Forward looking statements

This document contains certain forward-looking statements that may or may not prove accurate. For example, statements regarding expected revenue growth and trading margins, market trends and our product pipeline are forward-looking statements. Phrases such as “aim”, “plan”, “intend”, “anticipate”, “well-placed”, “believe”, “estimate”, “expect”, “target”, “consider” and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from what is expressed or implied by the statements. For Smith & Nephew, these factors include: economic and financial conditions in the markets we serve, especially those affecting health care providers, payors and customers; price levels for established and innovative medical devices; developments in medical technology; regulatory approvals, reimbursement decisions or other government actions; product defects or recalls; litigation relating to patent or other claims; legal compliance risks and related investigative, remedial or enforcement actions; strategic actions, including acquisitions and dispositions and our success in integrating acquired businesses; and numerous other matters that affect us or our markets, including those of a political, economic, business or competitive nature. 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.

Any forward-looking statement is based on information available to Smith & Nephew as of the date of the statement. All written or oral forward-looking statements attributable to Smith & Nephew are qualified by this caution. Smith & Nephew does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in Smith & Nephew’s expectations.
Dave Illingworth
Chief Executive
Market - Orthopaedic market growth rates

- Price
  - Manageable
  - Only part of ‘healthcare cost solution’

- Mix benefit
  - Available
  - Products offering clinical and cost benefits

- Volumes
  - Deferrals, cyclical
  - Long term growth drivers continue

Source: Smith & Nephew
Note: S&N growth rates are underlying growth. Q1 and Q2 2010 adjusted by 5% and 1% respectively to reflect disclosed selling days impact. ‘Orthopaedic market’ is the global market served by S&N and figures are unadjusted for selling days.
Market – US Reconstruction, cyclical growth

Note: US Ortho Recon figures are unadjusted for selling days.
Market – Long term growth drivers continue

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<tr>
<th>Category</th>
<th>Orthopaedics</th>
<th>Endoscopy</th>
<th>AWM</th>
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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
Smith & Nephew strategy - Delivering results

Outperform our markets through:
- Product innovation
- Medical education
- Customer service

Continued focus on operational margin and cash generation enabling increased investment in the business

Drive new revenues from new opportunities / Emerging Markets / Adjacent technologies

Company-wide objectives, aligned with compensation plan that rewards results and integrity
Innovation – “Being part of the solution”

VISIONAIRE® Patient Matched Instrumentation

- Patient specific cutting blocks
- Received 510k clearance
- Over 10,000 total knee operations conducted using VISIONAIRE
- Expanding to other implant systems

Advantages
- Eliminates 20+ steps and approximately 20 minutes from every knee case
- Saves operating room time
- In-house design and manufacturing
Innovation – “Increasing importance of clinical data”

**VERILAST° Technology**

- Combination of Smith & Nephew’s patented OXINIUM metal alloy and “highly cross-linked” polyethylene
- 30-year wear claim is FDA cleared*
- US advertising campaign driving patient demand and customer awareness

*Note: Based on laboratory wear simulation testing, the LEGION° Primary Knee System with VERILAST Technology is expected to provide wear performance sufficient for 30 years of use under typical conditions
Innovation - Sports Medicine repair growth

Market leading innovation

Repair growth rates

Source: Smith & Nephew

Note: Growth rates are underlying, adjusted for disclosed selling days impact
Investment & Innovation – “Giving customers a choice”

RENASYS° Negative Pressure Wound Therapy System

• Choice of product mobility
  - Hospital setting or Mobile/Homecare setting

• Choice of wound dressing
  - Foam or Gauze

• Choice of purchase terms
  - Rental or Purchase
Investing for growth - Emerging markets

Emerging markets revenues and growth

2009 Revenue by Regions

Source: Smith & Nephew
Smith & Nephew in Greater China

Employee growth

Source: Smith & Nephew
Efficiency – Supporting continuing investment

Source: Smith & Nephew
Notes: (1) 2007 full year margin is shown with/without acquisition of Plus and BlueSky, (2) H1 2010 margin benefited by 130 bps due to BlueSky settlement
Some key achievements in 2010

Performance (Q3 2010 YTD)
- AWM business growing faster than the market
- Endoscopy repair revenues continued to grow at double digit
- Reconstruction returned to market outperformance
- Improved Trauma performance

Innovation
- Received FDA clearance for our 30-year wear claim for VERILAST
- Over 10,000 procedures carried out using VISIONAIRE
- ALLEVYN® Gentle Border Lite successfully launched
- NPD Fast Track initiative launched within Endoscopy

Medical Education
- Surgical skills centre opened in York, England
- KLEOS trained >7,000 surgeons within Orthopaedic business (Q3 2010 YTD)

Investing For Growth
- Factories in China opened/extended
- NPWT continued success on all fronts
Summary

• Challenging market conditions as expected, but long term growth drivers continue
• Innovation and products with clear economic benefits create differentiation and drive revenues
• Good quality investment opportunities increasing
• Efficiency enables investment for growth
• Management teams well established and performing well