

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains the resolutions to be voted on at the Company's Annual General Meeting to be held on Thursday, 12 April 2012 at 2.00 pm. If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (or, if you are resident outside the United Kingdom, an appropriately qualified independent financial adviser). If you have sold or transferred all of your shares in Smith & Nephew plc please forward this document, together with the accompanying documents, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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22 February 2012

Dear Shareholder

Annual General Meeting 2012

The Annual General Meeting of Smith & Nephew plc (the "Company") is to be held on Thursday, 12 April 2012, at The Royal Society, 6-9 Carlton House Terrace, London SW1Y 5AG. The meeting will commence at 2.00 pm. Notice of the Annual General Meeting is contained on pages 2, 3 and 4 of this document and a detailed explanation of the business to be conducted at the meeting, can be found on pages 7 to 9.

Directors

In accordance with the UK Corporate Governance Code all Directors will stand for re-election at the 2012 Annual General Meeting. Accordingly, as part of the ordinary business of the meeting, resolutions 4 to 13 are to reappoint Directors. Biographical details of the Directors are included in the notes to the Notice of Meeting.

Ajay Piramal joined the Board as an Independent Non-Executive Director on 1 January 2012. He is one of India's most respected businessmen and enabled the Piramal Group to transform from a textile centric group to a US\$2.0 billion conglomerate in diversified areas. He has extensive industry and market knowledge and international experience particularly in India and China and has held a number of global healthcare leadership positions in both India and internationally.

Rolf Stomberg will retire from the Board following this year's Annual General Meeting. Rolf has served as a Non-Executive Director for 14 years during which time he has been Chairman of the Remuneration Committee and Senior Independent Director. The Company has seen much change throughout this period and we have benefitted greatly from his immense contributions, his experience and his wisdom.

UK and International Sharesave Plans

For a number of years we have operated all employee Sharesave plans through which employees make regular savings to enable them to buy shares in the Company. These plans, which currently operate in 27 countries around the world, are very popular amongst our employees. The current plans have now reached the end of their 10 year life and we need to adopt new plans to enable us to continue to offer this benefit to employees. Accordingly, in resolutions 17 and 18 the Board seek your approval for the introduction of a new Smith & Nephew Sharesave Plan (2012) (the "UK Plan") and Smith & Nephew International Sharesave Plan (2012) (the "International Plan").

The Board recommends voting in favour of all the resolutions proposed as, in the Board's opinion, all resolutions are in the best interests of shareholders.

We look forward to seeing you at the Annual General Meeting. If you are not able to come to the meeting in person, your vote is still important to us and I would urge you to register your proxy appointment electronically via our registrar's website at www.sharevote.co.uk by 2.00 pm on Tuesday, 10 April 2012.

Yours sincerely

A handwritten signature in black ink, appearing to read "John Buchanan".

Sir John Buchanan
Chairman

Notice of Annual General Meeting

Notice is hereby given that the seventy fifth Annual General Meeting of the members of Smith & Nephew plc will be held on Thursday, 12 April 2012 at 2.00 pm at The Royal Society, 6-9 Carlton House Terrace, London, SW1Y 5AG, when the resolutions set out below will be proposed. Voting on all resolutions will be by way of a poll.

Ordinary business

1. To receive and adopt the audited accounts for the financial year ended 31 December 2011 together with the reports of the Directors and auditors thereon.
2. To approve the Remuneration Report of the Directors for the financial year ended 31 December 2011.
3. To declare a final dividend of US¢10.80 per Ordinary Share in respect of the year ended 31 December 2011 payable on 9 May 2012 to shareholders on the register of the Company at the close of business on 20 April 2012.
4. To re-elect Ian E Barlow as a Director of the Company.
5. To re-elect Prof Geneviève B Berger as a Director of the Company.
6. To re-elect Olivier Bohuon as a Director of the Company.
7. To re-elect Sir John Buchanan as a Director of the Company.
8. To re-elect Adrian Hennah as a Director of the Company.
9. To re-elect Dr Pamela J Kirby as a Director of the Company.
10. To re-elect Brian Larcombe as a Director of the Company.
11. To re-elect Joseph C Papa as a Director of the Company.
12. To re-elect Ajay Piramal as a Director of the Company.
13. To re-elect Richard De Schutter as a Director of the Company.
14. To re-appoint Ernst & Young LLP as auditors of the Company.
15. To authorise the Directors to determine the remuneration of the auditors of the Company.
16. To renew the authorisation of the Directors generally and unconditionally for the purposes of section 551 of the Companies Act 2006 (the "Act"), as permitted by the Company's Articles of Association, to exercise all the powers of the Company to allot shares and grant rights to subscribe for, or convert any security into, shares in the Company up to an aggregate nominal amount (within the meaning of section 551(3) and (6) of the Act) of US\$59,723,036.

Such authorisation shall expire at the conclusion of the Annual General Meeting of the Company in 2013 or on 30 June 2013, whichever is earlier (save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or rights to be granted, after such expiry and the Directors may allot shares, or grant rights to subscribe for or to convert any security into shares, in pursuance of any such offer or agreement as if the authorisations conferred hereby had not expired).

Special business

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

17. That,

- (a) The Smith & Nephew Sharesave Plan (2012) (the "UK Plan"), a copy of the rules of which has been produced to the meeting and initialled by the Chairman for the purposes of identification and a summary of the main provisions of which is set out in the appendix to the notice of this meeting be and is hereby approved and established; and

(b) the Directors be and are hereby authorised to make such amendments to the rules of the UK Plan as the Directors consider necessary or desirable to obtain or maintain HM Revenue & Customs approval to the UK Plan or to take account of any comments of HM Revenue & Customs or changes to the legislation affecting the UK Plan.

18. That,

- (a) The Smith & Nephew International Sharesave Plan (2012) (the "International Plan"), a copy of the rules of which has been produced to the meeting and initialled by the Chairman for the purposes of identification and a summary of the main provisions of which is set out in the appendix to the notice of this meeting be and is hereby approved and established;
- (b) the Directors be and are hereby authorised to exercise the powers of the Company to establish other plans or sub-plans based on the International Plan but modified to take account of local tax, local social security contributions or local insurance contributions, exchange control or securities laws, provided that any shares issued or which might be issued under any such other plan or sub-plan are treated as counting against the overall limitations on the issue of new shares as set out in the International Plan; and
- (c) without limitation to the above, the Smith & Nephew French Sharesave Sub-Plan (the "French Sub-Plan"), a copy of the rules of which has been produced to the meeting and initialled by the Chairman for the purposes of identification, be and is hereby approved and established as a sub-plan of the International Plan and the Directors be and are hereby authorised to make such amendments to the rules of the French Sub-Plan as the Directors consider necessary or desirable to allow options granted under the French Sub-Plan to qualify for and be eligible to the specific tax and social security treatment in France applicable to share options granted under Sections L.225-177 to L.225-186-1 of the French Code of Commerce, as amended and restated from time to time (French-qualified Options or Options).

To consider and, if thought fit, pass the following resolutions as special resolutions:

19. That, subject to the passing of resolution 16, the Directors be and are hereby given power to allot equity securities of the Company (as defined in section 560 of the Act) for cash under the authority given by resolution 16 and to sell Ordinary Shares (as defined in section 560(1) of the Act), and/or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the Act, free of the restriction in Section 561(1) of the Act, such power to be limited:

- (a) to the allotment of equity securities in connection with an offer of equity securities to Ordinary Shareholders (excluding any shareholder holding shares as treasury shares) where the equity securities respectively attributable to the interests of all Ordinary Shareholders are proportionate (as nearly as may be) to the respective number of Ordinary Shares held by them subject only to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional elements, record dates, legal or practical problems arising in any territory or by virtue of shares being represented by depositary receipts, the requirements of any regulatory body or stock exchange, or any other matter; and
- (b) to the allotment (otherwise than under paragraph (a) above) of equity securities up to an aggregate nominal amount of US\$9,561,682,

provided that such authorisation shall expire at the conclusion of the Annual General Meeting of the Company in 2013 or on 30 June 2013 if earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

20. That the Company is generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of any of its ordinary shares of 20 US cents each in the capital of the Company on such terms and in such manner as the Directors may from time to time determine, and where such shares are held as treasury shares, the Company may use them for the purposes of its employee share plans, provided that:

- (a) the maximum number of Ordinary Shares which may be purchased is 95,616,815 representing approximately 10% of the issued ordinary share capital as at 21 February 2012;
- (b) the minimum price that may be paid for each Ordinary Share is 20 US¢ which amount is exclusive of expenses, if any;
- (c) the maximum price (exclusive of expenses) that may be paid for each Ordinary Share is an amount equal to the higher of: (i) 105% of the average of the middle market quotations for the Ordinary Shares of the Company as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which such share is contracted to be purchased; and (ii) that stipulated by article 5(1) of the EU Buyback and Stabilisation Regulations 2003 (No.2273/2003);

(d) unless previously renewed, revoked or varied, this authority shall expire at the conclusion of the Annual General Meeting of the Company in 2013 or on 30 June 2013, whichever is the earlier; and

(e) the Company may, before this authority expires, make a contract to purchase Ordinary Shares that would or might be executed wholly or partly after the expiry of this authority, and may make purchases of Ordinary Shares pursuant to it as if this authority had not expired.

21. That a general meeting of the Company other than an Annual General Meeting may be held on not less than 14 clear days' notice.

By order of the Board, 22 February 2012

Susan M. Henderson

Susan M Henderson
Company Secretary

Registered office
15 Adam Street, London WC2N 6LA. UK Registered in England and Wales No. 324357.

Notes

1. Only those shareholders on the register of members of the Company as at 6.00 pm on 10 April 2012 will be entitled to attend or vote at the Annual General Meeting and they may only vote in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 6.00 pm on 10 April 2012 will be disregarded in determining the rights of any person to attend or vote at the meeting. A member who is unable to attend the meeting is entitled to appoint one or more proxies (whether members or not) to attend and, on a poll, to vote instead of him. You may register your proxy appointment via our registrar's website at www.sharevote.co.uk. To be effective, the proxy appointment must reach the Company's registrars not later than 2.00 pm on 10 April 2012.
2. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the meeting. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not be a member of the Company. All proxies must be submitted at the office of the registrars not later than 48 hours before the time of the meeting. Completion of a form of proxy will not preclude a member attending and voting in person at the meeting. A form of proxy for the meeting is enclosed, if you require additional forms of proxy, please contact the registrars of the Company on 0871 384 2081 (calls to this number are charged at 8p per minute from a BT landline. Other telephony providers' costs may vary) or +44 (0)121 415 7072 if calling from outside the UK. Lines are open Monday to Friday, 8.30 am to 5.30 pm (UK time).
3. Any corporate shareholder may appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
4. CREST members holding their shares in uncertificated form who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 12 April 2012 and any adjournment(s) thereof by using the procedures described in the CREST Manual which can be found at www.euroclear.com/CREST. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or relates to an amendment to the instruction given to a previously appointed proxy, must in order to be valid, be transmitted so as to be received by Equiniti (CREST ID RA19) no later than 2.00 pm on 10 April 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. No messages received through the CREST network after this time will be accepted. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
5. The Company cannot accept responsibility for loss or damage arising from the opening or use of any emails or attachments from the Company and recommends that shareholders subject all messages to virus checking procedures prior to opening or use. Any electronic communication received by the Company and/or Equiniti, including the lodgement of an electronic form of proxy, that is found to contain a computer virus will not be accepted.
6. Any shareholder attending the Annual General Meeting has the right to ask questions. The Company must cause to be answered any questions relating to the business being dealt with at the meeting unless to do so would interfere with the business of the meeting, be undesirable in the interests of the Company or the good order of the meeting, involve the disclosure of confidential information or if the answer has already been given on the Company's website.

7. Shareholders should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid (in each case), that the members propose to raise at the Annual General Meeting. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.
8. A person who is not a shareholder of the Company, but has been nominated by a shareholder to enjoy information rights in accordance with section 146 of the Act ("nominated person") does not have a right to appoint any proxy. Nominated persons may have a right under an agreement with the shareholder to be appointed (or to have someone else appointed) as a proxy for the meeting. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under an agreement with the relevant shareholder to give instructions as to the exercise of voting rights. If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains the registered shareholder or custodian or broker who administers the investment on your behalf. Therefore, any changes or queries relating to your personal details and holding (including any administration) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee to deal with matters that are directed to them in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.
9. The following documents, which are available for inspection during normal business hours at the registered office of the Company on any weekday (Saturday, Sunday and UK public holidays excluded), will also be available for inspection at the place of the Annual General Meeting from 1.30 pm on the day of the meeting until the conclusion of the meeting:
 - (i) copies of service contracts and letters of appointment of the Directors with the Company;
 - (ii) the register of interests of the Directors in the share capital of the Company;
 - (iii) copies of the deeds of indemnity of the Directors; and
 - (iv) copies of the proposed rules of the UK Plan and International Plan.
10. As at 21 February 2012 (being the last practicable date prior to the publication of this notice) the Company's issued share capital (excluding shares held in Treasury) consists of 895,845,540 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at that date are 895,845,540.
11. You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in this Notice of Meeting (or in any related documents including the Chairman's letter and Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
12. A copy of the Notice of Meeting and other information required by section 311A of the Act can be found at the Company's website (www.smith-nephew.com/notice).
13. As soon as practicable after the Annual General Meeting the results of the poll (and other information required by Section 341 of the Act) will be announced via a regulated information service and made available on the Company's website (www.smith-nephew.com).

Explanatory Notes

Resolution 1: Report and accounts

This is a standard resolution common to all Annual General Meetings.

Resolution 2: Directors' Remuneration Report

All UK listed companies are required to put their Directors' Remuneration Report to shareholders. The full Directors' Remuneration Report can be found on pages 64 to 76 of the 2011 Annual Report.

Resolution 3: Dividend

The proposed dividend is declared as a final dividend and, as such, is dependent on shareholder approval.

Resolutions 4 to 13: Re-election of Directors

Under the Company's Articles of Association, Directors appointed by the Board are required to submit themselves for re-election at the first Annual General Meeting following their appointment and, in accordance with the UK Corporate Governance Code, each Director retires at the Annual General Meeting and seeks re-election (except Rolf Stomberg who will retire following the Annual General Meeting). A retiring Director retains office until the meeting appoints someone in his place or, if it doesn't do so, until the conclusion of the meeting.

Following performance evaluation, it is the opinion of the Board that Olivier Bohuon as Chief Executive Officer and Adrian Hennes as Chief Financial Officer should remain members of the Board. The Board also recommends the re-election of the Chairman, Sir John Buchanan, as a Director. In accordance with the UK Corporate Governance Code, the Board has reviewed the independence of those Non-Executive Directors who have been in place for more than six years. The Board carefully considered individual performance, as well as the diverse range of skills, experience and backgrounds required to run an international company. It concluded that all Non-Executive Directors remain independent and bring valuable additional skills and expertise to the Board. Accordingly, the Board recommends that they are reappointed for a further year.

Ian E Barlow, Independent Non-Executive Director and Chairman of the Audit Committee. Ian was appointed a Director on 5 March 2010 and is the designated finance expert. Ian is a Chartered Accountant with considerable financial experience both internationally and in the UK. Prior to his retirement in 2008 he was Senior Partner, London at KPMG and previously Head of their UK tax and legal operations. During his career with KPMG he acted as Lead Partner for many large international organisations operating extensively in North America, Europe and Asia. He is Non-Executive Chairman of WSP Group plc, Non-Executive Director and Chairman of the Audit Committee of the PA Consulting Group, Non-Executive Director and Chairman of the Audit Committee of The Brunner Investment Trust, Chairman of The Racecourse Association and Non-Executive Director of the Board of Her Majesty's Revenue and Customs.

Prof Geneviève B Berger, Independent Non-Executive Director. Geneviève was appointed a Director on 5 March 2010 and is a member of the Ethics & Compliance Committee. Geneviève is a Scientist with a Ph.D in Physics and Biology as well as being an MD and has held a number of senior business roles as Chairman of the Health Advisory Board for the European Commission, as a Professor at the University of Paris, Le Pitié-Salpêtrière Teaching Hospital and as Director General of the French Centre National de La Recherche Scientifique. She is currently Chief Research and Development Officer at Unilever plc and NV which she originally joined as Non-Executive Director.

Olivier Bohuon, Chief Executive Officer. Olivier joined the Board on 1 April 2011 and was appointed Chief Executive Officer on 14 April 2011. He is a member of the Nominations Committee. Olivier has extensive international experience within a number of pharmaceutical and healthcare companies. Prior to joining Smith & Nephew, he was President of Abbott Pharmaceuticals, a division of Abbott Laboratories based in the US, where he was responsible for the entire business, including R&D, Global Manufacturing and global support functions. He is also Non-Executive Director of Virbac Group.

Sir John Buchanan, Non-Executive Chairman. Sir John was appointed Independent Non-Executive Deputy Chairman in 2005 and was appointed Chairman and Chairman of the Nominations Committee in April 2006. Sir John has broad international experience gained in large and complex international businesses. He has substantial experience in the petroleum industry and knowledge of the international investor community. He has held various leadership roles in strategic, financial, operational and marketing positions, including executive experience in different countries. He is a former Executive Director and Group Financial Officer of BP, serving on the BP Board for six years. He is Senior Independent Director and Deputy Chairman of Vodafone Group plc, Senior Independent Director of BHP Billiton plc, Chairman of the International Chamber of Commerce (UK) Ltd, Member of the Advisory Board of Ondra Bank and Chairman of the UK Trustees for the Christchurch Earthquake appeal.

Adrian Hennah, Chief Financial Officer, joined the Group and was appointed a Director in June 2006. Adrian has had extensive financial and management experience in a number of companies including GlaxoSmithKline plc and Invensys plc, where he held the position of Chief Financial Officer. His role at Smith & Nephew is strategic as well as financial and he is responsible for driving margin performance and addressing operational improvements. He is also a Non-Executive Director of Reed Elsevier PLC and NV.

Dr Pamela J Kirby, Independent Non-Executive Director. Pamela was appointed a Director in March 2002 and Chairman of the Ethics and Compliance Committee in April 2011. Pamela is also a member of the Remuneration Committee. She has extensive commercial and product development experience within the international pharmaceutical and healthcare industry. Her last executive position was as Chief Executive of Quintiles Transitional Corp in the USA, having previously held senior positions in various pharmaceutical companies including AstraZeneca and F. Hoffmann-La Roche. She is Non-Executive Chairman of Scynexis Inc, Non-Executive Director of Informa plc, Non-Executive Director of Victrex plc and a Non-Executive member of the Board of Simmons & Simmons LLP.

Brian Larcombe, Independent Non-Executive Director. Brian was appointed a Director in March 2002 and is a member of the Audit and Remuneration Committees. Brian spent his career in private equity with 3i Group. After leading the UK investment business for a number of years, he became Finance Director and then Chief Executive of the Group following its flotation. He is well known in the City and has held a number of Non-Executive directorships. He is currently a Non-Executive Director of gategroup Holdings AG and a Non-Executive Director of Incisive Media Holdings Limited.

Joseph C Papa, Independent Non-Executive Director. Joe was appointed a Director in August 2008 and Chairman of the Remuneration Committee in April 2011. He is also a member of the Ethics & Compliance and Audit Committees. Joe has had nearly 30 years' experience in the pharmaceutical industry working for a number of companies both in the US and Switzerland. He is now Chairman and Chief Executive of Perrigo, one of the largest OTC pharmaceutical companies in the US, having held senior positions at Novartis, Pharmacia and Cardinal Health Inc.

Ajay Piramal, Independent Non-Executive Director. Ajay was appointed a Director on 1 January 2012. Ajay is one of India's most respected businessmen and enabled the Piramal Group to transform from a textile centric group to a US\$2.0 billion conglomerate in diversified areas. He has extensive industry and market knowledge and international experience particularly in India and China. He has held a number of global healthcare leadership positions in both India and internationally. He is Chairman of Piramal Healthcare, Piramal Glass, Allergan India Limited, IndiaREIT fund advisors and IndiaVentures Advisors, Chairman of the Board of Governors of the Indian Institute of Technology, Indore, Member of the Board of Dean's Advisors at Harvard Business School and Chairman of Pratham India.

Richard De Schutter, Senior Independent Non-Executive Director. Richard was appointed a Director in January 2001 and was appointed Senior Independent Director in April 2011. He is a member of the Nominations Committee, Audit Committee, Ethics & Compliance Committee and the Remuneration Committee. Richard has had extensive US corporate experience at Chief Executive and Chairman level in a number of major corporations primarily with a scientific, chemical, engineering or pharmaceutical focus including GD Searle, Monsanto, Pharmacia Corporation and DuPont Pharmaceuticals. He is Non-Executive Chairman of Incyte Corporation, Non-Executive Director of Navicure Inc. and Non-Executive Director of Sprout Pharmaceuticals.

Resolutions 14 and 15: Reappointment and remuneration of auditors

Resolution 14 proposes the reappointment of Ernst & Young LLP as the Company's auditors to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which the accounts are laid before the Company. Resolution 15 proposes that their remuneration be determined by the Directors.

Resolution 16: General authority to allot shares

Resolution 16 seeks to renew the Directors' general authority to allot shares up to an aggregate nominal amount of US\$59,723,036 as permitted by the Company's Articles of Association and pursuant to the provisions of section 551 of the Act. This amount is equivalent to 298,615,180 shares and represents approximately one-third of the nominal amount of the issued share capital (excluding treasury shares) as at 21 February 2012 (the latest practicable date prior to publication of this notice). Other than in connection with the Company's various share-based plans for senior executives and employees, the Board has no present intention of allotting any of the unissued and uncommitted authorised share capital.

The authority sought under this resolution will expire at the conclusion of the Annual General Meeting in 2013 or on 30 June 2013 whichever is the earlier.

At 21 February 2012 (the latest practicable date prior to publication of this notice), the Company held 60,322,610 Ordinary Shares in treasury.

Resolution 17: The Smith & Nephew Sharesave Plan (2012) (the “UK Plan”)

Resolution 17 seeks approval of a new UK all employee savings related share option plan. The main provisions of this plan are summarised in the appendix on pages 10 and 11 of this document.

Resolution 18: The Smith & Nephew International Sharesave Plan (2012) (the “International Plan”)

Resolution 18 seeks your approval of a new international savings related share option plan which is substantially similar to the proposed UK Plan but facilitates participation for employees based overseas. A summary of the main provisions of the International Plan, where these differ significantly from the UK Plan, can be found in the appendix on pages 11 and 12 of this document. The Directors also seek your authority to establish further plans based on the International Plan but modified to take account of local tax, exchange control and securities laws in overseas jurisdictions.

Resolution 19: Disapplication of pre-emption rights

Resolution 19 is a special resolution which seeks to renew the Directors’ power to allot shares or grant rights over shares or sell treasury shares where they propose to do so for cash and otherwise than to existing shareholders pro rata to their holdings as permitted by the Company’s Articles of Association. Apart from rights issues, the power will be limited to the issue of shares and treasury shares for cash up to an aggregate nominal value of US\$9,561,682 (being 5% of the issued Ordinary Share capital at 21 February 2012, the latest practicable date prior to publication of this notice). If given, this authority will expire on 30 June 2013 or at the conclusion of the Annual General Meeting in 2013, whichever is the earlier. The Directors, in any three year period, will not issue more than 7.5% of the issued share capital on a non pre-emptive basis in accordance with the Pre-Emption Group Statement of Principles.

The Board will continue to seek to renew this authority at each Annual General Meeting in accordance with best practice.

Resolution 20: Purchase of own shares

Resolution 20 is a special resolution. In November 2008 the Company announced the suspension of the share buyback programme. Although there is no current intention to reinstate the programme the Company is seeking approval of the renewal of the general authority from shareholders to purchase the Company’s own shares. In resuming purchasing the Company’s shares, the Directors will consider effects on earnings per share and the benefits for shareholders generally. Any shares purchased by the Company will either be cancelled immediately and the number of shares in issue will be reduced accordingly, or held as treasury shares in accordance with the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 for re-sale, transfer for use with the Company’s employee share plans or for cancellation. As at 21 February 2012 (the latest practicable date prior to publication of this notice) 60,322,610 Ordinary Shares are held in treasury. The holding of shares as treasury shares provides the Company with additional flexibility in the management of its capital base. The resolution specifies the maximum number of shares which may be purchased and the maximum and minimum prices at which they may be bought. The purchase of shares by the Company under this authority would be effected by purchases in the market.

As at 21 February 2012 (the latest practicable date prior to publication of this notice), the total number of options over shares that were outstanding under all of the Company’s share option plans was 30,848,131, which if exercised would represent 3.2% of the Company’s issued share capital at that date. If the Company were to purchase its own shares to the fullest possible extent of its authority from shareholders (existing and being sought), this number of outstanding options could potentially represent 3.6% of the issued share capital of the Company. There are no warrants outstanding.

Resolution 21: Notice period for general meetings other than the Annual General Meeting

Resolution 21 is a special resolution and is required to reflect the implementation of the Companies (Shareholders’ Rights) Regulations 2009 which increased the notice period for general meetings of the Company to 21 days.

Until the coming into force of the Companies (Shareholders’ Rights) Regulations 2009 on 3 August 2009, under UK Company Law, the Company was able to call general meetings other than an Annual General Meeting on at least 14 clear days’ notice without obtaining such shareholder approval. In order to preserve this ability, Resolution 21 seeks the necessary shareholder approval. The approval will be effective until the Company’s next Annual General Meeting, when it is intended that a similar resolution will be proposed.

Note that the changes to the Act mean that, in order to be able to call a general meeting on less than 21 clear days’ notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

Appendix

Summary of the main provisions of The Smith & Nephew Sharesave Plan (2012) and The Smith & Nephew International Sharesave Plan (2012).

The Smith & Nephew Sharesave Plan (2012) (the “UK Plan”)

a) General

The UK Plan provides for the grant of non-transferable options to acquire shares to eligible employees of companies within the Smith & Nephew group of companies (the “Group”).

b) Invitations

Invitations to apply for options may be issued within the period of 42 days after the UK Plan is approved by HMRC. Thereafter, invitations may normally be issued only within the period of 42 days beginning with the fourth dealing day following the announcement of the Company’s annual, half-yearly or quarterly results. No invitation may be issued after 12 April 2022.

c) Eligibility

Any UK based employee (including any full time Director) of a member of the Group who has been so employed for such qualifying period (not exceeding five years) as the Directors may determine from time to time and any other employee who is nominated by the Directors is eligible to participate in the UK Plan.

d) The exercise price

The exercise price per share of an option is determined by the Directors before options are granted on any occasion, but shall not be less than the higher of:

- (i) 80 per cent of the average of the middle market quotations of an Ordinary Share for the three consecutive dealing days immediately preceding the date of issue of invitations as derived from the London Stock Exchange Daily Official List; and
- (ii) in the case of options to subscribe for shares, the nominal value of an Ordinary Share.

e) Monthly savings

Any employee who applies for an option under the UK Plan must enter into an HMRC approved “Save-as-you-earn” contract (the “Savings Contract”) with a savings body such as a bank or building society and agree to make monthly savings contributions of a fixed amount of not less than £5 or more than £250 for a period of 3, 5 or 7 years. Upon expiry of the Savings Contract, the employee will be entitled to receive a tax-free bonus in addition to repayment of his or her savings contributions (please note that the bonus rate for 3 and 5 year contracts is currently zero). The employee may elect to apply the proceeds of his or her Savings Contract to exercise the option and acquire shares. Alternatively, the employee may choose to withdraw the proceeds of his Savings Contract for his or her own use.

f) Exercise of options

Options under the UK Plan may normally be exercised only during the period of six months from the third, fifth or seventh anniversary of the commencement of the Savings Contract, depending upon whether it is a 3, 5 or 7 year contract. Earlier exercise is possible following cessation of employment by reason of injury, disability, redundancy, retirement on reaching the age of 65 or a contractual retirement age, or where the optionholder’s employer ceases to be within the Group or the business of the employer is transferred to a company which is neither an associated company nor a Group company. In such cases, options may be exercised within six months of leaving. In the case of death personal representatives may normally exercise within twelve months of the date of death. Options will otherwise lapse on cessation of employment. Early exercise is also permitted in the event of a takeover, amalgamation, reconstruction or voluntary winding-up of the Company, or if the participant reaches age 65 but remains employed within the Group.

Unless specified to the contrary by the Directors at the date of grant, an option may be satisfied by the issue of new shares, by the transfer of treasury shares and/or by the transfer of shares. It is currently envisaged that options will be satisfied by the issue of new shares.

g) Issue of new shares

The Company may issue Ordinary Shares to satisfy the exercise of options granted under the UK Plan. The number of shares in respect of which options to subscribe for new shares or acquire treasury shares may be granted under the UK Plan or the International Plan on a given day in any year, when added to a) the number of shares in respect of which such options have previously been granted (and which, if not exercised, have not ceased to be exercisable); and b) the number of shares issued, the number of treasury shares transferred and the number of shares in respect of which any rights to subscribe for shares or to acquire treasury shares have previously been granted (and which have neither been exercised nor ceased to be exercisable) under any other employee share option or share incentive plan in that year and the nine preceding years may not exceed 10 per cent of the Ordinary Share capital of the Company on that day.

h) Rights attaching to shares

Shares issued upon the exercise of options granted under the UK Plan will rank equally in all respects with all other Ordinary Shares of the Company for the time being in issue (save as regards any rights attaching to Ordinary Shares by reference to a record date prior to the allotment or transfer of such shares).

i) Variation of share capital

In the event of any alteration of the issued Ordinary Share capital of the Company the Directors may make such adjustments as they consider appropriate to the total number of Ordinary Shares subject to any option and the exercise price payable upon the exercise of any option. However, no such adjustment to the UK Plan may take effect without the prior approval of HMRC.

j) Alteration of the UK Plan

The Remuneration Committee of the Company may alter or add to the UK Plan in any respect. However, no alteration or addition to the advantage of optionholders may be made to the provisions relating to eligibility, overall and individual limitations on the shares in respect of which options may be granted, or the basis for determining an optionholder's entitlement to acquire shares and the adjustments of such rights in the event of a variation of share capital, without the prior approval of shareholders in general meeting except for minor amendments to benefit the administration of the UK Plan or to take account of any change in legislation or to obtain or maintain favourable tax or regulatory treatment for participants in the UK Plan, the Company or any company within the Group. No amendment to a "Key Feature" of the UK Plan (being a provision of the UK Plan which is necessary to meet the requirements of the Sharesave legislation) will take effect in relation to the UK Plan until HMRC has approved such amendment.

k) Benefits not pensionable

The benefits received under the UK Plan (or the International Plan) are not pensionable.

The Smith & Nephew International Sharesave Plan (2012) (the "International Plan")

The main provisions of the International Plan are substantially the same as for the UK Plan with the following key exceptions:

a) Eligibility

Any non UK based employee of a participating member of the Group who has been so employed for such qualifying period as the Directors may determine from time to time and any other employee who is nominated by the Directors may be invited to apply for an option.

b) Monthly savings

Employees may agree to make monthly savings contributions for a period of 3 or 5 years. Upon expiry of the savings contract employees do not receive a tax-free bonus. Instead they will receive any interest accrued during the savings period.

c) Exercise of options

When an option is exercised, the optionholder is required to provide the sterling exercise monies. Depending on the exchange rate prevailing at that time, if there is a shortfall between the employee's savings and the sterling exercise monies required, he can make up the difference from other sources. However, if there is an excess, he is not permitted to increase the number of shares over which the option may be exercised.

d) Early exercise

Early exercise is permitted in the same circumstances as for the UK Plan. Additionally, options may be exercised if there is a demerger of any member of the Group. However under the International Plan, the number of option shares which may then be acquired is determined not (as in the case of the UK Plan) by reference to the proceeds of his savings, but by reference to the number of monthly contributions which have been made, as a proportion of those which would have been made over the whole 3 or 5 year period, as applicable.

e) French Sub-Plan

A French Sub-Plan has been adopted that allows options over Ordinary Shares to be granted to French resident employees on modified terms that may allow both the employees and the Group to obtain a more beneficial tax treatment in respect of the options granted to French resident employees.

The contribution limits stated in the UK Plan shall apply to the French Sub-Plan. The exercise price per share of an option granted under the French Sub-Plan shall not be less than 95% of the average quoted closing price of a share for the twenty dealing days immediately preceding the date of grant or, if greater, in the case of an option to subscribe for new shares, the nominal value of a share.

The summary above does not form part of the rules of either of the plans and should not be taken as affecting the interpretation of their detailed provisions. The Directors reserve the right up to the time of the forthcoming Annual General Meeting to make such amendments and additions to the rules as may be necessary or appropriate to obtain HMRC approval of the UK Plan.