



Exane BNP Paribas Conference
10 May 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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Adrian Hennah
Chief Financial Officer

Overview of Smith & Nephew

Advanced Wound Management

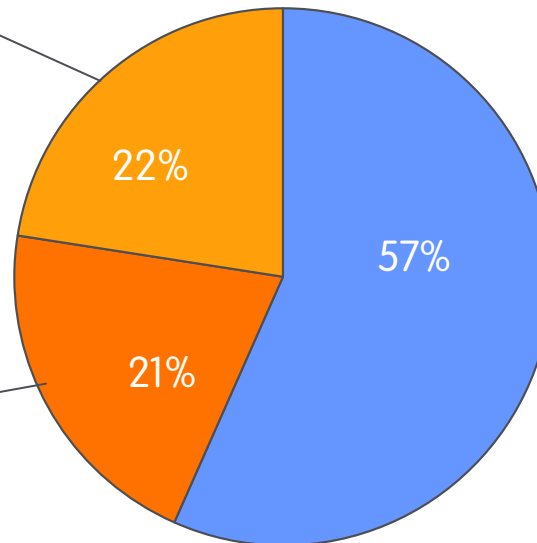
Advanced treatments for hard to heal wounds

Sales \$846m

Endoscopy

Products for minimally invasive surgery

Sales \$791m



2009

Sales	\$3,772m
Trading profit	\$857m
Margin	22.7%

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

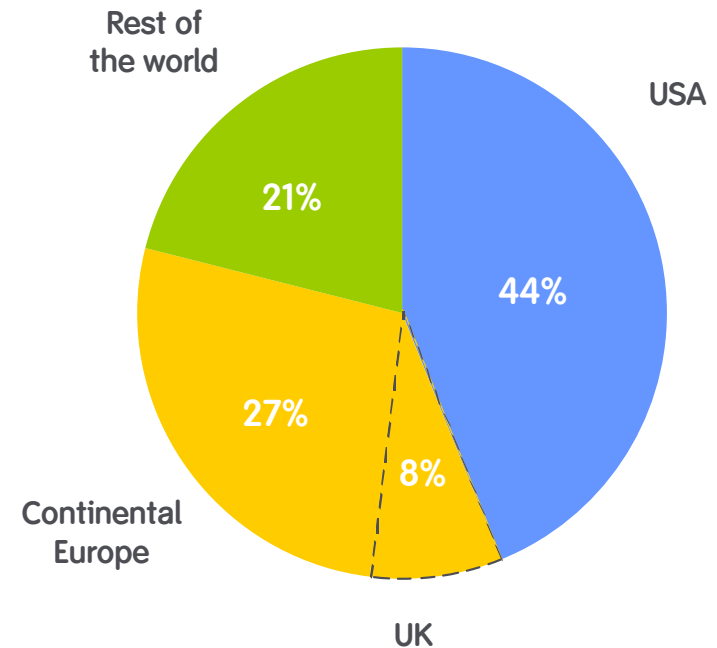
Data : 2009 revenues

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		
Endoscopy					
Sports Medicine	S&N	Arthrex	Mitek	Stryker	Arthrocare
Visualisation	Stryker	Storz	Olympus	S&N	ConMed Linvatec
AWM					
	KCI	S&N	ConvaTec	Mölnlycke	3M

Data: S&N Estimates

Sales by geography



Data: 2009 revenues

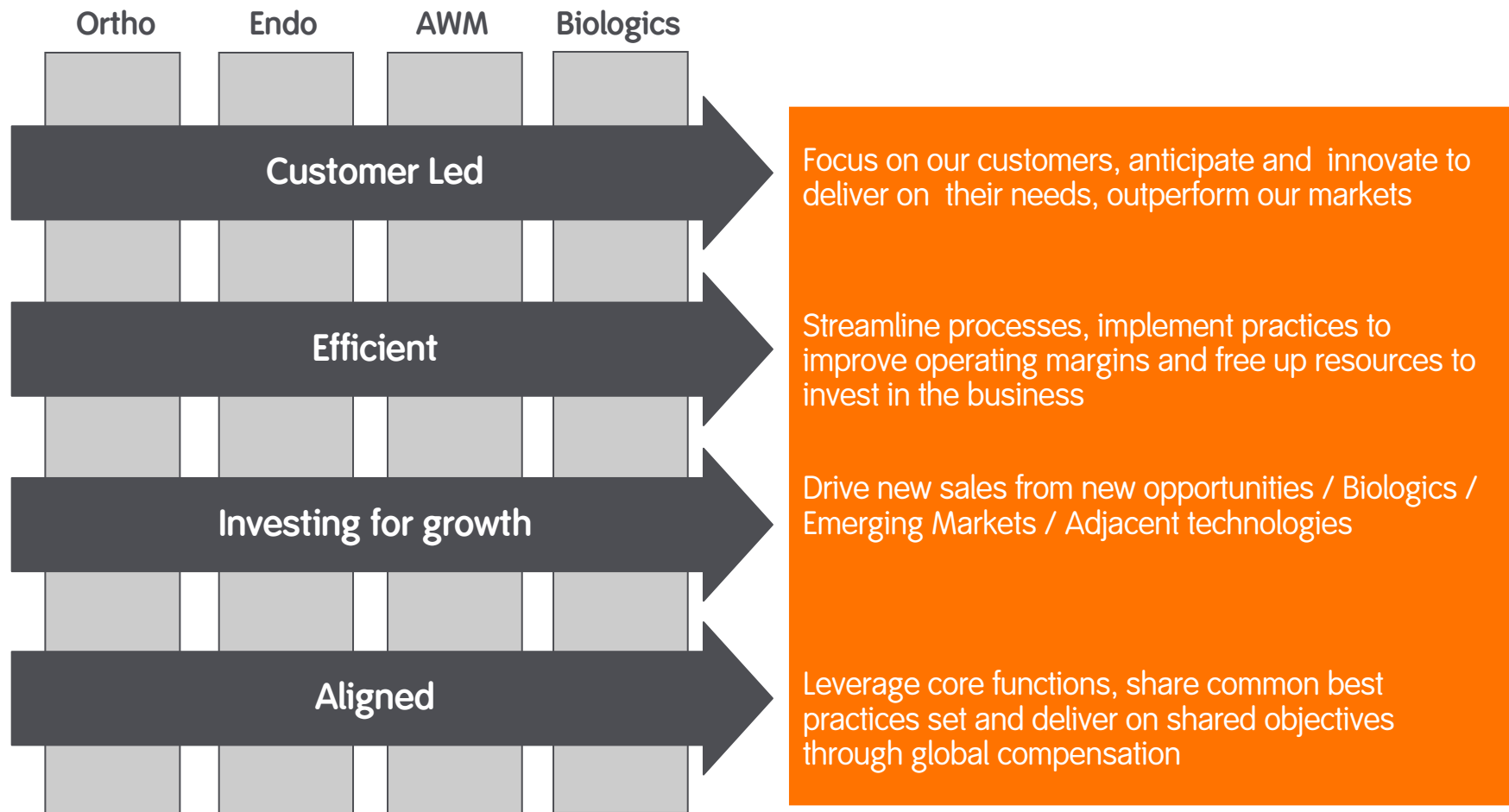
What drives underlying market growth?

	Orthopaedics	Endoscopy	AWM
Demographics	✓	✓	✓
Prevalence			
- Osteoarthritis	✓	✓	
- Obesity	✓	✓	✓
- Diabetes	✓		✓
Lifestyle			
- Activity levels	✓	✓	
- Quality of life	✓	✓	✓
Technology			
- Innovation	✓	✓	✓
- Evidence platform	✓	✓	✓
Economics			
- Reimbursement/funding	✓	✓	✓
- Structure of healthcare delivery	✓	✓	✓
Emerging markets	✓	✓	✓

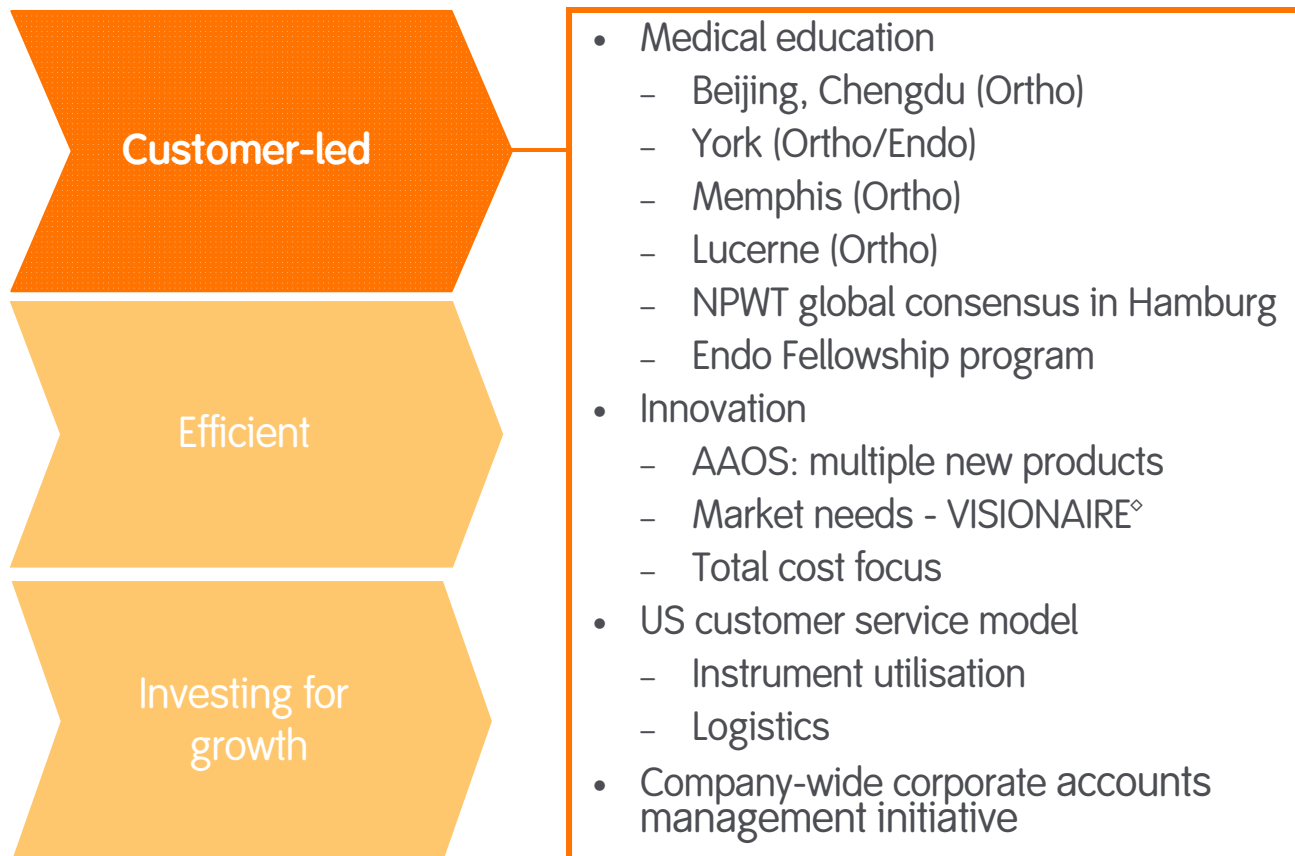
“By 2050, the number of people over the age of 65 around the world will have tripled to nearly 1.5 billion”

Source: United Nations

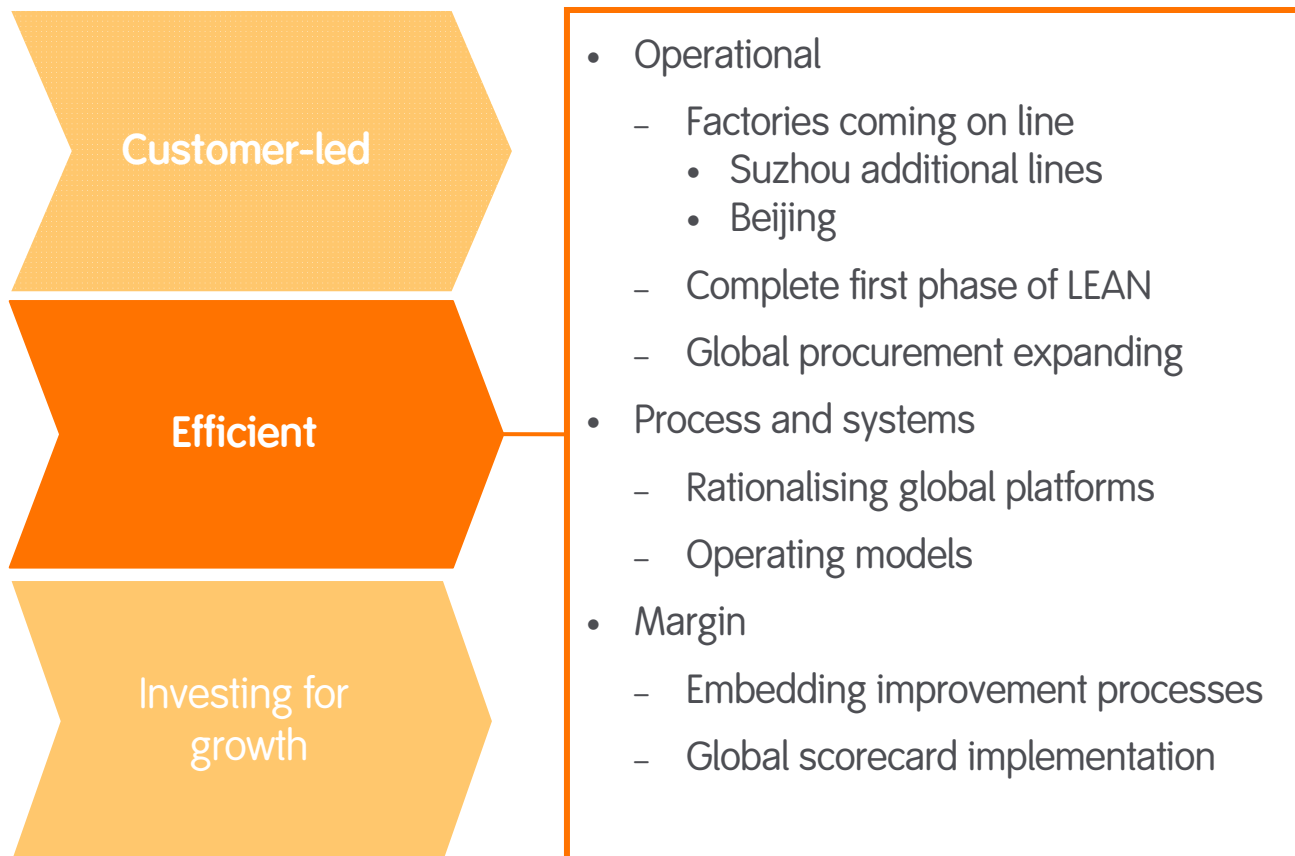
Our strategic pillars for success



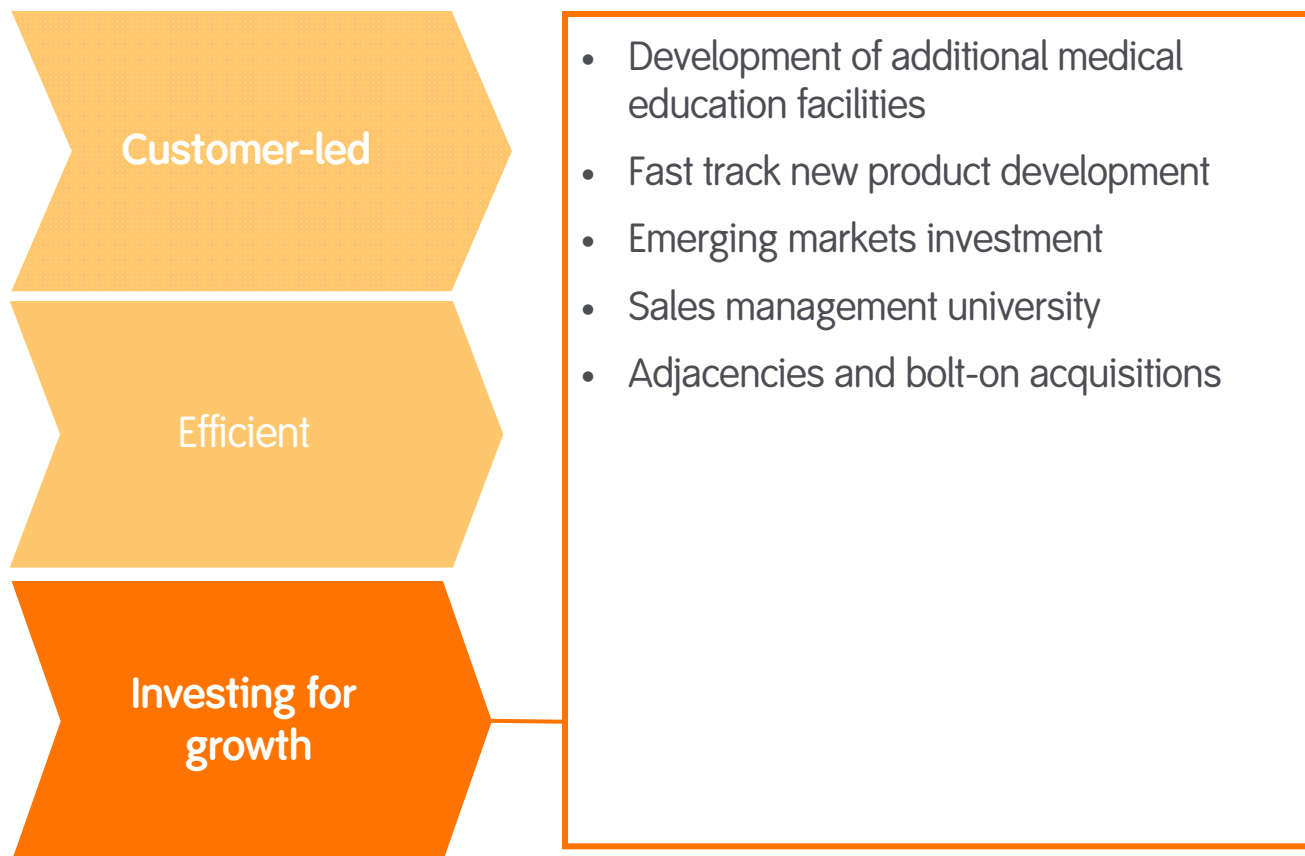
Customer-led - some examples for 2010



Efficient - some examples for 2010

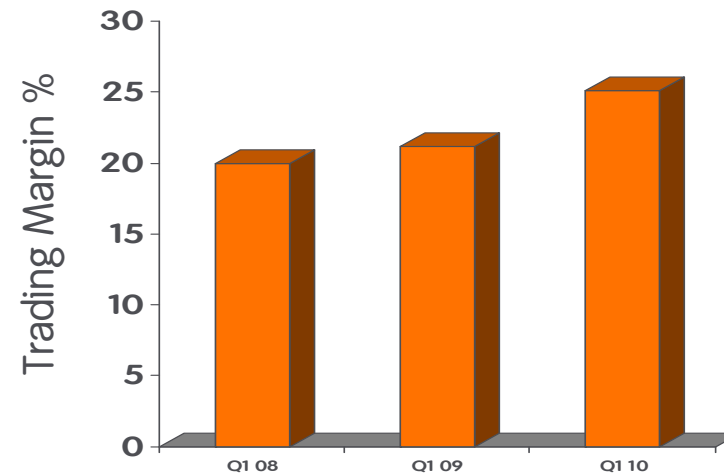
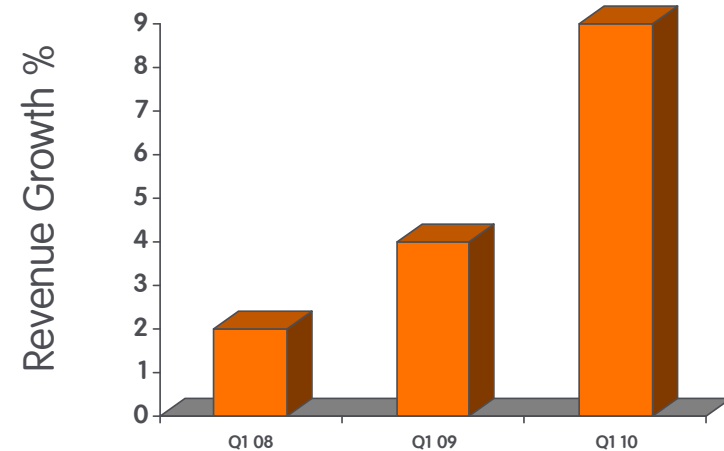


Investing for growth - some examples for 2010

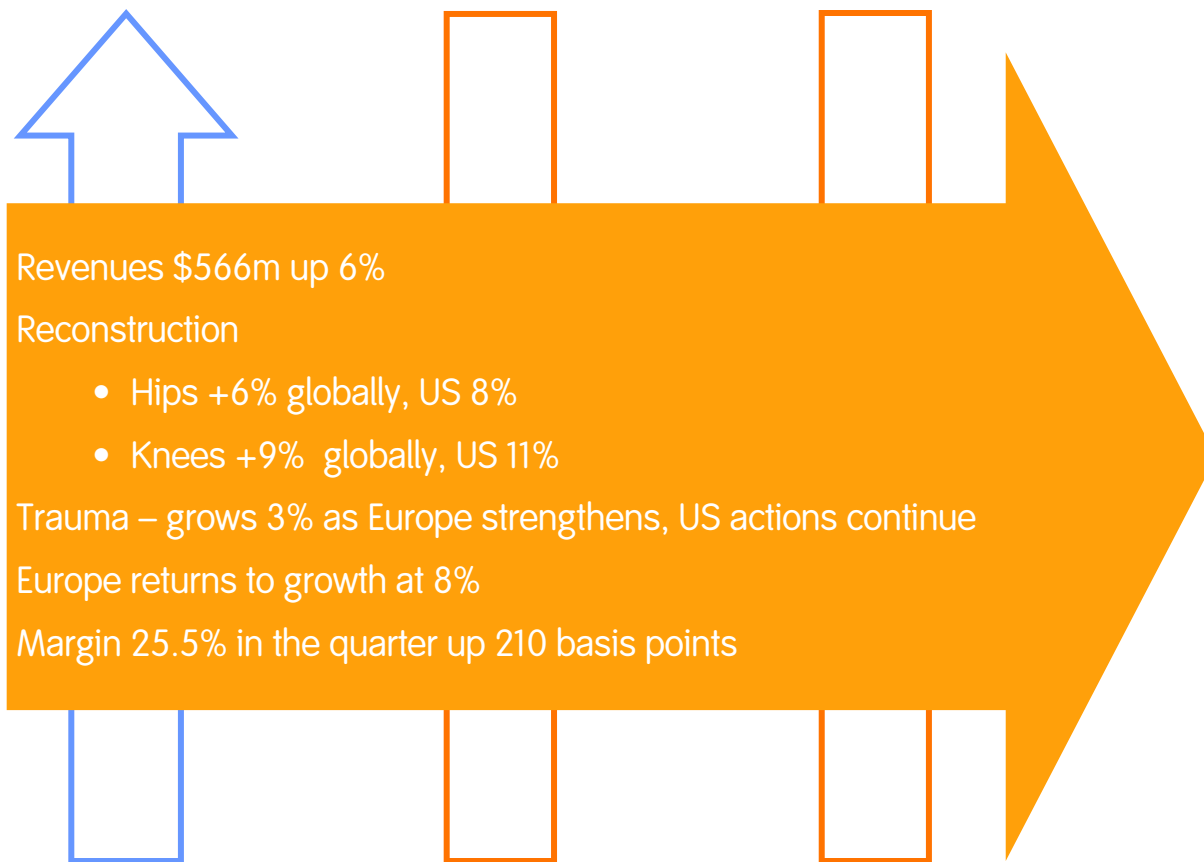


Q1 2010 financial highlights

- Revenues \$995m
 - 9% growth for the quarter
- Trading profit \$250m
 - Trading margin 25.1% for the quarter
 - up 390 basis points including BlueSky agreement contribution of 220 basis points
- EPSA grows by 43.5% to 18.8¢
- Strong cash flow reduces debt to under \$800m



Orthopaedics – Q1 2010



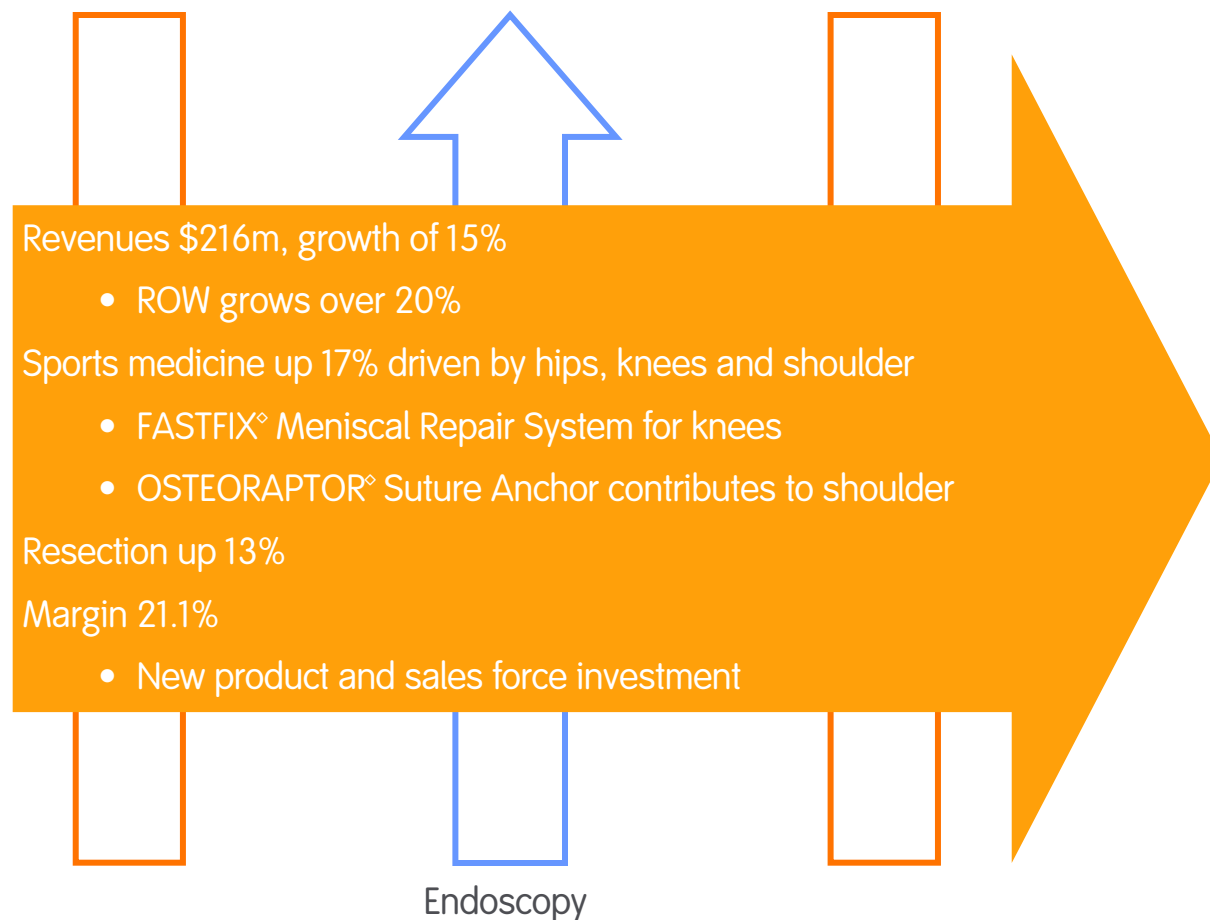
Orthopaedics

Q1 achievements

- LEGION[°] and GENESIS[°] drive knees
- 2000+ VISIONAIRE[°] procedures in Q1
- R3[°] Acetabular Cup and ANTHOLOGY[°] stem driving growth in hips
- TRIGEN[°] SURESHOT[°] demand strong and growing post AAOS launch
- FDA approval for 30 year wear claim for LEGION[°] Ox with XLPE
- EXOGEN[°] grows revenues in Clinical Therapies

Growth in all regions

Endoscopy – Q1 2010

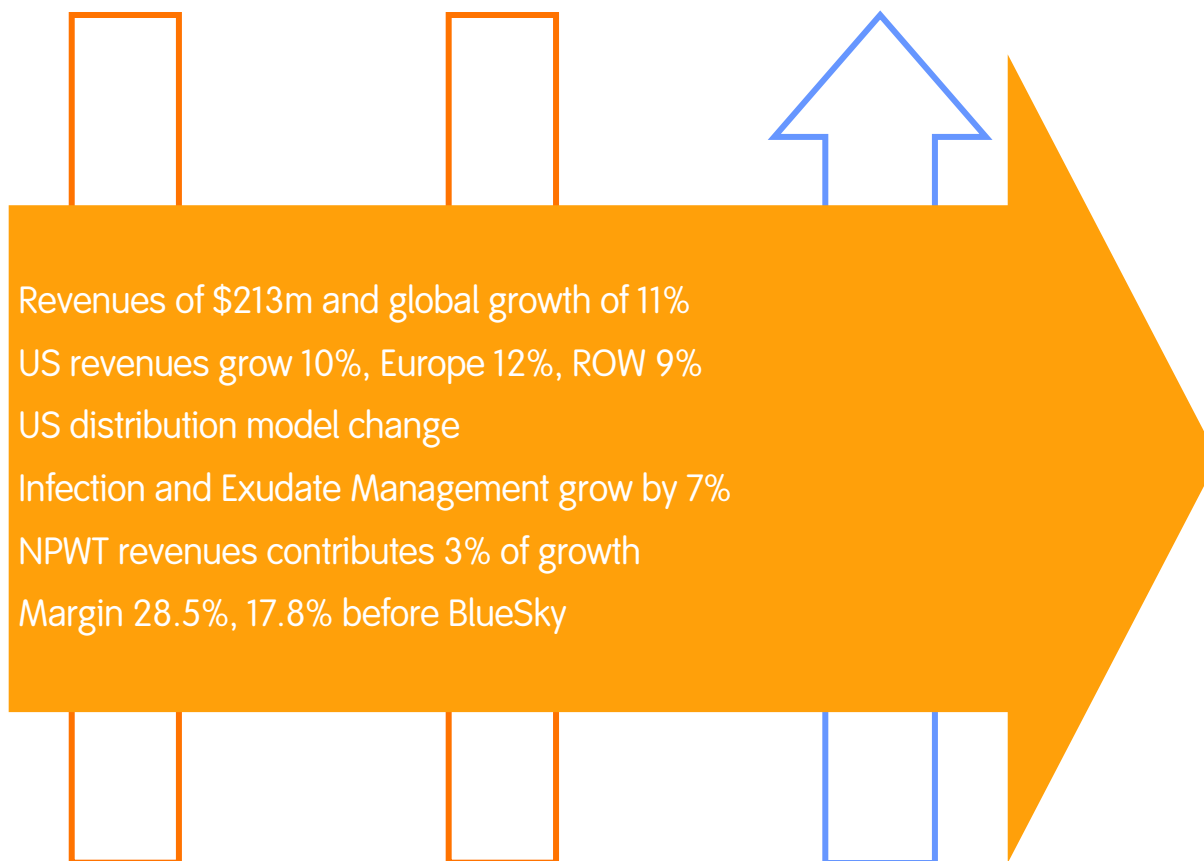


Q1 achievements

- Fast track new product development program
- Major product launches at AAOS
 - TWIN FIX[®] Ultra PK Suture Anchor, BIORAPTOR[®] Knotless Suture Anchor
- Local training for US sales reps
- York Surgical Skills Centre completed

Sports medicine drives good start to year

Advanced Wound Management – Q1 2010



Q1 achievements

- US distributor changes initiated
- BlueSky purchase agreement closed out
- Nucryst integration completed
- ACTICOAT[®] production transfer to Hull, UK announced
- China producing around 50% of ALLEVYN[®]
- Manufacturing and purchasing contribute to margins
- US sales force realigned for long-term care

Continuation of market out performance

Advanced Wound Management

2010 outlook

- Revenue growth:
 - No change for Group as a whole
 - Recon: return to market growth during 2010
 - Trauma: return to market growth over time
 - Endo: ahead of market in arthroscopy
 - Wound: ahead of market
- Margin: material improvement over 2009 level

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

 We are **smith&nephew**