



Piper Jaffray
23rd June 2006



Chris O'Donnell
Chief Executive

150
years
Innovation

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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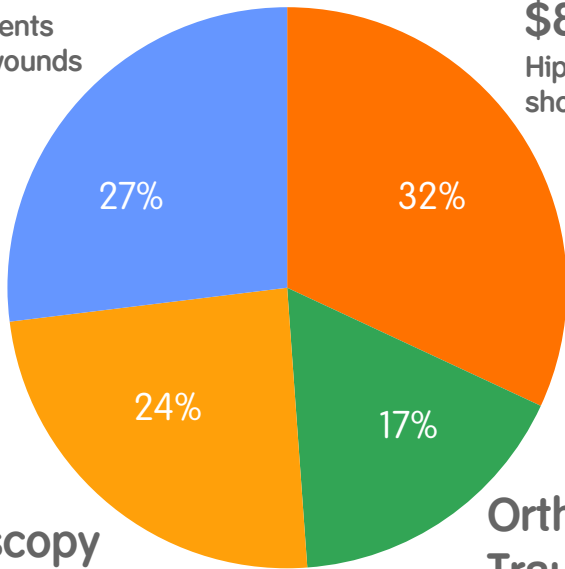
High technology medical devices company

Total 2005 revenues \$2552m

Advanced Wound Management

\$579 million

Advanced treatments for hard to heal wounds



Orthopaedic Reconstruction

\$829 million

Hip, knee & shoulder products

Endoscopy

\$606 million

Products for minimally invasive joint surgery

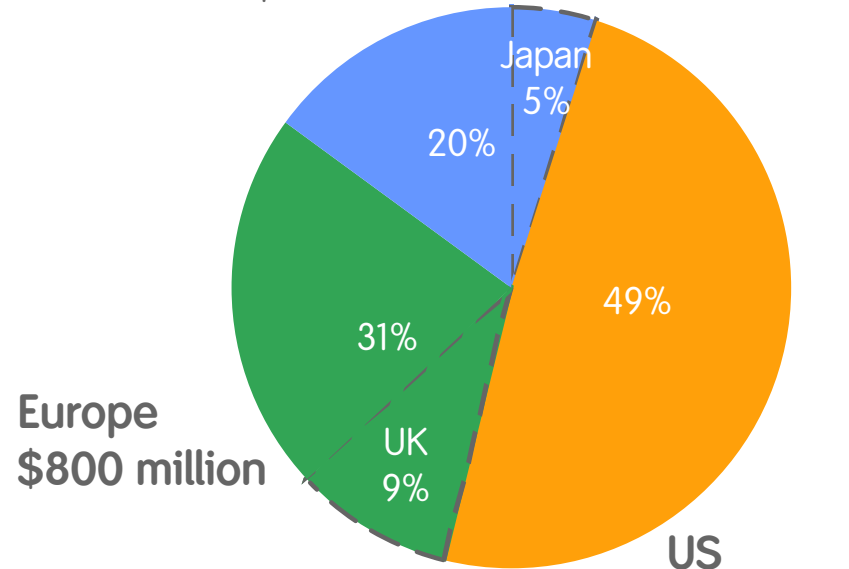
Orthopaedic Trauma

\$438 million

Fixation products for broken bones and Clinical Therapies

Rest of World

\$493 million

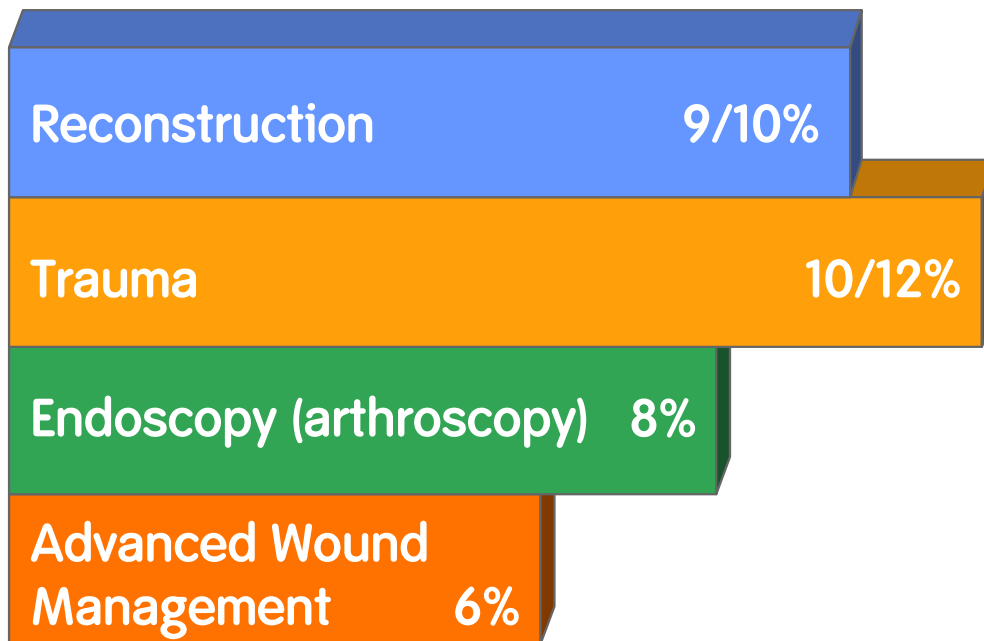


Europe \$800 million

US \$1259 million

Four business areas

Market growths 2006*



Driven by:

- Demographics
- Lifestyle/obesity/sports injuries
- Technology advances
- Growing consumerisation

Strategy/value creation

- Organic growth
 - product innovation
 - salesforce growth and specialisation
- Technology acquisitions
- Market share gain and market expansion

Q1 2006 results

- **Slower than anticipated Q1 start and Q2 due to**
 - Market conditions in US, UK & Germany
 - Restructuring of Orthopaedics into separate Reconstruction and Trauma
- **Guiding low-teens EBITA growth from**
 - high single digit revenue growth
 - margin expansion
- **EPSA growth in 2006 diluted by:**
 - 4% from BSN disposal
 - 3½% from interest differentials post \$ redenomination
 - 1½% from increased tax charge

Strong new product pipeline benefits

Reconstruction

- LEGION[◇] Revision Knee System
- JOURNEY[◇] Bi-Cruciate Stabilised knee system
- BIRMINGHAM HIP RESURFACING[◇] - US
- ANTHOLOGY[◇] flat hip stem
- EMPERION[◇] hip

Trauma

- TRIGEN[◇] InterTAN nail
- PERI-LOC[◇] upper extremity
- EXOGEN[◇] 4000+ bone healing system

Endoscopy

- DYONICS[◇] 25 fluid management system
- DYONICS[◇] POWERMAX[◇] ELITE shaver handpiece & blades
- CALAXO[◇] Osteoconductive Interference Screw
- CONDOR[◇] Control System for Digital OR
- 660HD Image Management System for Digital OR

Advanced Wound Management

- ACTICOAT[◇] Moisture Control - Europe
- IODOSORB[◇] iodine dressing – US
- VERSAJET[◇] improved handpiece – Europe
- ALLEVYN[◇] major product upgrade

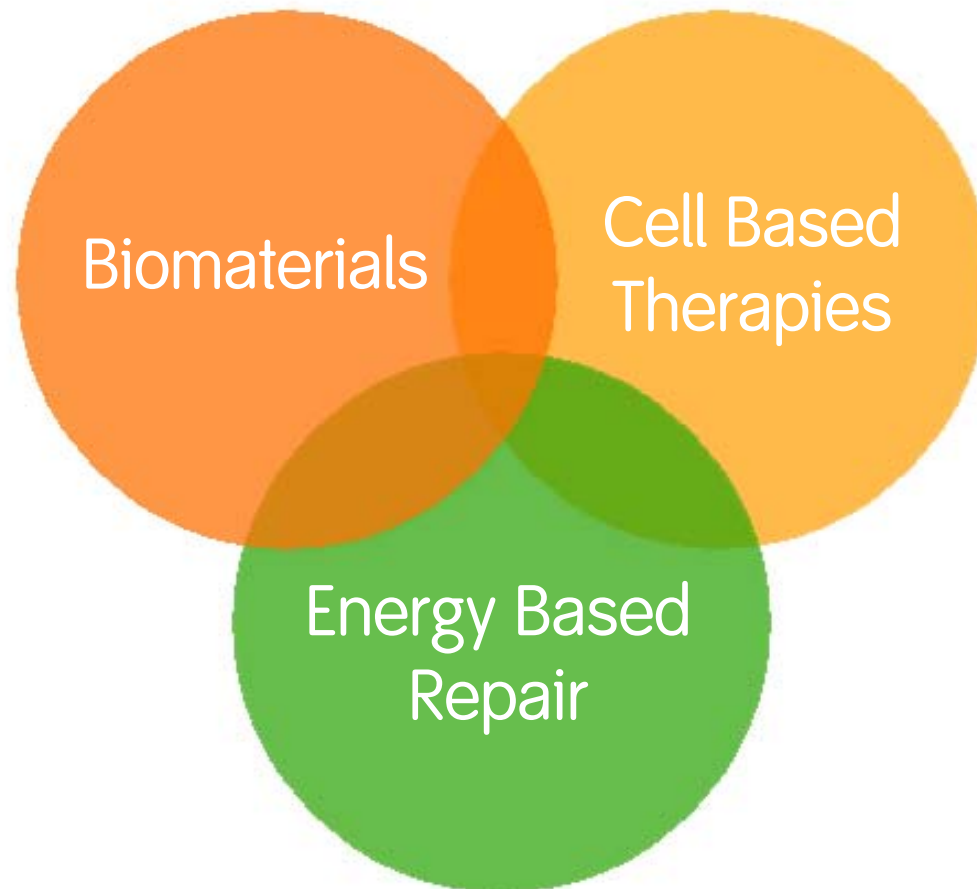
BHR[◇] US rollout

- BHR[◇]: leading global hip resurfacing system
- FDA approval: May 8th 2006
- US launch programme
 - First surgeries June 5th
 - 50 key sites
 - 200 surgeons trained in 2006
- US market size: estimated at 10% of US hip market
- Benefits:
 - offers patients a better range of natural motion and reduced dislocation risk
 - bone conserving/stabilising system
 - can be revised to primary
 - suitable for younger, more active patients



BIRMINGHAM HIP[◇] Revision system

Longer term development areas



 We are **smith&nephew**