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.
Dave Illingworth
Chief Executive
Overview of Smith & Nephew

Advanced Wound Management
Advanced treatments for hard to heal wounds
Sales $843 million

Endoscopy
Products for minimally invasive surgery
Sales $800 million

Orthopaedics
- Reconstruction ($1,492m)
  Hip, knee & shoulder products
- Trauma ($421m)
  Fixation products for broken bones
- Clinical Therapies ($245m)
  Biological therapies to promote healing and pain relief
Sales $2,158m

Geographic split: 44% US, 37% Europe, 19% Row
Data: 2008 revenues

2008
Sales $3,801m
Trading profit $776m
Our position – leading share and a diversified business

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Sales by geography

- USA: 44%
- UK: 28%
- Rest of the world: 19%
- Continental Europe: 9%

Data: 2008 revenues
Serving large markets with strong growth drivers

$26 billion global market

Growth drivers intact

Demographics ✓
Prevalence ✓
- Osteoarthritis ✓
- Obesity ✓
- Diabetes ✓

Lifestyle ✓
- Activity levels ✓
- Quality of life ✓

Technology ✓
- Innovation ✓
- Evidence platform ✓

Economics ✓
- Reimbursement/funding ✓
- Structure of healthcare delivery ✓

Emerging markets ✓

“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

Source: 2008, Smith & Nephew estimate
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**
Medical Education - KLEOS services

**Regionalisation**: Customised educational material

**Face to face**: Courses, events, VSPs, Observership, Fellowships

**Community**: Keep the KLEOS community informed

**Live surgeries**: Live Webcast over the Website

**Reports**: Track worldwide user behaviour

**Literature service**: Reduction of information overload

**Faculty support**: Clip service - advanced online service for key faculty

**Multimedia**: Clinical and lecture videos
Efficient

“no finishing line”

Exit 2010 Base year

H1 2006
Group 19.3%
Ortho 22.8%
Endo 18.1%
AWM 13.0%

H1 2009
Group 22.0%
Ortho 23.9%
Endo 22.0%
AWM 17.0%

Note: 2007 full year margin is shown with/without acquisition of Plus and BlueSky
Emerging market revenues and growth

2008 Revenue by Regions

Asia: 35%
Africa/Middle East: 31%
Central & South America: 19%
Europe: 15%

Source: Smith & Nephew
Smith & Nephew in China

1994: Establish S&N Office in Shanghai

2004: Teams organised along GBU lines, but essentially approach still opportunistic

2007: Plus acquisition grants entre to Ortho Recon mid market – S&N switches to Strategic Mould, formalise thinking and commits resources

2008: China manufacturing plans formalised and approved

2009: Opening of second S&N Manufacturing Unit – AWC plant in Suzhou
   Ground breaking on additional Orthopaedic Manufacturing Site outside Beijing
   New S&N China Head Office in Shanghai
   Establishment of S&N China Board to guide strategy
   Opening of first S&N Surgeon Education Centre in Shanghai
Investing for growth

Negative Pressure

2007  Integrate BlueSky ("Freedom to operate")
   - Manufacturing configuration
   - Operational structure
2008  Build capability ("NPWT works")
   - Launch globally
   - Refining market insight
2009  Build brand ("Enhancing product, broadening range")
   - Innovation : new products
   - Legal / IP
2010  Customer choice ("Real momentum")
   - Equivalent product range
   - Legal / IP
   - Sales force productivity
Biologics – formation and position

- Recognised fragmented resources were sub-optimal
- Formed Biologics from
  - York based Research Centre
  - Individual business unit research programmes
  - New Head Office in Raleigh/Durham
  - Clinical Therapies sales team
- Funding from
  - Refocus of existing R&D spend
  - Short term R&D target of 5% of sales
- Purpose
  - differentiation from current competition

Areas of focus

- OA and Cartilage
- Bone Healing
- Soft Tissue and Infection

“advanced, locally delivered biological therapies to promote healing and pain relief”
Where we are now

- Market leading positions across our businesses
- Well developed and integrated efficiency program
- Sustainable margin improvement
- Innovative products and development pipeline
- Geographic spread with strong potential
- Broad based orthopaedics and woundcare business
Our opportunity

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
We are smith&nephew