

SMITHS GROUP PLC

SUMMARY OF QUESTIONS AND ANSWERS FROM THE ANNUAL GENERAL MEETING HELD ON 20 NOVEMBER 2007

- Q1 *Can a presentation on business performance be given prior to the AGM?*
A1 The Board considered it inappropriate to request the current Chief Executive, so close to retirement, to lead a presentation this year, when such presentations include a forward looking element. The new CEO will be requested to make a business presentation at next year's AGM.
- Q2 *Can the TSR chart in the Remuneration Report be modified to include a year-end value?*
A2 We will seek to modify the scale for the chart in next year's Report.
- Q3 *What were effects, advantages and/or detriments of the withdrawal from the Detection joint-venture with GE?*
A3 The nature of the technologies involved in the security industry means that not all details may be discussed in an open forum. The reason for the decision to terminate the joint-venture was the divergence in the visions the parties had for the future of the combined business which only became clear as negotiations progressed. Given this, the Board felt that there was a clear danger that the joint-venture was unlikely to succeed, which would damage value for the company's shareholders. This was a mutual decision: both parties agreed not to proceed with the joint-venture negotiations. Smiths Detection has an existing relationship with GE and continues to co-operate on the possibility of joint bids for contracts, where appropriate. Operationally, there has been no apparent damage arising from the decision not to proceed with the joint-venture.
- Q4 *Does the incurring of £12.7m in fees for the aborted joint-venture indicate a lack of planning?*
A4 No. The initial concept of combining the two businesses had an attractive potential at the time. It was only after investigation and due diligence that we were able to fully evaluate the proposal in detail. This considered evaluation resulted in the decision not to proceed.
- Q5 *What is the justification for the consultancy fees paid to the former Finance Director and did he receive any other remuneration for sitting on the board of Cross Match?*
A5 It was a substantial advantage to the Company to have unrestricted access to the great experience of the former Finance Director, during a period when substantial transactions were taking place which have resulted in considerable change in the Company. Whilst representing Smiths on the Cross Match board, he did not receive any remuneration from Cross Match. These consultancy arrangements have now ended.
- Q6 *Will the new CEO's intention be to manage the take-over of Smiths by another company?*
A6 No. The new CEO's record as a chief executive of divisions and then public companies has been of investing in and building companies, and managing them successfully. He will bring those skills to the Company and is expected to build and grow Smiths Group.

- Q7 *Has the recent turmoil in the financial markets had any effect on Smiths' business?*
A7 No. The strength of the Company's balance sheet enables the Company to access all the credit it requires. In wider terms, the management have positioned the Group in growth industries that are relatively recession proof. With the exception of the relatively small Flex-Tek business, which has some exposure to the US housing market, we have not seen amongst our customers any significant indicator of a major downturn.
- Q8 *Should the Company, with particular reference to the Detection division, be investing more in R&D?*
A8 The Group spends 4% of sales on R&D and has no plans to reduce that rate. Research is a significant item on the Company's agenda and gives the Company leadership positions in technology. The increase in sales means that the actual spend on R&D increases in proportion.
- Q9 *What is the Company's view on press speculation that it might consider breaking up?*
A9 The Board reviews strategy continuously and has concluded that the current structure is the best for the Group.
- Q10 *Where is Smiths in the FTSE100?*
A10 Currently 69th. It should be remembered that this is after the Company has returned over £2 billion to shareholders.
- Q11 *Does the remuneration policy align with shareholders' interests in long-term return?*
A11 The Company is constantly trying to ensure it maintains the right balance between short- and long-term incentives so that it can attract and retain the best people. The Remuneration Committee keeps the range of incentives under continuous review. The Co-Investment Plan incentivises senior executives to invest their own cash in the Company's shares and this directly aligns their interests with those of all shareholders.
- Q12 *When was the position of Auditor last subject to a competitive tender?*
A12 Approximately 10 years ago.