



JP Morgan Healthcare Conference

11 January 2010

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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Dave Illingworth
Chief Executive

Overview of Smith & Nephew

Advanced Wound Management

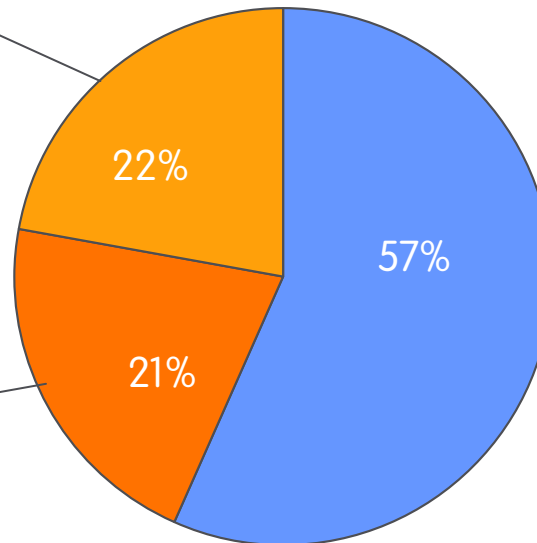
Advanced treatments for hard to heal wounds

Sales \$843 million

Endoscopy

Products for minimally invasive surgery

Sales \$800million



2008

Sales	\$3,801m
Trading profit	\$776m

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

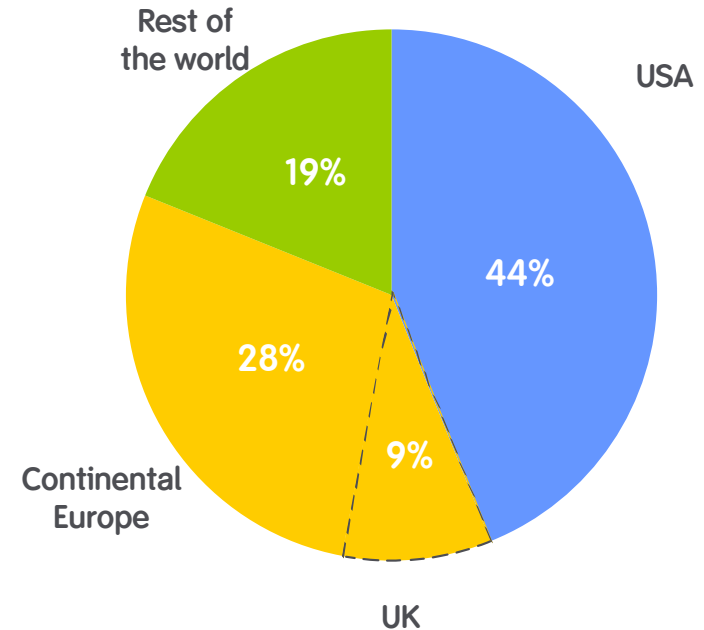
Geographic split: 44% US, 37% Europe, 19% Row

Data : 2008 revenues

Our position – leading share and a diversified business

	#1	#2	#3	#4	#5
Orthopaedics					
Recon	Zimmer	DePuy	Stryker	S&N	Biomet
Trauma	Synthes	Stryker	S&N	DePuy	Zimmer
Clinical Therapies	Genzyme	S&N	Sanofi	Fidia	
Endoscopy					
Sports Medicine	S&N	Arthrex	Mitek	Stryker	Arthrocare
Visualisation	Stryker	Storz	Olympus	S&N	ConMed Linvatec
AWM					
	KCI	S&N	ConvaTec	Mölnlycke	Systagenix

Sales by geography

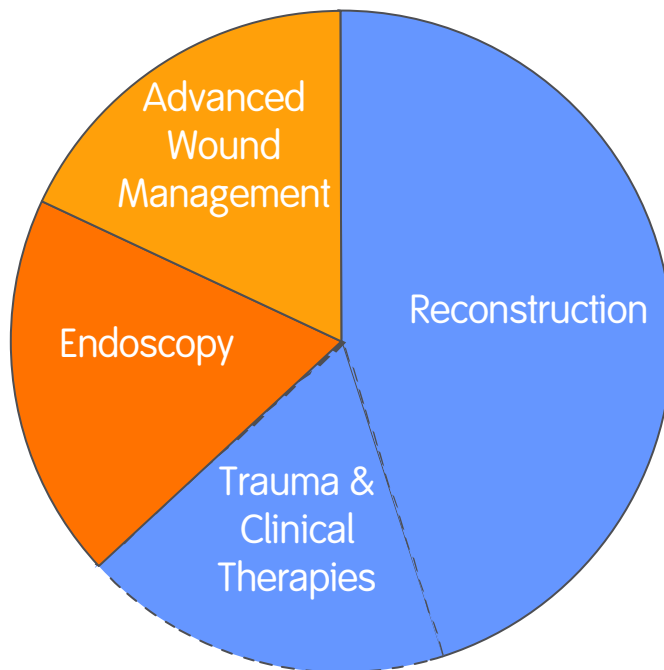


Data: 2008 revenues

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 ✓

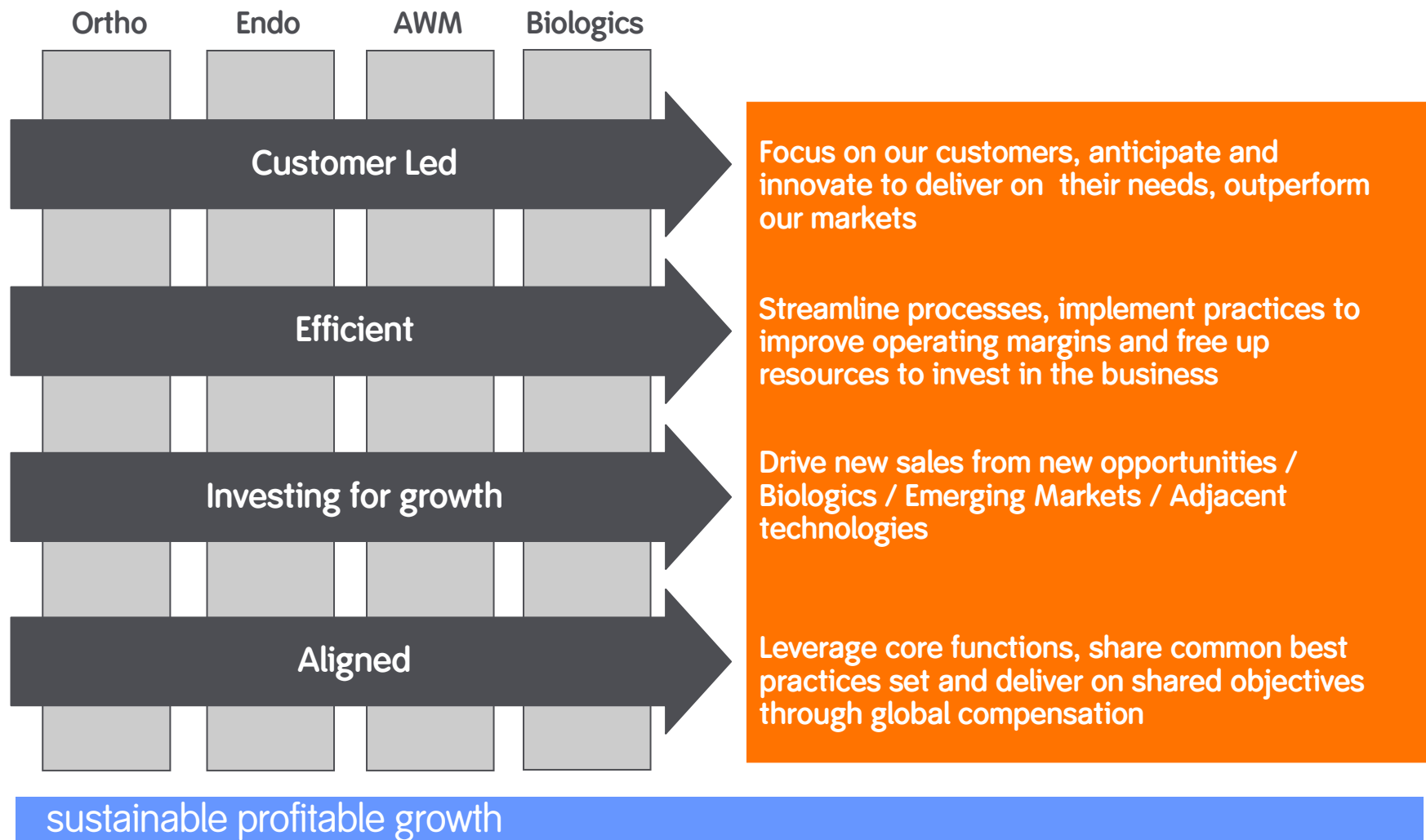
Emerging markets ✓

“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



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

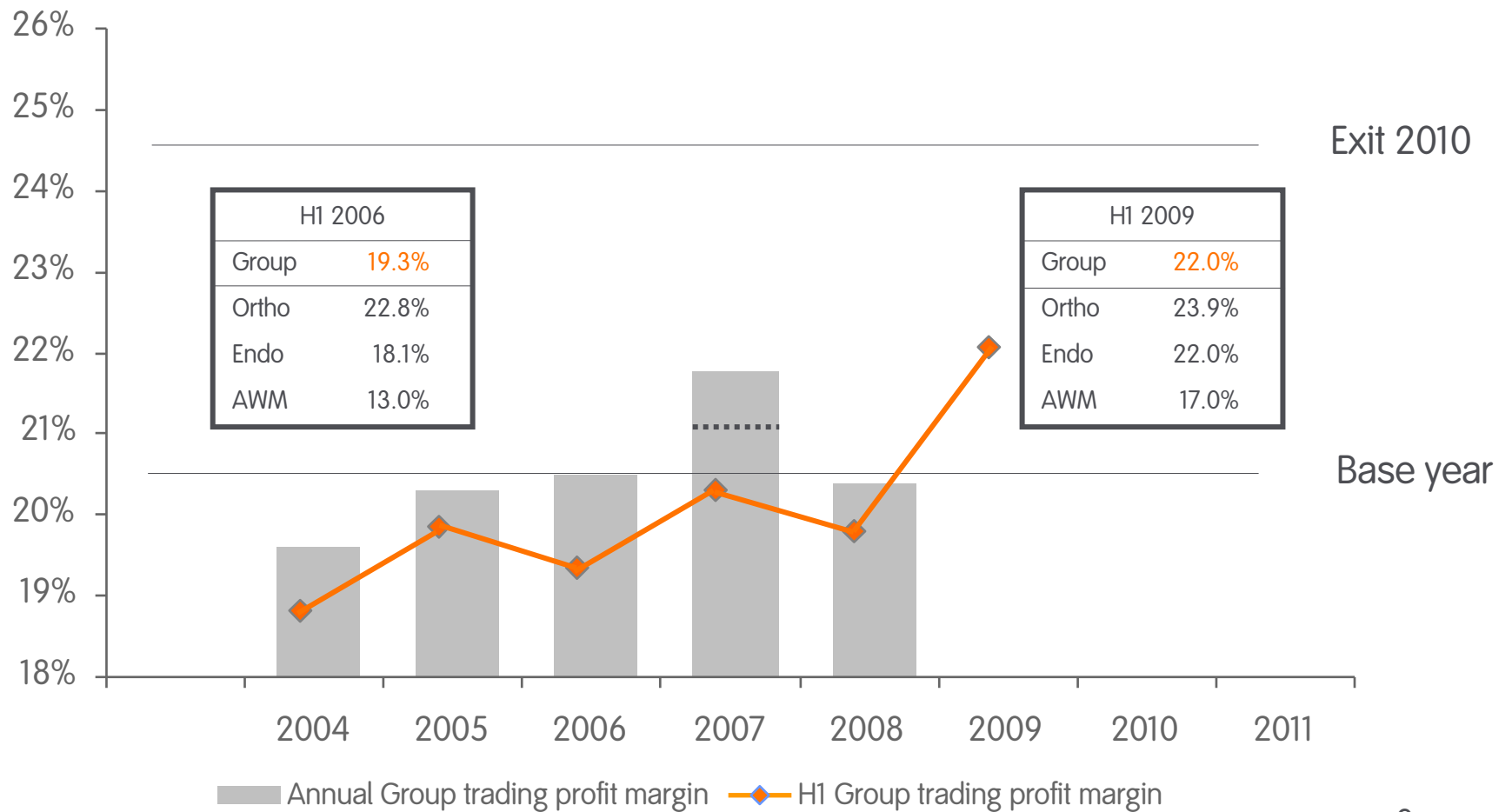
Multimedia: clinical and lecture videos



Efficient



“no finishing line”



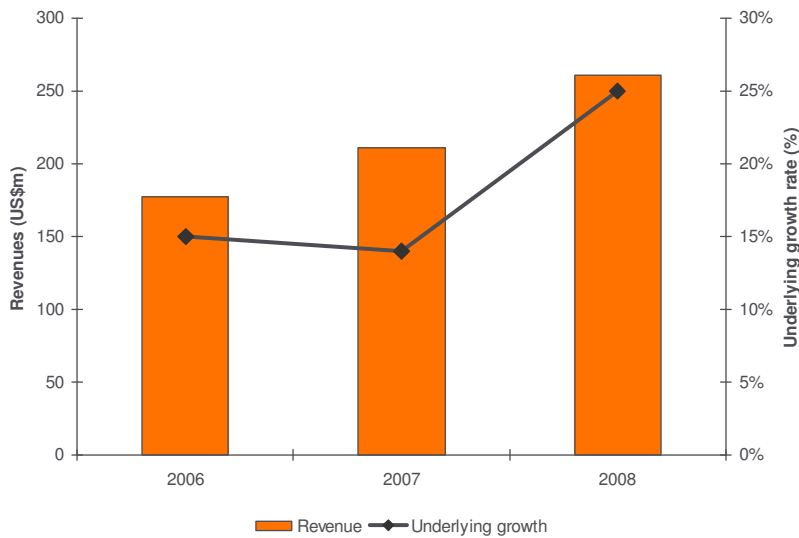
Note: 2007 full year margin is shown with/without acquisition of Plus and BlueSky

Investing for growth

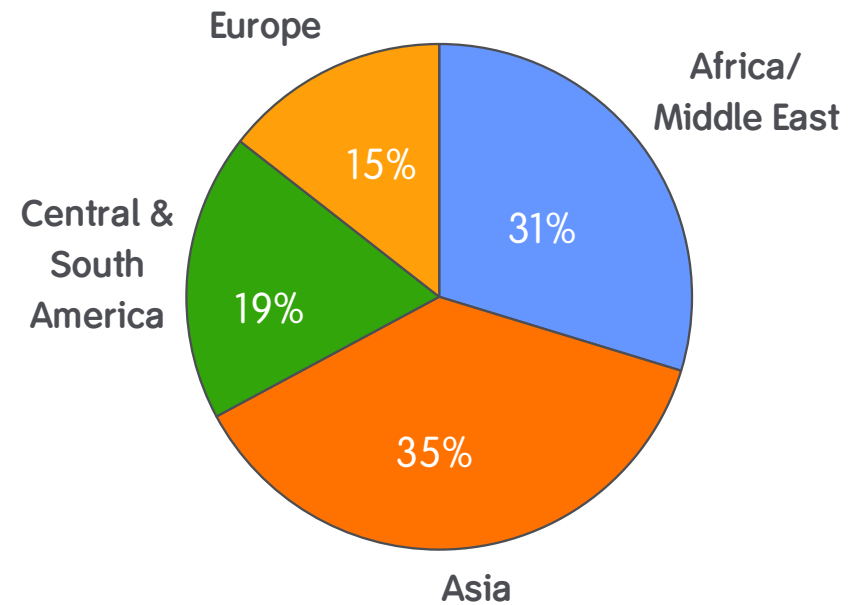


emerging markets

Emerging market revenues and growth



2008 Revenue by Regions



Source: Smith & Nephew

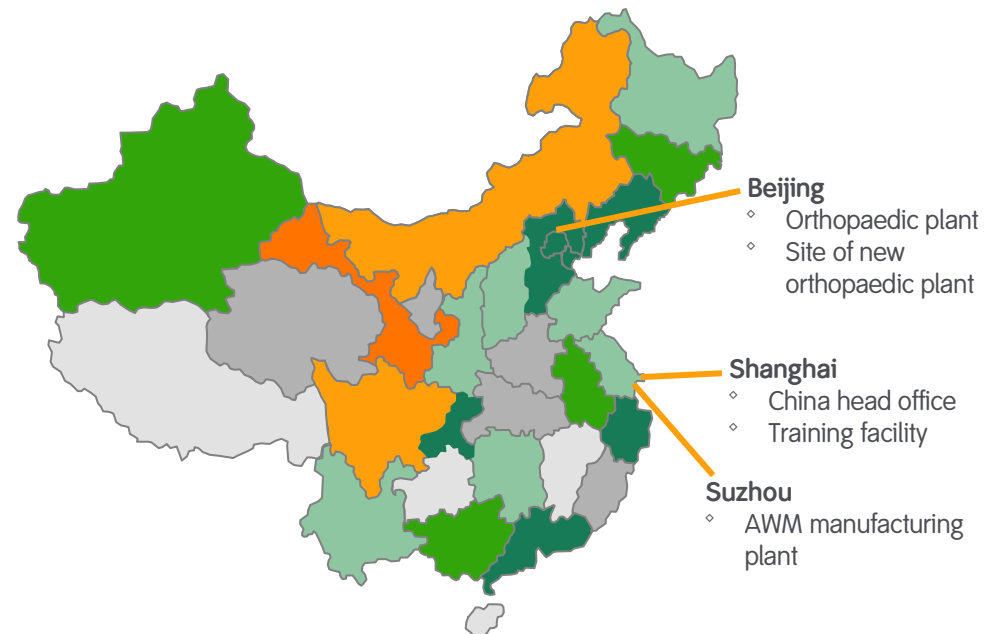
Efficient

Investing for growth



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



Investing for growth



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**