savings from pay over a 24 month period at the end of which the savings may be used to exercise the option to acquire ordinary shares or American Depositary Receipts in the Company, or they may be withdrawn by the participant without exercising the options.

##### **Eligibility**

Any US employee or full-time director of the Company's group is eligible to participate in the US Plan, although participation can be restricted to employees who have completed a qualifying period of service.

##### **Savings**

Participants must make contributions to a savings contract related to their options granted under the ESPP. Savings contracts may not exceed 24 months in length. The total contributions a participant can make under the ESPP (when aggregated with any contributions he makes under any similar plan operated by the Company's group) will be between US\$20 and US\$500 per month over a 24 month period (although the Board may increase the US\$500 monthly maximum to the equivalent of the maximum sterling amount that is permitted under the Smiths Group Sharesave Scheme from time to time, currently £500 per month). In any event, no options may be granted in a given calendar year over Shares worth in excess of US\$25,000 (at the time of grant).

### Grant of options

Options may be granted over shares or American Depository Receipts representing such shares (Shares). Shares used in connection with the ESPP may be newly issued Shares, treasury Shares or Shares purchased in the market.

The number of Shares over which an option may be granted will be such that the total exercise price payable will correspond to the total savings payable from the savings period.

No options may be granted later than ten years after the date on which the ESPP is approved by shareholders.

### Option price

The price payable for each Share shall be determined by the Board, provided that it will be not less than the lower of 85% of the fair market value of the Shares either (a) at the date of grant, or (b) at the date of exercise, whichever is lower.

### Exercise of options

An option will be exercised automatically on the exercise date specified by the Board at the time of grant (which may be no later than 60 days following the second anniversary of the date of grant) unless the participant has left employment or withdrawn from the ESPP before that date. Benefits under the ESPP are not pensionable.

Options normally lapse if a participant leaves employment. However, if the employment ends by reason of redundancy, injury or disability, retirement, death, the sale of the company or business in which the participant works or in other, limited circumstances, the participant (or executor or heir) may retain the option until the earlier of the normal exercise date and three months from the date of termination (although he may not make any further savings contributions) and his option will be exercised over such number of Shares as may be acquired at the exercise price.

Options may be automatically exercised following a takeover, scheme of arrangement or winding-up of the Company over the lower of (a) such number of Shares as may be acquired at the exercise price with the savings made up to the date of the relevant event, and (b) the number of Shares over which the option was granted (provided that the aggregate exercise price for an option is not expected to be in excess of the relevant offer price or consideration payable for the Shares, in which case such option will lapse). In certain circumstances, Shares may be exchanged for equivalent options over shares in an acquiring company.

### Adjustment of options

If there is a variation in the Company's share capital then the Board, subject to compliance with US legislation, may make such adjustment as it considers appropriate to the number of Shares under option, the amount payable on exercise or the maximum number of Shares that may be used in connection with the ESPP.

### How to get there

#### Smiths Group plc

#### 100th Annual General Meeting

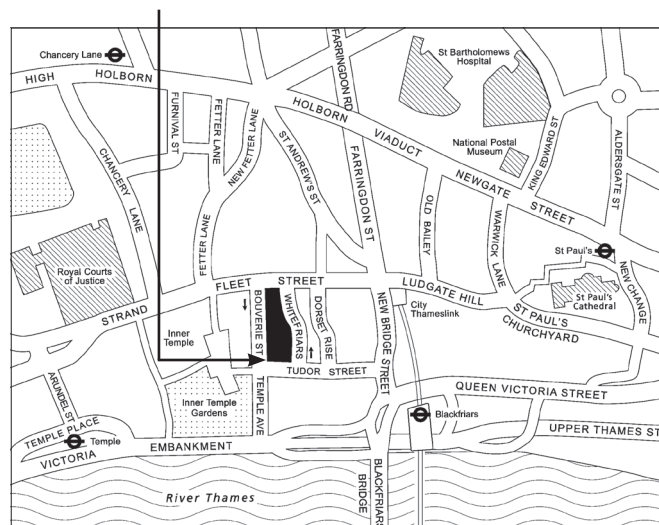
Northcliffe House Auditorium  
Freshfields Bruckhaus Deringer LLP  
26-28 Tudor Street, London EC4Y 0BQ

#### Tuesday 18 November 2014 at 10.30am

Light refreshments only will be served

### Entrance

The entrance to Northcliffe House is on the north-east corner of Bouverie Street and Tudor Street.



## Financial Conduct Authority

### Beware of share fraud

**Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.**

#### How to avoid share fraud

- 1 Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
- 2 Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
- 3 Check the Financial Services Register from [www.fca.org.uk](http://www.fca.org.uk) to see if the person and firm contacting you is authorised by the FCA.
- 4 Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
- 5 Use the firm's contact details listed on the Register if you want to call it back.
- 6 Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date.
- 7 Search the list of unauthorised firms to avoid at [www.fca.org.uk/scams](http://www.fca.org.uk/scams).
- 8 Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
- 9 Think about getting independent financial and professional advice before you hand over any money.
- 10 **Remember:** if it sounds too good to be true, it probably is!



In association with:  
**icsa.**  
Registrars  
Group

#### Report a scam

If you are approached by fraudsters please tell the FCA using the share fraud reporting form at [www.fca.org.uk/scams](http://www.fca.org.uk/scams), where you can find out more about investment scams.

You can also call the FCA Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

**5,000 people contact the Financial Conduct Authority about share fraud each year, with victims losing an average of £20,000**