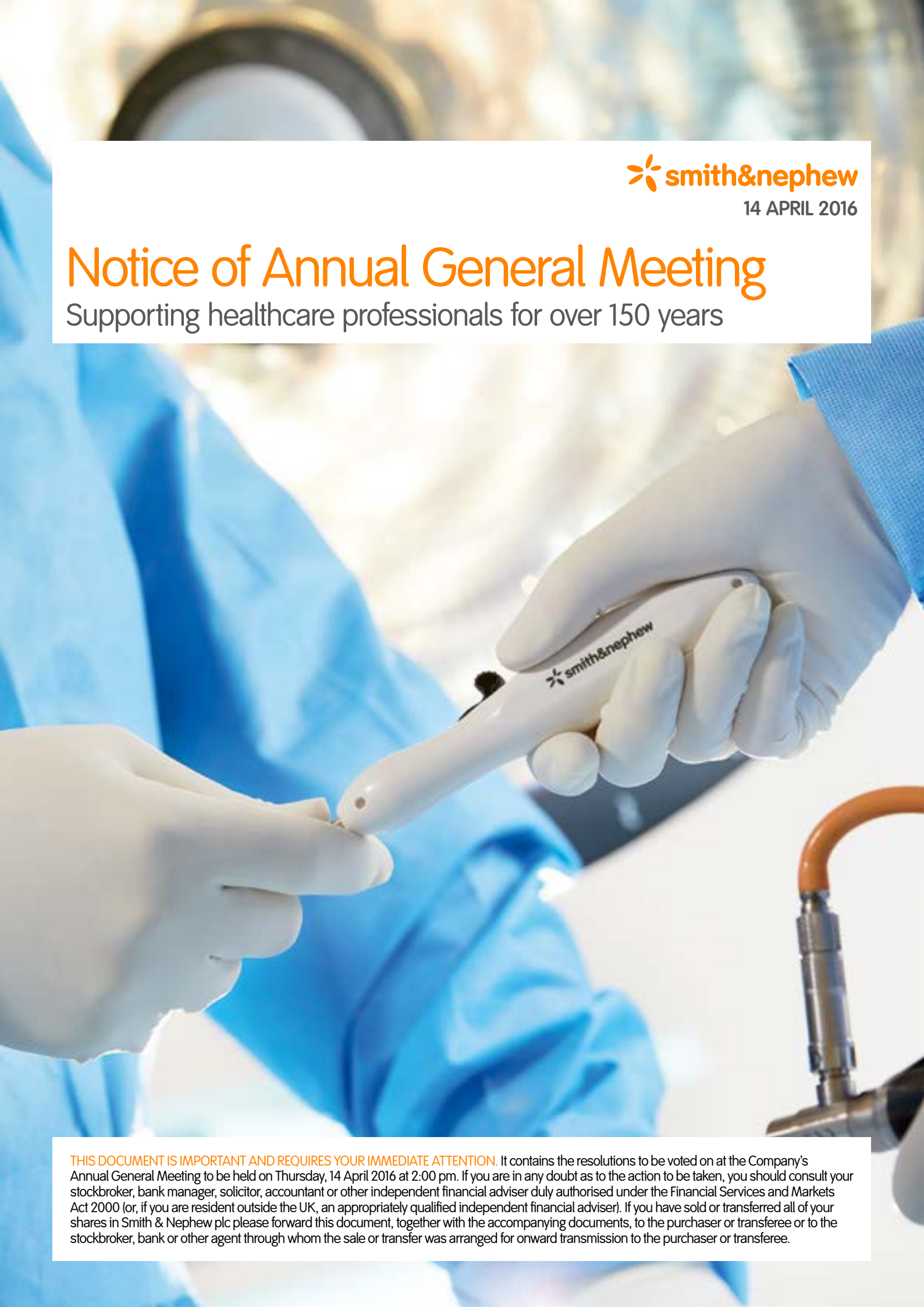




14 APRIL 2016

# Notice of Annual General Meeting

Supporting healthcare professionals for over 150 years



**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, 14 April 2016 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 UK, 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 arranged for onward transmission to the purchaser or transferee.

# Annual General Meeting



## Directions

Nearest underground station Oxford Circus (Bakerloo, Central and Victoria lines) Exit 4 (corner near H&M store).

## Bus Routes

3, 6, 7, 8, 10, 12, 13, 15, 23, 25, 55, 73, 88, 94, 98, 113, 137, 139, 159, 176, 189, 390, 453, C2.

## Parking

Cavendish Square Car Park, Harley Street Car Park (enter from Chandos Street).

Please use The King's Fund entrance  
in Dean's Mews, off Cavendish Square.

## Contact for queries

Vickie Reuben  
T 44 (0) 207 960 2263

# Chairman's letter



24 February 2016

**Dear Shareholder**

## Annual General Meeting 2016

The Annual General Meeting of Smith & Nephew plc (the 'Company') is to be held on **Thursday, 14 April 2016, at No.11 Cavendish Square, London W1G 0AN**, see the map opposite for your reference. The meeting will commence at 2:00 pm and refreshments will be available from 1:00 pm. Notice of the Annual General Meeting is contained on pages 2 to 3 of this document. A detailed explanation of the business to be conducted at the meeting can be found on pages 3 to 7.

## Directors

In accordance with the UK Corporate Governance Code 2014 (the 'Code') all Directors will stand for election or re-election at the 2016 Annual General Meeting. Accordingly, as part of the ordinary business of the meeting, resolutions 4 to 14 inclusive are to elect and re-elect Directors. Biographical details of the Directors are included in the explanatory notes to the Notice of Meeting.

Since the last Annual General Meeting, the Board has appointed a new Independent Non-Executive Director. Robin Freestone was appointed on 1 September 2015 and has strong and relevant finance and FTSE 100 experience. He was previously Chief Financial Officer of Pearson PLC, ensuring he is an appropriate member of the Audit Committee. He was also appointed a member of the Remuneration Committee on 1 September 2015.

Brian Larcombe continues to maintain an independent view within Board discussions and his experience on the Board, wise counsel and corporate memory are valued by the rest of the Board. We have asked Brian Larcombe to remain on the Board for another year to support the Chairman during the time he will be providing additional Executive oversight whilst the Chief Executive Officer is undergoing medical treatment.

## Recommendations

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](http://www.sharevote.co.uk) by 2:00 pm on Tuesday, 12 April 2016 or by returning the enclosed Form of Proxy.

Yours sincerely



**Roberto Quarta**  
Chairman

# Notice of Meeting

Notice is hereby given that the seventy-ninth Annual General Meeting of the members of Smith & Nephew plc will be held on **Thursday, 14 April 2016** at 2:00 pm at **No.11, Cavendish Square, London W1G 0AN**, to consider and, if thought fit, to pass the following resolutions. Voting on all resolutions will be by way of a poll.

## Ordinary resolutions

1. To receive and adopt the audited accounts for the financial year ended 31 December 2015 together with the reports of the Directors and the Auditor thereon.
2. To approve the Directors' remuneration report, other than the part containing the Directors' remuneration policy, in the form set out in the Company's Annual Report for the year ended 31 December 2015 (pages 78 to 93 of the 2015 Annual Report).
3. To declare a final dividend of 19.0 US cents per ordinary share in respect of the year ended 31 December 2015 payable on 11 May 2016 to shareholders on the register of the Company at the close of business on 22 April 2016.
4. To re-elect Vinita Bali as a Director of the Company.
5. To re-elect Ian Barlow as a Director of the Company.
6. To re-elect Olivier Bohuon as a Director of the Company.
7. To re-elect The Rt. Hon Baroness Virginia Bottomley of Nettlestone DL as a Director of the Company.
8. To re-elect Julie Brown as a Director of the Company.
9. To re-elect Erik Engstrom as a Director of the Company.
10. To elect Robin Freestone as a Director of the Company.
11. To re-elect Michael Friedman as a Director of the Company.
12. To re-elect Brian Larcombe as a Director of the Company.
13. To re-elect Joseph Papa as a Director of the Company.
14. To re-elect Roberto Quarta as a Director of the Company.
15. To re-appoint KPMG LLP as the Auditor of the Company.
16. To authorise the Directors to determine the remuneration of the Auditor of the Company.
17. To renew the authorisation of the Directors generally and unconditionally pursuant to section 551 of the Companies Act 2006 (the 'Act'), and as permitted by the Company's Articles of Association, to exercise all their powers to allot shares in the Company and to grant rights to subscribe for, or to convert any security into shares in the Company up to an aggregate nominal amount of US\$59,699,421 – in accordance with sections 551(3) and (6) of the Act.

Such authorisation shall expire at the conclusion of the Annual General Meeting of the Company in 2017 or on 30 June 2017, whichever is earlier (unless the resolution is previously renewed, varied or revoked by the Company in a General Meeting). However, if the Company before such authority expires, makes any offer or agreement which would or might require shares to be allotted or rights to be granted after this authority expires, the Directors may allot such 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.

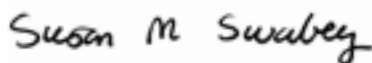
## Special resolutions

18. That, subject to the passing of resolution 17, the Directors be and are hereby authorised, pursuant to sections 570(1) and 573 of the Act, to allot equity securities (as defined in section 560 of the Act) in the Company for cash, either pursuant to the authority granted by resolution 17 and/or through the sale of treasury shares, as if section 561 of that Act did not apply to any such allotment or sale, provided such power be limited:
  - (a) to the allotment of equity securities and/or sale of treasury shares 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 and/or sale of treasury shares up to an aggregate nominal amount of US\$17,909,826 provided that such authorisation shall expire at the conclusion of the Annual General Meeting of the Company in 2017 or on 30 June 2017, whichever is the earlier (unless the resolution is previously renewed, varied or revoked by the Company in a General Meeting). However, if the Company before such authority expires, makes any offer or agreement which would or might require equity securities to be allotted after this authority expires, the Directors may allot securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired.
19. 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 89,549,131 representing approximately 10% of the issued ordinary share capital (excluding treasury shares) as at 23 February 2016 (the latest practicable date prior to publication of this Notice);

- (b) the minimum price that may be paid for each ordinary share is 20 US cents 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 Commission Regulation No.2273/2003 regarding Buy-back Programmes and Stabilisation of Financial Instruments, which will be replaced by article 5 of the EU Market Abuse Regulation with effect from 3 July 2016;
- (d) unless previously renewed, varied or revoked by the Company at a General Meeting, this authority shall expire at the conclusion of the Annual General Meeting of the Company in 2017 or on 30 June 2017, 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.

20. 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, 24 February 2016.



**Susan Swabey**

Company Secretary

**Registered office**

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

## 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 78 to 93 of the 2015 Annual Report.

The Directors' remuneration policy, which describes the Company's policy relating to the Directors' remuneration was approved at the 2014 Annual General Meeting and remains unchanged. It is therefore not required to be put to shareholders at the 2016 Annual General Meeting. The remuneration policy can be found on pages 94 to 102 of the 2015 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 14: Election or re-election of Directors

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

Robin Freestone, Non-Executive Director, was appointed to the Board on 1 September 2015, and accordingly presents himself for election at the first Annual General Meeting since his appointment.

The Board has reviewed the performance of each Director and determined that they each continue to make an effective contribution to the work of the Board. The Board has also reviewed the independence of each member of the Board and determined that they are each independent from management.

Brian Larcombe continues to maintain an independent view within Board discussions and his experience on the Board, wise counsel and corporate memory are valued by the rest of the Board. We have asked Brian Larcombe to remain on the Board for another year to support the Chairman during the time he will be providing additional Executive oversight whilst the Chief Executive Officer is undergoing medical treatment.

The Board has therefore determined that each Non-Executive Director is independent and recommends that all Directors standing for re-election should be re-appointed for a further year. The Board therefore proposes the election and re-election of the following Directors.



### 1. Vinita Bali (60)

Independent Non-Executive Director and Member of the Remuneration and Ethics & Compliance Committees. Vinita was appointed a Director in December 2014. Vinita holds an MBA from the Jammalal Bajaj Institute of Management Studies, University of Bombay and a Bachelor's degree in Economics from the University of Delhi. She commenced her career in India with the Tata Group, and then joined Cadbury India, subsequently working with Cadbury Schweppes plc in the UK, Nigeria and South Africa. From 1994, she held a number of senior global positions in marketing and general management at The Coca-Cola Company based in the US and South America, becoming President of the Andean Division in 1999 and Vice President, Corporate Strategy in 2001. In 2003, she joined the consultancy, Zyman Group, LLC as Managing Principal, again based in the US. Vinita was Managing Director and Chief Executive Officer of Britannia Industries Limited, a leading Indian publicly listed food company, from 2005 to March 2014. Currently, Vinita is a Non-Executive Director of Syngenta AG, Titan Company Ltd and CRISIL (Credit Rating Information Services of India) Ltd. She is also Chair of the Board of GAIN (Global Alliance for Improved Nutrition) and a member of the Advisory Board of PwC India.

Vinita has an impressive track record of achievement with blue-chip global corporations in multiple geographies including India, Africa, South America, the US and UK, all key markets for Smith & Nephew. Additionally, her strong appreciation of customer service and marketing brings deep insight to Smith & Nephew as we continue to develop innovative ways to serve our markets and grow our business.

**Nationality:** Indian.

### 2. Ian Barlow (64)

Independent Non-Executive Director, Chairman of the Audit Committee and Member of the Ethics & Compliance Committee. Ian was appointed a Director in March 2010 and is the designated finance expert. Ian is a Chartered Accountant with considerable financial experience both internationally and in the UK. He was a Partner at KPMG, latterly Senior Partner, London, until 2008. At KPMG, he was Head of UK tax and legal operations, and acted as Lead Partner for many large international organisations operating extensively in North America, Europe and Asia. Ian's previous appointments include Non-Executive Director and Chairman of the Audit Committee of PA Consulting Group and Non-Executive Director of Candy & Candy. He was Chairman of WSP Group plc, Think London, the inward investment agency and The Racecourse Association Ltd. He is currently Lead Non-Executive Director chairing the Board of Her Majesty's Revenue & Customs, Non-Executive Director of The Brunner Investment Trust PLC, Non-Executive Director of Foxtons Group plc and a Board Member of the China-Britain Business Council.

Ian's long-standing financial and auditing career and extensive Board experience add value to his role as Chairman of the Audit Committee. This has been particularly useful during 2015 as KPMG have undertaken their first year as our new external auditor. His appointment as a member of the Ethics & Compliance Committee has proved useful in coordinating the oversight role of both committees. His work for a number of international companies gives added insight when reviewing our global businesses.

**Nationality:** British.

### 3. Olivier Bohuon (57)

Chief Executive Officer. Olivier joined the Board in April 2011 as Chief Executive Officer. Olivier has had a highly successful career in the pharmaceutical industry. He holds a doctorate from the University of Paris and an MBA from HEC, Paris. His career has been truly global. He started his career in Morocco with Roussel Uclaf S.A. and then, with the same company, held a number of positions in the Middle East with increasing levels of responsibility. He joined Abbott in Chicago as head of their anti-infective franchise with Abbott International, before becoming Pharmaceutical General Manager in Spain. He subsequently spent 10 years with GlaxoSmithKline, rising to Senior Vice President & Director for European Commercial Operations. He then re-joined Abbott as President for Europe, became President of Abbott International (all countries outside of the US), and then President of their Pharmaceutical Division, which was a \$20 billion business, encompassing manufacturing, R&D and commercial operations. He joined Smith & Nephew from Pierre Fabre, where he was Chief Executive.

Olivier has extensive international healthcare leadership experience within a number of significant pharmaceutical and healthcare companies. His global experience provides the skillset required to innovate a FTSE 100 company with a deep heritage and provide inspiring leadership. He is a Non-Executive Director of Virbac group and Shire plc.

**Nationality:** French.

### 4. The Rt. Hon Baroness Virginia Bottomley of Nettlestone DL (67)

Independent Non-Executive Director and Member of the Remuneration and Nomination & Governance Committees. Virginia was appointed a Director in April 2012. Virginia gained her MSc in Social Administration from the London School of Economics following her first degree. She was appointed a Life Peer in 2005 following her career as a Member of Parliament between 1984 and 2005. She served successively as Secretary of State for Health and then Culture, Media and Sport. Virginia was formerly a Director of Bupa and Akzo Nobel NV. She is currently a director of International Resources Group Limited, member of the International Advisory Council of Chugai Pharmaceutical Co., Chancellor of the University of Hull and Sheriff of Hull and Trustee of The Economist Newspaper. She is the Chair of Board & CEO Practice at Odgers Berndtson.

Virginia's extensive experience within government, particularly as Secretary of State for Health brings a unique insight into the healthcare system both in the UK and globally, whilst her experience on the Board of Bupa brings an understanding of the private healthcare sector and an insight into the needs of our customers. Her experience running the Board practice at a search firm gives her a valuable skillset as a member of the Nomination & Governance Committee and Remuneration Committee. Her long association with Hull, the home of many of our UK employees, also brings an added perspective.

**Nationality:** British.



### 5. Julie Brown (53)

Chief Financial Officer. Julie joined the Board in February 2013 as Chief Financial Officer. Julie is a graduate, Chartered Accountant and Fellow of the Institute of Taxation. She qualified with KPMG before working with AstraZeneca plc, where she served as Vice President Group Finance, and ultimately, as Interim Chief Financial Officer. Prior to that she undertook Commercial and Strategic roles and was Regional Vice President Latin America, Marketing Company President AstraZeneca Portugal, and Vice President Corporate Strategy and R&D Chief Financial Officer. In both Julie's country and regional roles, trading margins increased significantly, improving the efficiency and profitability of the business. Her experience encompasses many areas of the healthcare value chain including Commercial, Operations, R&D and Business Development. She has led multi-billion dollar cost saving and restructuring programmes in Operations, R&D and the Commercial organisations and led major refinancing programmes, including the issuance of \$2 billion US bonds. Julie has fulfilled two Non-Executive Directorships with the NHS in the UK and the British Embassy. She is nominated for election as a new member of the Board of Directors of Roche Holding Ltd and Chair of the Audit Committee at the Annual General Meeting on 1 March 2016.

Julie has deep financial expertise and understanding of the healthcare sector, which has enabled her to lead a major transformation project at Smith & Nephew designed to simplify and improve the organisation and deliver margin accretion. She is a recognised leader with a proven ability to build teams. Her commercial experience in Latin America is of particular benefit as we continue to grow in Emerging Markets. She has held a number of senior commercial roles as well as financial positions, making her a versatile Chief Financial Officer.

**Nationality:** British.

### 6. Erik Engstrom (52)

Independent Non-Executive Director and Member of the Audit Committee. Erik was appointed a Director in January 2015. Erik is a graduate of the Stockholm School of Economics (BSc) and of the Royal Institute of Technology in Stockholm (MSc). In 1986, he was awarded a Fulbright scholarship to Harvard Business School, from where he graduated with an MBA in 1988. Erik commenced his career at McKinsey & Company and then worked in publishing, latterly as President and Chief Operating Officer of Random House, Inc. and as President and Chief Executive Officer at Bantam Doubleday Dell, North America. In 2001, he moved on to be a partner at General Atlantic Partners, a private equity investment firm focusing on information technology, internet and telecommunications businesses. Between 2004 and 2009 he was Chief Executive of Elsevier, the division specialising in scientific and medical information and then from 2009 Chief Executive of RELX Group.

Erik has successfully reshaped RELX Group's business in terms of portfolio and geographies. He brings a deep understanding of how technology can be used to transform a business and insight into the development of new commercial models that deliver attractive economics. His experience as a CEO of a global company gives him valuable insights as a member of our Audit Committee.

**Nationality:** Swedish.

### 7. Robin Freestone (57)

Independent Non-Executive Director and Member of the Audit and Remuneration Committees. Robin was appointed a Director on 1 September 2015 and is also a finance expert. Robin graduated with a BA in Economics from The University of Manchester and later qualified and commenced his career as a Chartered Accountant at Deloitte (Touche Ross). He held a number of senior financial positions throughout his career at ICI PLC between 1984 and 1995, then Henkel Ltd from 1995 to 2000 and Amersham plc from 2000 to 2004. Robin was the Deputy Chief Financial Officer and then later the Chief Financial Officer of Pearson PLC between 2006 and August 2015. He is Non-Executive Director of Moneysupermarket.com Group PLC and Cable and Wireless Communications plc, where he is also Senior Independent Director and Chairman of the Audit Committee. Robin sits on the Board of ICAEW as an Advisory Group Member, Financial Reporting Faculty and is a member of the CBI Economic Growth Board. He was previously Non-Executive Director at eChem Ltd from 2000 to 2014 and Deputy Chairman of the 100 Group until 2015, having been Chair from 2012 to 2014.

Robin has been a well-regarded FTSE 100 Chief Financial Officer who has not only been heavily involved with transformation and diversification at Pearson, but also the healthcare industry at Amersham, where his acquisition experience will be of value to Smith & Nephew as it continues to grow globally and in different markets. He brings financial expertise and insight to the Audit Committee and an understanding of how to attract and retain talent in a global business to the Remuneration Committee.

**Nationality:** British.

### 8. Michael Friedman (72)

Independent Non-Executive Director and Chairman of the Ethics & Compliance Committee. Michael was appointed a Director in April 2013. Michael graduated with a Bachelor of Arts degree, magna cum laude from Tulane University and a Doctorate in Medicine from the University of Texas Southwestern Medical Center. He completed postdoctoral training at Stanford University and the National Cancer Institute, and is board certified in Internal Medicine and Medical Oncology. In 1983, he joined the Division of Cancer Treatment at the National Cancer Institute and went on to become the Associate Director of the Cancer Therapy Evaluation Program. Michael was most recently Chief Executive Officer of City of Hope, the prestigious cancer research and treatment institution in California. He also served as Director of the institution's cancer centre and held the Irell & Manella Cancer Center Director's Distinguished Chair. He was formerly Senior Vice President of research, medical and public policy for Pharmacia Corporation and also Deputy Commissioner and Acting Commissioner at the US Food and Drug Administration. He has served on a number of Boards in a non-executive capacity, including Rite Aid Corporation. Currently, Michael is a Non-Executive Director of Celgene Corporation, MannKind Corporation and Intuitive Surgical, Inc.

Michael understands the fundamental importance of research, which is part of Smith & Nephew's value creation process. His varied career in both the public and private healthcare sector has given him a deep insight and a highly respected career. In particular his work with the FDA and knowledge relating to US compliance provides the skillset required to Chair the Ethics & Compliance Committee.

**Nationality:** American.



**9. Brian Larcombe (62)**

Senior Independent Non-Executive Director and Member of the Audit, Nomination & Governance and Remuneration Committees. Brian was appointed a Director in March 2002 and Senior Independent Director in April 2014. Brian graduated with a Bachelor's of Commerce degree from University of Birmingham. He spent most of his career in private equity with 3i Group plc. 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 has held a number of Non-Executive Directorships. He is currently Non-Executive Director of Kodak Alaris Holdings Limited and Cape plc.

Brian's experience in private equity is particularly useful to Smith & Nephew when evaluating acquisitions and new business opportunities. His long service as a Non-Executive Director has provided continuity throughout a period of change and his corporate memory and wise counsel continues to support our Chairman. As Senior Independent Director and member of the Nomination & Governance Committee, he plays an active role in succession planning and assisted with the search for new Non-Executive Directors in 2014 and 2015.

**Nationality:** British.

**10. Joseph Papa (60)**

Independent Non-Executive Director, Chairman of the Remuneration Committee and Member of the Audit and Ethics & Compliance Committees. Joe was appointed a Director in August 2008. Joe graduated with a Bachelor of Science degree in Pharmacy from the University of Connecticut and Master of Business Administration from Northwestern University's Kellogg Graduate School of Management. In 2012, he received an Honorary Doctor of Science degree from the University of Connecticut School of Pharmacy. He began his commercial career at Novartis International AG as an Assistant Product Manager and eventually rose to Vice President, Marketing, having held senior positions in both Switzerland and the US. He moved on to hold senior positions at Searle Pharmaceuticals and was later President & Chief Operating Officer of DuPont Pharmaceuticals and Watson Pharma, Inc. Between 2004 and 2006 he was Chairman and then Chief Executive Officer of Cardinal Health Inc. Joe is currently Chairman and Chief Executive of Perrigo Company plc, one of the largest over-the-counter pharmaceutical companies in the US.

With over 30 years' experience in the global pharmaceutical industry, Joe brings deep insight into the wider global healthcare industry and the regulatory environment. As Chairman and Chief Executive of a significant US company, Joe has a comprehensive understanding both of how to attract and retain global talent and use remuneration arrangements that incentivise performance, leading to maximum returns for investors.

**Nationality:** American.

**11. Roberto Quarta (66)**

Independent Non-Executive Chairman, Chairman of the Nomination & Governance Committee and Member of the Remuneration Committee. Roberto was appointed a Director in December 2013 and Chairman in April 2014. Roberto is a graduate and a former Trustee of the College of the Holy Cross, Worcester (MA), US. He started his career as a manager trainee at David Gessner Ltd, before moving on to Worcester Controls Corporation and then BTR plc, where he was a divisional Chief Executive. Between 1985 and 1989 he was Executive Vice President of Hitchiner Manufacturing Co. Inc., where he helped the company to expand internationally. He returned to BTR plc in 1989 as Divisional Chief Executive, where he led the expansion in North America and was appointed to the main board. From here he moved to BBA Aviation plc, as CEO from 1993 to 2001 and then as Chairman, until 2007. He has held several board positions, including Non-Executive Director of Powergen plc, Equant N.V., BAE Systems plc and Foster Wheeler AG. His previous Chairmanships include Italtel SpA, Rexel S.A. and IMI plc. He is currently Chairman of WPP plc. He is a partner at Clayton Dubilier & Rice and a member of the Investment Committee of Fondo Strategico Italiano SpA.

Roberto's career in private equity brings valuable experience to Smith & Nephew, particularly when evaluating acquisitions and new business opportunities. He has an in-depth understanding of differing global governance requirements having served as a director and Chairman of a number of UK and international companies. Since his appointment as Chairman in April 2014, he has conducted a comprehensive review into the composition of the Board and its Committees, and conducted the search for new Non-Executive Directors resulting in the appointment of Vinita Bali in 2014, and Erik Engstrom and Robin Freestone during 2015.

**Nationality:** American/Italian.

## Resolutions 15 and 16: Appointment and remuneration of the Auditor

Resolution 15 proposes the re-appointment of KPMG LLP as the Company's auditor 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 16 proposes that the Auditor's remuneration be determined by the Directors. In effect, the Audit Committee will consider and approve the audit fees on behalf of the Board in accordance with the Competition and Markets Authority ('CMA') Audit Order 2014 which came into force from 1 January 2015.

## Resolution 17: General authority to allot shares

Resolution 17 seeks to renew the Directors' general authority to allot shares up to an aggregate nominal amount of US\$59,699,421 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 298,497,104 shares and represents approximately one-third of the nominal amount of the issued share capital (excluding treasury shares) as at 23 February 2016 (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 these shares.

The authority sought under this resolution will expire at the conclusion of the Annual General Meeting in 2017 or on 30 June 2017, whichever is the earlier (unless previously renewed, varied or revoked by the Company in a General Meeting). At 23 February 2016 (the latest practicable date prior to publication of this Notice), the Company held 18,889,477 ordinary shares in treasury.

## Resolution 18: Disapplication of pre-emption rights

Resolution 18 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\$17,909,826, being 10% of the issued ordinary share capital (excluding treasury shares) at 23 February 2016 (the latest practicable date prior to publication of this Notice) in accordance with the Pre-Emption Group's revised Statement of Principles, published on 12 March 2015. If given, this authority will expire at the conclusion of the Annual General Meeting in 2017 or on 30 June 2017, whichever is the earlier (unless previously renewed, varied or revoked by the Company in a General Meeting).

The Directors will only allot shares with a nominal value of more than US\$8,954,913, being 5% of the issued ordinary share capital (excluding treasury shares) at 23 February 2016, for cash pursuant to this authority where that allotment is in connection with an acquisition or specified capital investment (within the meaning given in the Pre-Emption Group's Statement of Principles) which is announced at the same time as the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of that allotment. The authority to allot the additional 5% of the issued share capital would not be used as a matter of routine, but only where the flexibility is merited by the nature of the transaction and is thought to be to the advantage of shareholders as a whole.

The Directors, in any rolling three-year period, will not issue more than 7.5% of the issued ordinary share capital on a non pre-emptive basis in accordance with the Pre-Emption Group's Statement of Principles. This limit excludes any shares allotted pursuant to a general disapplication of pre-emption rights in connection with an acquisition or specified capital investment as described above.

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

## Resolution 19: Purchase of own shares

Resolution 19 is a special resolution. The Company is seeking approval of the renewal of the general authority from shareholders to purchase the Company's own shares.

In order to avoid shareholder dilution, shares allotted to employees through employee share schemes are bought back on a quarterly basis and subsequently cancelled. From 1 January 2015 to 23 February 2016, 4,564,065 shares were purchased and subsequently cancelled by the Company. Note 19.2 of the 2015 Annual Report provides further clarification.

As at 23 February 2016 (the latest practicable date prior to publication of this Notice) 18,889,477 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 minimum and maximum 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 23 February 2016 (the latest practicable date prior to publication of this Notice), the total number of options over shares and share awards outstanding under all the Company's share plans was 10,844,111, which if exercised or vested would represent 1.21% of the Company's issued share capital (excluding treasury shares) 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 and share awards could potentially represent 1.51% of the issued share capital (excluding treasury shares) of the Company. There are no warrants outstanding.

## Resolution 20: Notice period for General Meetings other than the Annual General Meeting

Resolution 20 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.

Under UK Company Law, a General Meeting, other than an Annual General Meeting may be called on 14 clear days' notice with shareholder approval. In order to preserve this ability, resolution 20 seeks the necessary shareholder approval, which will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

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 Company would generally give 14 business days' notice for General Meetings in accordance with the UK Corporate Governance Code 2014. 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.

### Notes

1. Only those shareholders on the register of members of the Company as at 6:00 pm on 12 April 2016 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 12 April 2016 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/her. You may register your proxy appointment via our registrar's website at [www.sharevote.co.uk](http://www.sharevote.co.uk). To be effective, the proxy appointment must reach the Company's registrar not later than 2:00 pm on 12 April 2016.
2. A member is entitled to appoint another person as his/her proxy to exercise all or any of his/her 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/her. A proxy need not be a member of the Company. All proxies must be submitted at the office of the registrar 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 registrar of the Company on 0371 384 2081 (lines are open 8:30 am to 5:30 pm (UK time), Monday to Friday, excluding public holidays in England and Wales. Telephone +44 (0)121 415 7072 if calling from outside the UK).
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 14 April 2016 and any adjournment(s) thereof by using the procedures described in the CREST Manual, which can be found at [www.euroclear.com](http://www.euroclear.com). 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 12 April 2016. 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/her 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 e-mails 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 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 circumstances 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 (excluding Saturday, Sunday and UK public holidays), 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:
  - (a) copies of service contracts and letters of appointment of the Directors of the Company; and
  - (b) copies of the deeds of indemnity of the Directors.
10. As at 23 February 2016 (the latest practicable date prior to publication of this Notice) the Company's issued share capital (excluding treasury shares) consists of 895,491,311 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at that date are 895,491,311.
11. No 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) may be used 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/AGM](http://www.smith-nephew.com/AGM)).
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/AGM](http://www.smith-nephew.com/AGM)).

## Direct Dividend Payments

Smith & Nephew normally pay dividends twice each year. We recommend that you arrange for your dividends to be paid directly into your chosen bank or building society account to take advantage of the following benefits:

- A more secure method of payment than cheques by post
- Funds are placed in your account on the payment date
- No need to visit the bank to pay in a cheque
- Help to reduce the impact on the environment and keep costs down
- An annual tax voucher will be sent to your registered address in time to complete your tax return.

To take advantage of direct dividend payments please use one of the following options:

**Log on to your Shareview Portfolio and provide your bank or building society account details securely**

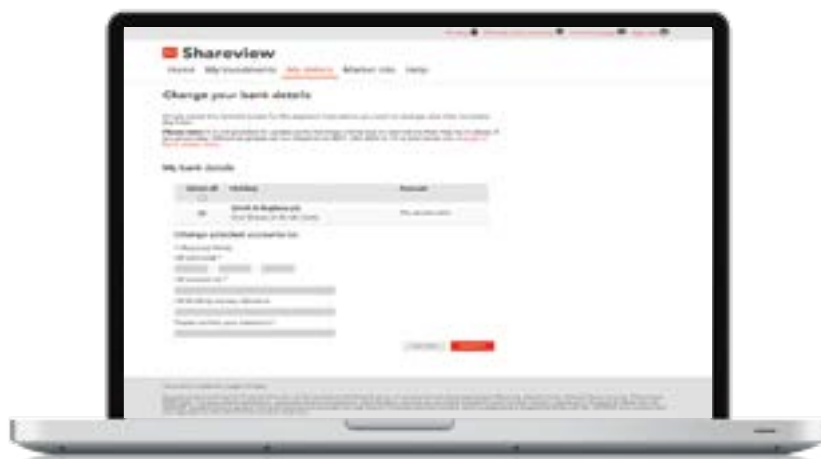
**Complete the Dividend Payment Form overleaf and return it to Equiniti Limited using the pre-paid envelope provided**

**Call the Shareholder Helpline and provide your bank or building society account details over the phone**

If no instructions are received by Equiniti Limited, then you will receive any future dividend payments as a sterling cheque, sent to your registered address.

Please note that you can change your dividend payment instruction at any time via your Shareview Portfolio or by contacting Equiniti Limited.

Don't have a UK bank account? Don't worry, alternatives are available to you, just visit [www.shareview.co.uk/info/ops](http://www.shareview.co.uk/info/ops) for further details.



[www.shareview.co.uk](http://www.shareview.co.uk)

Shareview allows you to manage your shares, proxy voting, address details and dividend payment instructions, online.

## Shareholder communications

The Company makes bi-annual financial announcements and quarterly trading updates which are made available through Stock Exchange announcements and on the Group's website ([www.smith-nephew.com](http://www.smith-nephew.com)). Copies of recent Annual Reports, press releases, institutional presentations and audio webcasts are also available on the website.

The Company sends paper copies of the Notice of Annual General Meeting and Annual Report only to those shareholders and ADS holders who have elected to receive shareholder documentation by post. Electronic copies of the Annual Report and Notice of Annual General Meeting are available on the Group's website at [www.smith-nephew.com](http://www.smith-nephew.com). Both ordinary shareholders and ADS holders can request paper copies of the Annual Report, which the Company provides free of charge. The Company will continue to send to ordinary shareholders by post the Form of Proxy which advises of the availability of the Annual Report and Notice of Annual General Meeting on the Group's website. Shareholders who elect to receive the Annual Report and Notice of Annual General Meeting electronically are informed by e-mail of the documents' availability on the Group's website. ADS holders receive a Voting Instruction Form by post but will not receive a paper copy of the Notice of Annual General Meeting.

## Don't be a target for share fraud

Fraudsters use persuasive, high pressure tactics to scam investors. They may offer to sell you shares that turn out to be fake or worthless, or to buy your shares at a high price if you pay an upfront fee. Either way, the promised profits won't materialise and you'll probably lose your money. Here's how to avoid investment scams.

### How to avoid share fraud

1. Reject cold calls. If you've been cold called with an offer to buy or sell shares, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.
2. Check the firm on the Financial Services register at [www.fca.org.uk/register](http://www.fca.org.uk/register). The Financial Services Register is a public record of all the firms and individuals in the financial services industry that are regulated by the FCA.
3. Get impartial advice. Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Remember: if it sounds too good to be true, it probably is!

### Report a scam

If you suspect that you have been approached by fraudsters please tell the FCA using the share fraud reporting form at [www.fca.org.uk/scams](http://www.fca.org.uk/scams) where you can find out more about the investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768.

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at [www.actionfraud.police.uk](http://www.actionfraud.police.uk). Find out more at [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

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