

Notice of Annual General Meeting 2017

Circular to shareholders

smiths

bringing technology to life

The one hundred and third Annual General Meeting of Smiths Group plc will be held at Linklaters LLP, One Silk Street, London, EC2Y 8HQ on Tuesday 14 November 2017 at 11:00 am.

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 independent professional adviser who, if you are taking advice in the United Kingdom, is authorised under the Financial Services & Markets Act 2000.

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.

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

- contacted out of the blue
- promised tempting returns and told the investment is safe
- called repeatedly, or
- told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls

If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2 Check the FCA Warning List

The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

3 Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Report a Scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at www.fca.org.uk/consumers/report-scam-unauthorised-firm. You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at
www.fca.org.uk/scamsmart

Remember: if it sounds too good to be true, it probably is!



Notice of Annual General Meeting

Notice is hereby given that the one hundred and third Annual General Meeting of Smiths Group plc (the 'Company') will be held at Linklaters LLP, One Silk Street, London, EC2Y 8HQ on Tuesday 14 November 2017 at 11:00 am.

Resolutions 16 to 19 and 21 (inclusive) will be proposed as special resolutions.

All other resolutions will be proposed as ordinary resolutions.

Resolutions

1. To receive the reports of the directors and the auditors and the audited accounts for the financial year ended 31 July 2017.
2. To approve the Directors' Remuneration Report contained within the Annual Report and Accounts for the financial year ended 31 July 2017.
3. To declare a final dividend of 29.7 pence per ordinary share for the financial year ended 31 July 2017 as recommended by the board of directors.
4. To re-elect Bruno Angelici as a director of the Company.
5. To re-elect Sir George Buckley as a director of the Company.
6. To re-elect Tanya Fratto as a director of the Company.
7. To re-elect Anne Quinn, CBE as a director of the Company.
8. To re-elect William Seeger as a director of the Company.
9. To re-elect Mark Seligman as a director of the Company.
10. To re-elect Andrew Reynolds Smith as a director of the Company.
11. To re-elect Sir Kevin Tebbit, KCB, CMG as a director of the Company.
12. To elect Noel Tata as a director of the Company.
13. 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.
14. To authorise the board of directors to determine the remuneration of the auditors.
15. That the board of directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act') 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 £49,457,989; and
 - (ii) comprising equity securities (as defined in Section 560(1) of the Act) up to a further nominal amount of £49,457,989 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 Act and to expire at the end of the next Annual General Meeting of the Company or, if earlier, at the close of business on 31 January 2019 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 board of directors considers 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 board of 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.

16. That, if Resolution 15 above is passed, the board of directors be authorised to allot equity securities (as defined in the Companies Act 2006 (the 'Act')) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited:

- (a) to allotments for rights issues and other pre-emptive issues; and
- (b) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £7,418,698,

such authority to expire at the end of the next Annual General Meeting of the Company or, if earlier, the close of business on 31 January 2019 but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the board of directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

For the purposes of this Resolution:

- (a) 'rights issue' has the same meaning as in Resolution 15 above;
- (b) 'pre-emptive issue' means an offer of equity securities open for acceptance for a period fixed by the board of directors to holders (other than the Company) on the register on a record date fixed by the board of directors of ordinary shares in proportion to their respective holdings but subject to such exclusions or other arrangements as the board of 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.

17. That, if Resolution 15 is passed, the board of directors be authorised in addition to any authority granted under Resolution 16 to allot equity securities (as defined in the Companies Act 2006 (the 'Act')) for cash under the authority given by Resolution 15 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be:

- (a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £7,418,698; and
- (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the board of directors determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to expire at the end of the next Annual General Meeting of the Company or, if earlier, the close of business on 31 January 2019 but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the board of directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

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

- (a) the maximum number of shares which may be purchased is 39,566,391;
- (b) the minimum price which may be paid for each share is 37.5p;
- (c) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall not be more than the higher of: (i) an amount equal to 105% 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 prior to 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, the close of business on 31 January 2019; 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 'Act'), 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, the close of business on 31 January 2019.

All existing authorisations and approvals relating to political donations or expenditure under Part 14 of the Act 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 Act.

21. That the Articles of Association of the Company 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.

By Order of the Board

Mel Rowlands
Company Secretary
Registered Office:
4th Floor, 11-12 St James's Square
London SW1Y 4LB

10 October 2017

Registered in England and Wales No. 00137013

Notes

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 15 and 20 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 16 to 19 and 21 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.

Recommendation

Your directors believe that all the proposals to be considered at the Annual General Meeting (the 'AGM') are in the best interests of the Company and its shareholders as a whole and recommend shareholders to vote in favour of the resolutions. The directors intend to vote in favour of the resolutions in respect of their own beneficial holdings.

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 2017 to shareholders at the AGM. The reports of the directors (including the strategic report), 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 2017.

Resolution 2: Approval of Directors' Remuneration Report

The Directors' Remuneration Report, which may be found on pages 103 to 120 of the Annual Report 2017, gives details of your directors' remuneration for the year ended 31 July 2017. 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 page 134 of the Annual Report 2017.

The Board considers that appropriate executive remuneration plays a vital role 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.

Resolution 3: Declaration of final dividend

A final dividend can only be paid after the shareholders have approved it at a general meeting. If the final dividend is approved, it will be payable to shareholders on the register of members at 6.00pm on 20 October 2017 (the record date) and is expected to be paid to shareholders (including CREST shareholders) on 17 November 2017 by cheque or BACS (where there is an existing dividend mandate). The ex-dividend date is 19 October 2017.

Resolutions 4 to 12: Re-election and election of directors

In accordance with the UK Corporate Governance Code, all the directors, apart from Noel Tata, will voluntarily retire from office at the AGM and offer themselves for re-election.

As Mr Tata was appointed to the Board during the year he will retire in accordance with Article 49 of the Company's Articles of Association and, 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 Tata. Detailed biographies of all the directors are included in the Annual Report 2017 and are also shown on the Company's website – www.smiths.com. Sir Kevin Tebbit has served on the Board for eleven years, and the Board has carried out a rigorous review of his performance in order to evaluate his continued independence and contribution to the Board. The other directors concluded that Sir Kevin continues to demonstrate the qualities of objectivity and independence, and there is no evidence that his tenure on the Board has impacted his independence.

The Board recommends the re-election and election of all the non-executive directors 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 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 13 and 14: Reappointment and Remuneration of PricewaterhouseCoopers as auditors

The Board, on the advice of the Audit Committee (summarised in the Audit Committee report on pages 99 and 100 of the Annual Report 2017), recommends the reappointment of PricewaterhouseCoopers LLP as auditors, to hold office until the next meeting before which the accounts are laid. This is Resolution 13.

Resolution 14 authorises the Board of directors to determine the auditors' remuneration (which authority the Board delegates to the Audit Committee in accordance with Competition & Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014).

Resolution 15: Authority to allot shares

The purpose of Resolution 15 (the 'allotment resolution') is to renew the board of directors' power to issue and allot new shares in the Company.

The authority in paragraph (i) of Resolution 15 will allow the board of 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 £49,457,989, which is equivalent to approximately one third of the nominal value of the ordinary share capital of the Company in issue on 27 September 2017.

The authority in paragraph (ii) will allow the board of 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 £49,457,989, which is equivalent to approximately one third of the nominal value of the ordinary share capital of the Company in issue on at 27 September 2017. The board of directors has undertaken to seek the re-election of each director annually by the shareholders, whether or not this authority were to be used.

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 board of directors considers this authority desirable in order to provide 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 the close of business on 31 January 2019 and the end of the AGM due to be held in 2018.

Resolutions 16 and 17: Disapplication of pre-emption rights resolutions

If the board of directors wishes 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 the shareholders, in proportion to their existing holdings.

The board of directors considers 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 without making a pre-emptive offer to existing shareholders. This cannot be done under the Companies Act 2006 (the 'Act') unless the shareholders have first waived their pre-emption rights. The purpose of Resolutions 16 and 17 (together the 'disapplication of pre-emption rights resolutions') is to enable shareholders to waive their pre-emption rights.

Resolution 16 authorises the board of directors to allot new shares, pursuant to the authority given by Resolution 15 (the allotment resolution), or to sell treasury shares for cash:

- (a) in connection with a rights issue or pre-emptive issue; and/or
- (b) otherwise up to a nominal value of £7,418,698, equivalent to approximately 5% of the total issued ordinary share capital of the Company as at 27 September 2017

in each case without the shares first being offered to existing shareholders in proportion to their existing holdings.

Resolution 17 additionally authorises the board of directors to allot new shares (or sell treasury shares) for cash, without the shares first being offered to existing shareholders in proportion to their existing holdings, in connection with the financing (or refinancing, if the authority is to be used within six months after the original transaction) of an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment. The authority under Resolution 17 is limited to a nominal value of £7,418,698, equivalent to approximately 5% of the nominal value of the ordinary share capital of the Company in issue on 27 September 2017.

Taken together, these disapplication of pre-emption rights resolutions will allow the board of directors to issue new shares for cash or sell treasury shares without offering the shares first to existing shareholders in proportion to their existing holdings under the following circumstances:

- in connection with a rights issue or other pre-emptive issue, with a nominal value equivalent to two-thirds of the present issued share capital (which will allow the board of directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas shareholders);

- for any other purpose, with a nominal value equivalent to 5% of the present issued share capital; and
- in connection with the financing or refinancing of an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment, with a nominal value equivalent to 5% of the present issued share capital

but subject to an overall aggregate limit equivalent to two-thirds of the present issued share capital.

The board of directors intends to adhere to the provisions in the Pre-Emption Group's Statement of Principles, as updated in March 2015, and not to allot shares for cash on a non-pre-emptive basis pursuant to the authority in Resolution 16 either in excess of an amount equal to 5% of the total issued ordinary share capital of the Company (excluding treasury shares) or in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company (excluding treasury shares) within a rolling three-year period, without prior consultation with shareholders. Adherence to the principles would not preclude issuances under the authority sought under Resolution 17. The board of directors believes that it is appropriate to seek this additional 5% authority in Resolution 17 to give the Company flexibility that this resolution affords.

The allotment and the disapplication of pre-emption rights resolutions comply with the Share Capital Management Guidelines issued by the Investment Association in July 2016 and the disapplication of pre-emption rights resolutions follow the resolution templates issued by the Pre-Emption Group in May 2016.

If the resolutions are passed, the authorities will expire on the earlier of the close of business on 31 January 2019 and the end of the AGM due to be held in 2018.

As at 27 September 2017, the Company did not hold any treasury shares. If the Company were to create treasury shares, e.g. through the market purchase of its own shares, the subsequent sale of any treasury shares (or the use of treasury shares to satisfy obligations under the Company's share schemes and plans) would be counted as equivalent to the issue of new shares for the purpose of the limitations on the issue of new shares included in the allotment resolution and disapplication of pre-emption rights resolutions.

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 39,566,391 ordinary shares, until the AGM in 2018 or the close of business on 31 January 2019 whichever is the earlier. This represents approximately 10% of the number of ordinary shares in issue as at 27 September 2017 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 UKLA Listing Rules.

Under the Act, the Company can hold 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 board of directors believes that it is desirable for the Company to have these choices available, 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.

Notes

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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 board of directors considers 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 27 September 2017, there were 6,499,128 outstanding options and awards granted under all share schemes operated by the Company, which, if vested, would represent 1.64% of the issued ordinary share capital of the Company. If the authorities to purchase the Company's own shares (both existing and sought) were exercised in full, that percentage would increase to 2.05%. 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, the Long Term Incentive Plans, the Share Matching Plan, the Restricted Share Plan and the Deferred Bonus 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, the Long Term Incentive Plans and the Share Matching Plan will only be determined at their applicable vesting dates, subject to the satisfaction of the performance conditions and other requirements at those times.

With regard to the authorities sought under Resolutions 15 to 18, the board of directors' intention would be to exercise the authorities given to them by the resolutions in accordance with the Share Capital Management Guidelines issued by the Investment Association in July 2016.

Resolution 19: Notice of general meetings

Under the Act 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 shareholder approval.

Resolution 19 seeks to preserve this ability to call general meetings (other than an AGM) on 14 clear days' notice. If the Company exercises this power it will do so in accordance with 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 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.

However, to avoid inadvertent infringement of the Act, the board of directors is seeking shareholders' authority for the Company and its UK subsidiaries (by virtue of the Act, the term 'subsidiary' in Resolution 20 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: Alteration to 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') which were adopted in 2009. The principal changes introduced in the New Articles are summarised below, and are primarily to reflect changes to UK Corporate Governance requirements and/or developments in market practice.

The New Articles showing all the changes to the Current Articles are available for inspection at www.smiths.com and at the Company's registered office and Linklaters LLP, One Silk Street, London, EC2Y 8HQ between the hours of 9.00 am and 5.00pm from the date of this Notice until the close of the AGM. We summarise the main changes below:

Fee cap for non-executive directors: The Current Articles provide that the basic fee for the Chairman and non-executive directors is subject to a maximum aggregate annual fee of £750,000. This cap has been in place since 2006. To ensure sufficient headroom for the Company to appoint additional directors and/or any future fee increases, the New Articles contain an increased cap of £1,000,000 for non-executive directors and the Chairman's basic fee is no longer subject to this cap. Any fees payable to the non-executive directors and the Chairman will remain subject to shareholder approval under the Company's Remuneration Policy.

Untraced shareholders: The New Articles amend the provisions of the Existing Articles relating to shareholders who are considered untraced after a period of twelve years. The New Articles provide the Company greater flexibility when trying to trace shareholders. They replace the requirement to place notices in newspapers with a requirement for the Company to take reasonable steps to trace the shareholder and let them know that it intends to sell their shares. This can include engaging a professional asset reunification company to search for shareholders who have not kept their details up-to-date on the share register. Shareholders whose shares are sold following this tracing process will not be able to claim the proceeds of the sale and the Company can use these funds as the Board thinks fit. The New Articles also suspend a member's right to receive information by post in certain circumstances where the member cannot be traced avoiding wasted costs.

Forfeiture of unclaimed dividends: The New Articles reduce the time period for the forfeiture of unclaimed dividends from 12 to 6 years in line with the statutory limitation period and the approach followed by other FTSE listed companies.

Virtual/hybrid general meetings: The New Articles permit the Company to hold general meetings where shareholders are not required to attend in person but may attend and participate virtually. A meeting can be wholly virtual if attendees are in a separate location or a "hybrid" whereby some attendees are based in a single main location and others attend electronically. This will make it easier for the Company's shareholders to take part in future general meetings. Certain consequential changes to facilitate this amendment have been made throughout the New Articles.

Retirement of directors: The Current Articles require directors to retire from the board on the third anniversary of appointment. The New Articles are updated to reflect the Company's actual practice since 2010 and the requirements of the UK Corporate Governance Code by requiring directors to retire annually and be re-elected at the AGM.

Method of payment of dividends: The New Articles permit the Company to pay dividends in a more convenient manner for shareholders. This provision is in line with market practice and reflects that cheques and warrants are no longer the Company's primary methods for paying dividends.

Proxy votes: The New Articles clarify that the Company may specify a deadline for receipt of proxy forms that is no earlier than 48 hours before the meeting. In line with ICSA recommendations, the New Articles also specify that the Company is not required to check that a proxy votes in accordance with instructions given by the appointing shareholder and the validity of a resolution even if a proxy fails to vote accordingly.

Rights and Restrictions attached to the Deferred Shares: The New Articles remove provisions relating to deferred shares as these are no longer relevant.

General: The opportunity has been taken to remove unnecessary references and bring greater clarity into the New Articles where appropriate.

General notes

1. The statutory Accounts and Reports for Smiths Group plc for 2017 are called the Annual Report 2017. The Directors' Remuneration Report for 2017, which includes a summary of the the Directors' Remuneration Policy, is contained in the Annual Report 2017. The first two items of business at the AGM relate to the approval of (1) the statutory Accounts and Reports for 2017; and (2) the Directors' Remuneration Report for 2017. Shareholders who have not elected to receive the Annual Report 2017 in printed form may obtain a copy by writing to the Secretary, Smiths Group plc, 4th Floor, 11-12 St James's Square, London SW1Y 4LB (e-mail: secretary@smiths.com) or by downloading it from the Company's website (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 or her discretion as to whether and, if so, how he or she 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 0371 384 2943. 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. 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 11:00 am on 12 November 2017 (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 (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 11:00 am on 12 November 2017 (or, in the event of an adjournment, not later than 48 hours before the adjourned meeting).

Notes

Continued

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 or 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 'Act') to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he or 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 or 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 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 6.30 pm on 12 November 2017 (or, in the event of any adjournment, 6.30 pm on the date which is two days before the time of the reconvening 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). 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). 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 27 September 2017 (being the latest practicable date prior to the publication of this Notice) the Company's issued share capital consisted of 395,663,914 ordinary shares carrying one vote each. Therefore the total voting rights in the Company as at 27 September 2017 was 395,663,914.

15. Copies of the directors' service contracts and letters of appointment for non-executive directors and deeds of indemnity 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 Tuesday 14 November 2017 from 10.45 am until the close of the Meeting. In addition, 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.

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, it will be payable on 17 November 2017 to the ordinary shareholders on the register at the close of business on 20 October 2017.

18. Although copies of the Annual Report 2017 are distributed to some shareholders and made available on the website, 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 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 2016; or (ii) any circumstance connected with an auditor of the Company appointed for the financial year beginning 1 August 2016 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 Act. Where the Company is required to place a statement on a website under Section 527 of the 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 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 Act can be found at www.smiths.com.

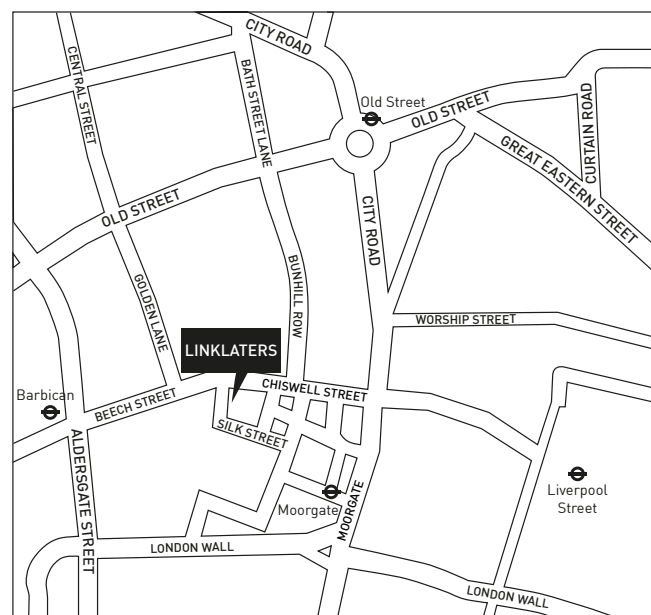
22. Members may not use any electronic address provided in either this notice of meeting or any related documents (including the enclosed form of proxy) to communicate with the Company for any purposes other than those expressly stated.

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, on Tuesday 14 November 2017 or shortly thereafter.

**Smiths Group plc
2017 Annual General Meeting**

Linklaters LLP
One Silk Street
London, EC2Y 8HQ

Tuesday 14 November 2017 at 11:00 am



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bringing technology to life