

Smiths News PLC

Wakefield House
Pipers Way
Swindon
Wiltshire SN3 1RF
United Kingdom

www.smithsnews.co.uk

Smiths News PLC

Notice of Smiths News PLC Annual General Meeting

Wakefield House, Pipers Way,
Swindon, Wiltshire SN3 1RF

on Friday 15 January 2010 at 11.30am

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the contents of this document or as to the action you should take in relation to the Annual General Meeting, you should consult your stockbroker, bank manager, solicitor, accountant or other professional independent adviser authorised pursuant to the Financial Services and Markets Act 2000. If you have sold or transferred all your shares in Smiths News PLC you should pass this notice and other enclosures to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Smiths News PLC

Company Number: 5195191
Registered in England and Wales
Registered Office: Wakefield House,
Pipers Way, Swindon, Wiltshire SN3 1RF
VAT Registration Number: 882348007

To shareholders and, for information only, participants in the Smiths News employees' share schemes.

Dear Shareholder

I have pleasure in sending you the Notice of our Annual General Meeting ('AGM') for shareholders, which will be held at Wakefield House, Pipers Way, Swindon, Wiltshire SN3 1RF ('AGM Location') on Friday 15 January 2010 at 11.30am. The formal Notice of Annual General Meeting is set out on pages 4 to 6 of this document.

The AGM is an important opportunity for all shareholders to express their views by raising questions and voting. If you are intending to come to the meeting, please detach the Attendance Card from the enclosed Proxy Form and bring it with you. I recommend that you arrive by 11.15am to enable the registration formalities to be carried out to ensure a prompt start at 11.30am.

If you would like to vote on the resolutions but cannot come to the AGM, please complete and sign the enclosed Proxy Form and return it to our Registrars as soon as possible. Alternatively, you can register your proxy vote electronically by logging on to www.sharevote.co.uk or, if you are a member of CREST, via Equiniti (ID RA19). The Registrars must receive your proxy appointment by 11.30am on Wednesday 13 January 2010.

Final dividend

Shareholders are being asked to approve a final dividend of 4.6p per share for the year ended 31 August 2009. If shareholders approve the recommended final dividend, this will be paid on 5 February 2010 to all shareholders who were on the register of members at close of business on 8 January 2010.

Notice of General Meetings

The Companies (Shareholders' Rights) Regulations ('Regulations') came into force in August 2009. One of the requirements of the Regulations is that all general meetings must be held on 21 days' notice unless shareholders agree to a shorter notice period and certain other requirements are met. Before the Regulations came into force, the Company was able to call general meetings (other than an annual general meeting) on 14 days' notice. We are proposing a resolution so that we can preserve this ability.

New Articles of Association

We are asking shareholders to approve a number of amendments to our Articles of Association primarily to reflect the coming into force of the Regulations in August 2009 and the remaining provisions of the Companies Act 2006 in October 2009. An explanation of the main changes between the proposed and the current Articles of Association is set out on pages 8 and 9 of this document.

Explanatory notes

Explanatory notes on the six items of special business to be considered at the AGM appear on pages 6 to 9 of this document.

Website

Our new corporate website www.smithsnews.co.uk was launched in October 2009 and is the principal means of communicating with shareholders. The site provides a range of information about the Company including Annual Reports, results announcements and presentations, AGM information, share capital information and share price data, financial calendar and regulatory news releases.

Notice of publication of Annual Report

Notice is hereby given that the Smiths News PLC Annual Report and Financial Statements 2009 has been published on the Company's website www.smithsnews.co.uk. It can be accessed by going to the Company's home page and then clicking on the Investor Relations section of the website. If you have elected to receive shareholder correspondence in hard copy, then the Annual Report will accompany this Notice of Meeting. Should you wish to change your election at any time, or if you wish to request a hard copy of the Annual Report, you can do so by contacting our Registrars, Equiniti, on 0871 384 2771.

Recommendation

Your directors consider that each of the proposals detailed in this Notice of Meeting will be of benefit to and in the best interests of the Company and the shareholders as a whole. The directors intend to vote in favour of the resolutions in respect of their own beneficial holdings of shares in the Company and unanimously recommend other shareholders to do likewise.

Yours faithfully



Dennis Millard
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the fourth Annual General Meeting of Smiths News PLC (the 'Company') will be held at Wakefield House, Pipers Way, Swindon, Wiltshire SN3 1RF on Friday 15 January 2010 at 11.30am for the following purposes:

ORDINARY BUSINESS - ORDINARY RESOLUTIONS

Report and financial statements

Resolution 1: to receive the financial statements and reports of the directors and auditors for the year ended 31 August 2009.

Remuneration report

Resolution 2: to approve the directors' remuneration report for the year ended 31 August 2009.

Final dividend

Resolution 3: to declare a final dividend of 4.6p per share recommended by the directors.

Re-election of directors

Resolution 4: to re-elect Mark Cashmore as a director of the Company.

Mark Cashmore joined the Board on 31 August 2006 as Group Chief Executive. He started his career with Pernod Ricard before moving to United News and Media in 1989. Between 1989 and 1999 he held senior positions in a number of news distribution businesses, including Sales Director of United Magazine Distribution, USM and Seymour. He joined WH Smith News in 1999 and was appointed Magazine Sales Director in 2001 and Managing Director in June 2006.

Resolution 5: to re-elect Dennis Millard as a director of the Company.

Dennis Millard joined the Board as a non-executive director and Deputy Chairman on 31 August 2006 and became Chairman on 6 February 2008. He is Chairman of the Nominations Committee and a member of the Audit and Remuneration Committees. He is Chairman of Halfords Group plc, a non-executive director and Senior Independent Director of Premier Farnell plc and Xchanging plc, and a non-executive director of Debenhams plc. He was Finance Director of Cookson Group plc from 1996 to 2005 and was a non-executive director of Exel plc from 2003 to 2005. He is Chairman of Trustees of the charity The Holy Cross Children's Trust. John Worby, Senior Independent Director, has led a thorough review of Dennis Millard's contribution to the Board and, following the formal performance evaluation carried out in August 2009, confirms that he continues to be an effective Chairman.

Re-appointment of auditors

Resolution 6: to re-appoint Deloitte LLP as auditors until the conclusion of the next Annual General Meeting at which accounts are laid before the Company.

Remuneration of auditors

Resolution 7: to authorise the Audit Committee to determine the remuneration of the auditors on behalf of the Board.

SPECIAL BUSINESS

The following 2 resolutions will be proposed as ordinary resolutions.

Authority to make political donations

Resolution 8: to resolve that, in accordance with Section 366 of the Companies Act 2006, the Company and all companies that are subsidiaries of the Company at any time during the period for which this resolution has effect be and are hereby authorised to:

- (a) make political donations to political parties or independent election candidates not exceeding £50,000 in total;
- (b) make political donations to political organisations other than political parties not exceeding £50,000 in total; and
- (c) incur political expenditure not exceeding £50,000 in total,

during the period from the date of passing this resolution up to and including the conclusion of the next Annual General Meeting or, if earlier, 28 February 2011.

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.

Authority to allot shares

Resolution 9: to resolve that:

- (a) the directors be generally and unconditionally authorised, in accordance with Section 551 of the Companies Act 2006, to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company:
 - (i) up to a maximum nominal amount of £3,048,706; and

Notice of Annual General Meeting

(ii) comprising equity securities (as defined in Section 560 of the Companies Act 2006) up to a maximum nominal amount of £6,097,412 (including within such limit any shares allotted or rights granted under paragraph (i) above) in connection with an offer by way of a rights issue:

- (A) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
- (B) to 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,

and so that the directors may make such exclusions or other arrangements as they consider expedient in relation to any treasury shares, fractional entitlements, record dates, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter;

- (b) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, on 28 February 2011;
- (c) the Company may, before this authority expires, make an offer or agreement which would or might require shares to be allotted or rights to be granted after it expires and the directors may allot shares or grant rights in pursuance of such offer or agreement as if this authority had not expired; and
- (d) all previous unutilised authorities under Section 80 of the Companies Act 1985 shall cease to have effect (save to the extent that the same are exercisable by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date).

The following 4 resolutions will be proposed as special resolutions.

Disapplication of pre-emption rights

Resolution 10: to resolve that:

- (a) the directors be and are hereby empowered pursuant to Sections 570 and 573 of the Companies Act 2006:
 - (i) subject to the passing of Resolution 9 set out in the Notice convening the Annual General Meeting of which this resolution forms part, to allot equity securities (as defined in Section 560 of the Companies Act 2006) for cash pursuant to the authority conferred by Resolution 9; and
 - (ii) to allot equity securities (as defined in Section 560(3) of the Companies Act 2006) for cash,

in either case as if Section 561 of the Companies Act 2006 did not apply to the allotment but this power shall be limited to:

(A) the allotment of equity securities in connection with an offer or issue of equity securities to or in favour of:

- (i) holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
- (ii) 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,

and so that the directors may make such exclusions or other arrangements as they consider expedient in relation to any treasury shares, fractional entitlements, record dates, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or any stock exchange or any other matter; and

- (B) the allotment of equity securities pursuant to the authority granted under Resolution 9 (a)(i) and/or by virtue of Section 560(3) of the Companies Act 2006 (in each case otherwise than under paragraph (A) above) up to a maximum nominal amount of £457,305; and
- (b) this power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, on 28 February 2011, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot such equity securities in pursuance of such offer or agreement as if the power hereby conferred had not expired; and
- (c) all previous unutilised authorities under Section 95 of the Companies Act 1985 shall cease to have effect.

Market purchases of ordinary shares

Resolution 11: to resolve that, pursuant to Section 701 of the Companies Act 2006, the Company be and is generally and unconditionally authorised to make market purchases (as defined in Section 693(4) of the Companies Act 2006) of any of its own ordinary shares in such manner and on such terms as the directors may from time to time determine provided that:

- (a) the maximum aggregate number of ordinary shares authorised to be purchased is 18,292,238;
- (b) the minimum price which may be paid for each ordinary share is 5p (exclusive of all expenses);
- (c) the maximum price which may be paid for each ordinary share is an amount (exclusive of all expenses) equal to the higher of:

Notice of Annual General Meeting

- (i) 105 per cent of the average of the 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) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;
- (d) the authority shall, unless previously varied, revoked or renewed, expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, on 28 February 2011, save that the Company shall be entitled under such authority to make at any time before such expiry any contract to purchase its own shares which will or might be executed wholly or partly after such expiry and make a purchase of shares in pursuance of any such contract or contracts; and
- (e) all existing authorities for the Company to make market purchases of ordinary shares are revoked, except in relation to the purchase of shares under a contract or contracts concluded before the date of this resolution and which has not been executed.

Notice of General Meetings

Resolution 12: to resolve that a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

Articles of Association

Resolution 13: to resolve that with effect from the conclusion of the meeting:

- (a) the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of Section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and
- (b) the Articles of Association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, the current Articles of Association.

By order of the Board

Mark Charlton
Company Secretary
2 November 2009

Registered Office:
Wakefield House, Pipers Way,
Swindon, Wiltshire SN3 1RF

EXPLANATORY NOTES - SPECIAL BUSINESS**Resolution 8 - Authority to make political donations**

Part 14 of the Companies Act 2006 ('CA 2006'), amongst other things, prohibits the Company and its subsidiaries from making political donations or from incurring political expenditure in respect of a political party or other political organisation or an independent election candidate unless authorised by the Company's shareholders. Aggregate donations made by the Group of £5,000 or less in any 12 month period will not be caught.

Neither the Company nor any of its subsidiaries has any intention of making any political donations or incurring any political expenditure. However, the CA 2006 defines 'political party', 'political organisation', 'political donation' and 'political expenditure' widely. For example, bodies, such as those concerned with policy review and law reform or with the representation of the business community or sections of it, which the Company and/or its subsidiaries may see benefit in supporting, may be caught.

Accordingly, the Company wishes to ensure that neither it nor its subsidiaries inadvertently commits any breaches of the CA 2006 through the undertaking of routine activities, which would not normally be considered to result in the making of political donations and political expenditure being incurred.

As permitted under the CA 2006, the resolution extends not only to the Company but also covers all companies which are subsidiaries of the Company at any time the authority is in place. The resolution reflects the three categories covered by the rules and authorises the Company and its subsidiaries to:

- (a) make political donations to political parties or independent election candidates not exceeding £50,000 in total;
- (b) make political donations to political organisations other than political parties not exceeding £50,000 in total; and
- (c) incur political expenditure not exceeding £50,000 in total,

in the period from the date of passing this resolution up to and including the conclusion of the next Annual General Meeting or, if earlier, 28 February 2011.

As required by the CA 2006, the resolution is in general terms and does not purport to authorise particular donations.

Resolution 9 - Authority to allot shares

At the Annual General Meeting held on 16 January 2009, the shareholders authorised the directors under Section 80 of the Companies Act 1985 ('CA 1985') to allot relevant securities up to an aggregate nominal value of £3,048,665.

Explanatory notes

This authority is due to expire at the end of the AGM. It is proposed to renew the authority under Section 551 of the CA 2006. Paragraph (a)(i) of Resolution 9 would allow the directors to allot shares up to a maximum nominal amount of £3,048,706, representing approximately one third (33.33%) of the Company's issued share capital, calculated as at 2 November 2009 (being the latest practicable date prior to publication of this Notice). In accordance with the latest institutional guidelines issued by the Association of British Insurers ('ABI'), paragraph (a)(ii) of Resolution 9 would allow the directors to allot, including the shares referred to in paragraph (a)(i), further of the Company's shares in connection with a pre-emptive offer by way of a rights issue up to a maximum nominal amount of £6,097,412, representing approximately two thirds (66.67%) of the Company's issued share capital, calculated as at 2 November 2009 (being the latest practicable date prior to publication of this Notice).

The authority would expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, on 28 February 2011. Although the directors have no present intention of exercising this authority, it is considered prudent to maintain the flexibility it provides. If the directors do exercise the authority, they intend to follow emerging best practice as regards its use (including as regards the directors standing for re-election in certain cases), as recommended by the ABI.

As at the date of this Notice, the Company does not hold any shares in the capital of the Company in treasury.

Resolution 10 - Disapplication of pre-emption rights

Also at the Annual General Meeting held on 16 January 2009, a special resolution was passed under Section 95 of the CA 1985 empowering the directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. This authority is due to expire at the end of the AGM. It is proposed to renew the authority under Sections 570 and 573 of the CA 2006.

If approved, this resolution would authorise the directors to issue shares in connection with a rights issue and otherwise to issue shares for cash up to a maximum nominal amount of £457,305, which is equal to approximately five per cent of the Company's issued ordinary share capital as at 2 November 2009 (being the latest practicable date prior to publication of this Notice).

The authority would expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, on 28 February 2011. The directors do not intend to issue more than 7.5 per cent of the issued share capital of the Company for cash on a non-pre-emptive basis in any rolling three year period without prior consultation with shareholders and the Investment Committees of the ABI and National Association of Pension Funds.

Resolution 11 - Market purchases of ordinary shares

With the authority of shareholders in general meeting, the Company may purchase its own ordinary shares in the market subject to the provisions of the CA 2006. The directors will only exercise the authority when satisfied that it is in the best interests of the Company to do so and when it would result in an increase in earnings per share.

The proposed authority would be limited to purchases of up to 18,292,238 ordinary shares, representing approximately 10 per cent of the issued ordinary shares in the Company as at 2 November 2009 (being the latest practicable date prior to publication of this Notice). This resolution specifies the minimum and maximum prices at which they may be bought. As at 2 November 2009, there were outstanding 12,156,663 options to subscribe for ordinary shares, representing 6.65 per cent of the Company's issued ordinary share capital. If the authority was exercised in full, the options would represent 7.38 per cent of the Company's issued ordinary share capital.

Under Part 18, Chapter 6 of the CA 2006, the Company is allowed to hold its own shares in treasury following a buy back as an alternative to cancelling them. Shares held in treasury may be subsequently sold for cash, but all rights attaching to them, including voting rights and the right to receive dividends, are suspended while they are held in treasury. It is the Company's intention to cancel any shares it buys back rather than hold them in treasury.

The authority would expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, on 28 February 2011.

Resolution 12 - Notice of General Meetings

Changes made to the CA 2006 by the Companies (Shareholders' Rights) Regulations 2009 ('Regulations') increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days (Annual General Meetings will continue to be held on at least 21 clear days' notice).

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

Note that the changes to the CA 2006 mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

Resolution 13 – Articles of Association

It is proposed to adopt new Articles of Association (the 'New Articles') with effect from the conclusion of the AGM. These update the Company's current Articles of Association (the 'Current Articles') primarily to take account of the coming into force in August 2009 of the Regulations and the implementation in October 2009 of the last parts of the CA 2006.

The principal changes introduced in the New Articles are set out below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes made by the Regulations and the CA 2006 have not been noted. The New Articles showing all the changes to the Current Articles are available for inspection, as noted in Note 15 on page 10 of this document.

Explanatory notes of principal changes to the Company's Articles of Association

1. The Company's objects

Prior to 1 October 2009, the provisions regulating the operation of the Company were set out in the Company's Memorandum and Articles of Association. The Company's Memorandum contained, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope. The CA 2006 significantly reduces the constitutional significance of a company's memorandum and provides that it will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the CA 2006 and with effect from 1 October 2009, the objects clause and all other provisions contained in a company's memorandum are deemed to be contained in a company's articles of association. These provisions can be removed by special resolution.

Further, the CA 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clauses together with all other provisions from its Memorandum which, by virtue of the CA 2006, are now treated as forming part of the Company's Articles of Association. Resolution 13 (a) confirms the removal of these provisions although, where appropriate, to preserve the status quo, certain directors' powers that were previously dealt with in the Memorandum have been added back in to the New Articles. As the effect of this resolution will be to remove the statement which was contained in the Company's Memorandum of Association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of the shareholders.

2. Authorised share capital and unissued shares

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

3. Redeemable shares

Prior to 1 October 2009, if a company wished to issue redeemable shares, it was required to include in its articles the terms and manner of redemption. The CA 2006 enables directors to determine such matters instead, provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

4. Suspension of registration of share transfers

The Current Articles permit the directors to suspend the registration of transfers. Under the CA 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

5. Notice of general meetings

The Regulations amend the CA 2006 to require the Company to give 21 clear days' notice of general meetings unless the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 days has been passed. Annual general meetings must be held on 21 clear days' notice. The New Articles amend the provisions of the Current Articles to be consistent with the new requirements.

6. Adjournments for lack of quorum

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

7. Voting by proxies on a show of hands

The Regulations have amended the CA 2006 so that, subject to a company's articles, each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles amend the provisions of the Current Articles to reflect these changes and to clarify the procedure to be followed if a proxy is appointed by more than one member and is given discretion as to how to vote by one or more of those members.

Explanatory notes

8. Voting record date and proxy appointment deadline

Under the CA 2006 as amended by the Regulations, the Company must determine the right of members to vote at a general meeting by reference to the register not more than 48 hours before the time for the holding of the meeting, not taking account of days which are not working days. The CA 2006 also allows companies to set a time limit for the receipt of proxy appointments and related documents that is not more than 48 hours before the time for the holding of the meeting, not taking account of days which are not working days. The New Articles amend the Current Articles to reflect these provisions.

9. Voting in accordance with instructions

Following the coming into force of the Regulations, proxies are expressly required to vote in accordance with instructions given to them by members. For the avoidance of doubt, the New Articles contain a provision stating that the Company is not obliged to check whether a proxy or corporate representative has voted in accordance with the members' instructions.

10. Change of name

Prior to 1 October 2009, a company could only change its name by special resolution. Under the CA 2006 a company is able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the Company's name.

11. Execution of documents

The New Articles provide an alternative option for execution of documents. Under the New Articles, when the seal is affixed to a document it may be signed by one director in the presence of a witness, whereas previously the general requirement (other than for share certificates) was for signature by either a director and the secretary or two directors. Share certificates can be issued under seal without any signature. However, under the New Articles, they can also be signed by one director in the presence of a witness, whereas previously the requirement (in the absence of the seal) was for the signature either of a director and the secretary or of two directors.

12. Scrip dividends

In line with market practice, the New Articles update the Current Articles to provide that the value of shares issued in connection with a scrip dividend may be determined by ordinary resolution, or by reference to the average middle-market quotation for shares of the same class on the London Stock Exchange Daily Official List for the day on which the shares are first quoted "ex" dividend, and the four subsequent dealing days. The New Articles also allow the directors the flexibility at any time before the further shares are allotted to decide that the dividend will be paid in cash instead.

13. Returned notices

As permitted by the CA 2006, the New Articles provide that a member is not entitled to receive notices or cheques from the Company if such documents have been duly sent to the member on two consecutive occasions and returned undelivered. Any member affected by this will again become entitled to receive documents when he has provided the Company with a new or corrected address within the United Kingdom.

14. General

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles with that used in the CA 2006. The opportunity has also been taken to remove reference to the deferred shares of £1 and redeemable preference share of £50,000 since these shares are no longer in issue.

Notes

1. Shareholders are entitled to appoint one or more proxies (who need not be shareholders) to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting provided that if more than one proxy is appointed, each proxy is appointed to exercise the rights attached to a different share or shares.
2. Shareholders should use the enclosed Proxy Form to make the appointment referred to in Note 1 above. Before completing the Proxy Form shareholders should read the guidance notes on the Form.
3. As an alternative to completing and returning the printed Proxy Form, you may submit your proxy appointment electronically by accessing the website www.sharevote.co.uk, where full details of the procedure are given. You will need to have your Proxy Form to hand when you log on as it contains information which will be required to validate your submission. For further information, see the guidance notes on the Proxy Form.
4. To be valid any Proxy Form and power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of such power or authority or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Equiniti or at the electronic address provided on the Proxy Form, in each case no later than 11.30am on 13 January 2010. Completion and return of a Proxy Form, or electronic proxy appointment, or any CREST Proxy Instruction (as described in Note 5) will not prevent you attending and voting at the meeting, if you wish. A member must inform the Company in writing of any termination of the authority of a proxy.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

Explanatory notes

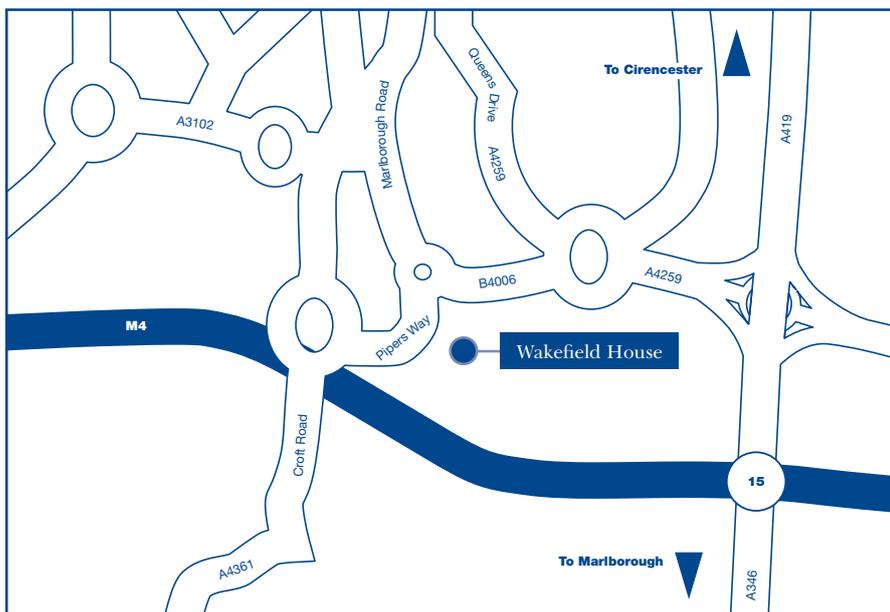
6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). 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 Equiniti (CREST participant ID RA19) by 11.30am on 13 January 2010. 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.
7. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited 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.
8. 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.
9. Any member with more than one shareholding registered in his/her name should, to the extent that such member has elected to receive copies of relevant documentation, receive only one copy of the Annual Report and one Proxy Form. The Proxy Form will be valid in respect of all his/her holdings. If you do not have a Proxy Form and believe that you should have one, or if you require additional forms, please contact Equiniti on 0871 384 2771.
10. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the CA 2006 and the Articles of Association of the Company, the Company specifies that only those shareholders registered in the register of members of the Company as at 6.00pm on 13 January 2010 (or 6.00pm on the day that is two days before any adjourned meeting) shall be entitled to attend (either in person or by proxy) and vote at the meeting in respect of the number of shares registered in their names at that time. Changes to the register of members after 6.00pm on 13 January 2010 (or 6.00pm on the day that is two days before any adjourned meeting) shall be disregarded in determining the right of any person to attend and vote at the AGM.
11. Any person to whom this Notice is sent who is a person nominated under Section 146 of CA 2006 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 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.
12. In the absence of an agreement described in Note 11 above, the statement of the rights of shareholders in relation to the appointment of proxies in Notes 1 - 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
13. Nominated persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.
14. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
15. Copies of directors' service contracts and non-executive directors' letters of appointment with the Company and any of its subsidiaries are available for inspection at the registered office of the Company during normal business hours on any weekday (except Saturdays, Sundays and public holidays) and at the AGM Location on 15 January 2010 from 11.00am until the conclusion of the AGM. In addition, a copy of the New Articles and the Current Articles marked to show the changes being proposed by Resolution 13 will be available for inspection at Bevan Brittan LLP, Fleet Place House, 2 Fleet Place, Holborn Viaduct, London EC4M 7RF until the end of the AGM and at the AGM Location on 15 January 2010 from 11.00am until the conclusion of the AGM.
16. Under Section 527 of CA 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of CA 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of CA 2006. Where the Company is required to place a statement on a website under Section 527 of the CA 2006, 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 includes any statement that the Company has been required under Section 527 of CA 2006 to publish on a website.
17. As at 2 November 2009 (being the latest practicable date prior to publication of this Notice) the Company's issued share capital consists of 182,922,386 ordinary shares carrying one vote each. Therefore the total voting rights in the Company as at 2 November 2009 are 182,922,386.
18. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Proxy Form) to communicate with the Company for any purposes other than those expressly stated.
19. 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.
20. A copy of this Notice, and other information required by Section 311A of the CA 2006, can be found at www.smithsnews.co.uk.

AGM INFORMATION

Venue

The meeting will be held on
Friday 15 January 2010 at
Wakefield House,
Pipers Way, Swindon,
Wiltshire SN3 1RF.

A map of the location of Wakefield House,
the venue for the AGM, is shown below.



Time

The meeting will start at 11.30am.
Please arrive no later than 11.15am for registration.

Refreshments

Please note that coffee and tea will
be served before the meeting.