Forward looking statements

This presentation contains certain "forward-looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995. In particular, statements regarding expected revenue growth and trading margins discussed under "Outlook" are forward-looking statements as are discussions of our product pipeline. These statements, as well as the phrases "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions, are generally intended to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors (including, but not limited to, the outcome of litigation, claims and regulatory approvals) that could cause the actual results, performance or achievements of Smith & Nephew, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Please refer to the documents that Smith & Nephew has filed with the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934, as amended, including Smith & Nephew's most recent annual report on Form 20F, for a discussion of certain of these factors.

All forward-looking statements in this presentation are based on information available to Smith & Nephew as of the date hereof. All written or oral forward-looking statements attributable to Smith & Nephew or any person acting on behalf of Smith & Nephew are expressly qualified in their entirety by the foregoing. Smith & Nephew does not undertake any obligation to update or revise any forward-looking statement contained herein to reflect any change in Smith & Nephew's expectation with regard thereto or any change in events, conditions or circumstances on which any such statement is based.
Adrian Hennah
Chief Financial Officer
Overview of Smith & Nephew

Advanced Wound Management
Advanced treatments for hard to heal wounds
Sales $846m

Endoscopy
Products for minimally invasive surgery
Sales $791m

Orthopaedics
- Reconstruction ($1,487m)
  Hip, knee & shoulder products
- Trauma ($414m)
  Fixation products for broken bones
- Clinical Therapies ($234m)
  Biological therapies to promote healing and pain relief
Sales $2,135m

Data: 2009 revenues

2009
Sales $3,772m
Trading profit $857m
Margin 22.7%
Our position – leading share and a diversified business

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**Sales by geography**

- USA: 44%
- Continental Europe: 27%
- Rest of the world: 21%
- UK: 8%

Data: 2009 revenues

Data: S&N Estimates
What drives underlying market growth?

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“By 2050, the number of people over the age of 65 around the world will have tripled to nearly 1.5 billion”

Source: United Nations
Our strategic pillars for success

Customer Led
Focus on our customers, anticipate and innovate to deliver on their needs, outperform our markets

Efficient
Streamline processes, implement practices to improve operating margins and free up resources to invest in the business

Investing for growth
Drive new sales from new opportunities / Biologics / Emerging Markets / Adjacent technologies

Aligned
Leverage core functions, share common best practices set and deliver on shared objectives through global compensation

sustainable profitable growth
Customer-led - some examples for 2010

- Medical education
  - Beijing, Chengdu (Ortho)
  - York (Ortho/Endo)
  - Memphis (Ortho)
  - Lucerne (Ortho)
  - NPWT global consensus in Hamburg
  - Endo Fellowship program
- Innovation
  - AAOS: multiple new products
  - Market needs - VISIONAIRE°
  - Total cost focus
- US customer service model
  - Instrument utilisation
  - Logistics
- Company-wide corporate accounts management initiative

° TM of Smith & Nephew
Efficient - some examples for 2010

Customer-led

Efficient

Investing for growth

- Operational
  - Factories coming on line
    - Suzhou additional lines
    - Beijing
  - Complete first phase of LEAN
  - Global procurement expanding
- Process and systems
  - Rationalising global platforms
  - Operating models
- Margin
  - Embedding improvement processes
  - Global scorecard implementation
Investing for growth - some examples for 2010

Customer-led

- Development of additional medical education facilities
- Fast track new product development
- Emerging markets investment
- Sales management university
- Adjacencies and bolt-on acquisitions

Efficient

Investing for growth
Q1 2010 financial highlights

- Revenues $995m
  - 9% growth for the quarter

- Trading profit $250m
  - Trading margin 25.1% for the quarter
  - Up 390 basis points including BlueSky agreement contribution of 220 basis points

- EPSA grows by 43.5% to 18.8¢

- Strong cash flow reduces debt to under $800m
Orthopaedics – Q1 2010

Revenues $566m up 6%

Reconstruction
- Hips +6% globally, US 8%
- Knees +9% globally, US 11%

Trauma – grows 3% as Europe strengthens, US actions continue
Europe returns to growth at 8%
Margin 25.5% in the quarter up 210 basis points

Q1 achievements
- LEGION° and GENESIS° drive knees
- 2000+ VISIONAIRE° procedures in Q1
- R3° Acetabular Cup and ANTHOLOGY ° stem driving growth in hips
- TRIGEN° SURESHOT° demand strong and growing post AAOS launch
- FDA approval for 30 year wear claim for LEGION° Ox with XLPE
- EXOGEN° grows revenues in Clinical Therapies

Growth in all regions
Endoscopy – Q1 2010

Revenues $216m, growth of 15%
- ROW grows over 20%
Sports medicine up 17% driven by hips, knees and shoulder
- FASTFIX™ Meniscal Repair System for knees
- OSTEORAPTOR™ Suture Anchor contributes to shoulder
Resection up 13%
Margin 21.1%
- New product and sales force investment

Q1 achievements
- Fast track new product development program
- Major product launches at AAOS
  - TWIN FIX™ Ultra PK Suture Anchor, BIORAPTOR™ Knotless Suture Anchor
- Local training for US sales reps
- York Surgical Skills Centre completed

Sports medicine drives good start to year
Advanced Wound Management – Q1 2010

Revenues of $213m and global growth of 11%
US revenues grow 10%, Europe 12%, ROW 9%
US distribution model change
Infection and Exudate Management grow by 7%
NPWT revenues contributes 3% of growth
Margin 28.5%, 17.8% before BlueSky

Q1 achievements
- US distributor changes initiated
- BlueSky purchase agreement closed out
- Nucryst integration completed
- ACTICOAT® production transfer to Hull, UK announced
- China producing around 50% of ALLEVYN™
- Manufacturing and purchasing contribute to margins
- US sales force realigned for long-term care

Continuation of market out performance
2010 outlook

• Revenue growth:
  – No change for Group as a whole
  – Recon: return to market growth during 2010
  – Trauma: return to market growth over time
  – Endo: ahead of market in arthroscopy
  – Wound: ahead of market

• Margin: material improvement over 2009 level
Summary

We want to be the company that:

• Anticipates and proactively addresses customer needs
• Develops world class products
• Creates value for our customers and ourselves
• Works across boundaries to exceed customer expectations
• Is flexible and highly efficient
• Is a great place to work and develop careers