Goldman Sachs Medtech Conference, 9 September
Dave Illingworth CEO
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.

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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%
- Rest of the world: 21%
- Continental Europe: 27%
- 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
  - Outperform our markets through
    - Innovation
    - Medical education
    - Customer service
- Efficient
  - Continued focus on operational margin enabling increased investment in the business
- Investing for growth
  - Drive new revenues from new opportunities / Biologics / Emerging Markets / Adjacent technologies
- Aligned
  - Company-wide objectives, aligned with compensation plan that rewards results and integrity
Innovation – clinical and cost benefits

TRIGEN® SURESHOT® Distal Targeting System

- A 3-D image system that eliminates the use of fluoroscopy during the placement of distal screws in an intra-medullary nail
- Addition to Trauma product range
- Received 510k clearance

Advantages

- Improves accuracy of screw placing
- Saves surgeon time during operation (average procedure saving projection $530(1))
- Reduces the use of radiation during the operation

(1) assuming save an average of 8 minutes per procedure at $64.28/min)
Innovation – “Being part of the solution”

VISIONAIRE® Patient Matched Instrumentation

- Patient specific cutting blocks
- ~10,000 total knee operations conducted using VISIONAIRE to date
- 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
Medical Education – training centres

Shanghai, China

York, UK

INTRODUCING The Surgical Skills Centre York, UK

Smith & Nephew’s world-class facility for education and innovation.

COMING APRIL 2010

Supported by KLEOS
Efficiency - Manufacturing in China

Advanced Wound Management, Suzhou

Orthopaedics, Beijing
Investing for growth - Emerging markets

Emerging markets revenues and growth

2009 Revenue by Regions

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
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