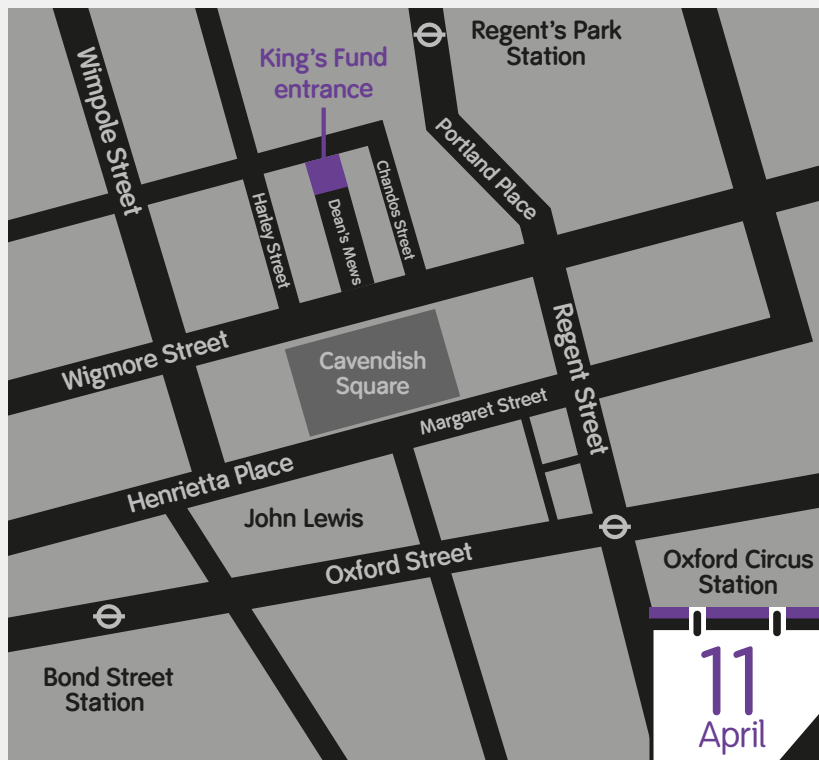


Notice of Annual General Meeting



Thursday, 11 April 2019
at 2:00 pm
No.11 Cavendish Square
London W1G 0AN

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

Natasha Jamal

T: +44 (0)1923 477 345

E: natasha.jamal@smith-nephew.com

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, 11 April 2019 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.

Chair's letter



DEAR SHAREHOLDER

Annual General Meeting 2019

The Annual General Meeting ('AGM') of Smith & Nephew plc (the 'Company') is to be held on Thursday, 11 April 2019, at No.11 Cavendish Square, London W1G 0AN, see the map on the front cover for your reference. The meeting will commence at 2:00 pm. The doors will open at 1:00pm after which time refreshments will be available. Notice of the Annual General Meeting is contained on this page and on page 1 of this document. In addition to the resolutions that we regularly bring to shareholders at our AGMs, the business of the meeting includes the resolution proposing the adoption of the new Articles of Association ('New Articles'). A detailed explanation of the business to be conducted at the meeting can be found on pages 2 to 7.

Directors

In accordance with the UK Corporate Governance Code 2016 (the 'Code') all Directors (except Ian Barlow and Michael Friedman) will stand for election or re-election at the 2019 AGM. Accordingly, as part of the ordinary business of the meeting, resolutions 4 to 13 inclusive are to elect and re-elect Directors. Biographical details of the Directors together with the importance of their contribution to the success of the Company and the reasons for their election or re-election (as applicable) are included in the explanatory notes to the Notice of Meeting.

Since the last AGM, and as announced on 4 April 2018, the Board has appointed Namal Nawana as an Executive Director and the new Chief Executive Officer ('CEO') of the Company with effect from 7 May 2018. Namal has a solid international background in orthopaedics, sports medicine and spine, together with a track record of performance, execution and driving change. He is a truly global executive with wide international experience across a range of geographies and also has the experience as a CEO of a major US listed company in the healthcare sector where he led the successful turnaround of the global business and oversaw its acquisition by another global healthcare company.

As previously announced, Olivier Bohuon retired from the Board on 7 May 2018, after seven years as the CEO.

Ian Barlow and Michael Friedman are to retire from the Company and will not be standing for re-election. I would like to thank them both for their dedicated service to the Board. Subject to his re-election, Robin Freestone will be appointed Senior Independent Director with effect from conclusion of the AGM.

Articles of Association

The Company's existing Articles of Association ('Existing Articles') were last amended on 6 May 2010. Resolution 20 proposes the adoption of the New Articles to reflect changes to the Code requirements and developments in market and industry practice since the adoption of the Existing Articles, to provide additional flexibility and to clarify certain aspects of the operation of the Existing Articles. The changes also include a proposed increase to the Company's existing borrowing powers, which the Board considers commercially prudent and timely since the existing limits were last amended and adopted at the 2007 AGM. Due to the extent of the changes, the Company is proposing the adoption of the New Articles rather than amendments to the Existing Articles. The Board considers it to be in the best interests of the Company to adopt these New Articles. Further information is provided in explanatory note to resolution 20 and a summary explaining the principal differences between the proposed New Articles and the Existing Articles is included on pages 9 to 12 of this document as Appendix 1.

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 the Company and its shareholders as a whole.

We look forward to seeing you at the AGM. 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.investorcentre.co.uk/eproxy by 2:00 pm on Tuesday, 9 April 2019 or by returning the enclosed Form of Proxy in accordance with the instructions printed on the enclosed Form of Proxy.

Yours sincerely,

Roberto Quarta
Chair
21 February 2019

Notice of Meeting

Notice is hereby given that the eighty-second Annual General Meeting of the members of Smith & Nephew plc will be held on **Thursday, 11 April 2019** 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.

All resolutions will be proposed as ordinary resolutions, save for resolutions 17, 18, 19 and 20, which will be proposed as special resolutions.

Ordinary resolutions

1. To receive the audited accounts for the financial year ended 31 December 2018 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 financial year ended 31 December 2018 (pages 84 to 105 of the 2018 Annual Report).
3. To declare a final dividend recommended by the Directors of 22.0 US cents per ordinary share in respect of the year ended 31 December 2018 payable on 8 May 2019 to shareholders on the register of the Company at the close of business on 5 April 2019.
4. To re-elect Graham Baker as a Director of the Company.
5. To re-elect Vinita Bali as a Director of the Company.
6. To re-elect The Rt. Hon Baroness Virginia Bottomley of Nettlestone DL as a Director of the Company.
7. To re-elect Roland Diggelmann as a Director of the Company.
8. To re-elect Erik Engstrom as a Director of the Company.
9. To re-elect Robin Freestone as a Director of the Company.
10. To elect Namal Nawana as a Director of the Company.
11. To re-elect Marc Owen as a Director of the Company.
12. To re-elect Angie Risley as a Director of the Company.
13. To re-elect Roberto Quarta as a Director of the Company.
14. To re-appoint KPMG LLP as the Auditor of the Company.

15. To authorise the Directors to determine the remuneration of the Auditor of the Company.
16. (a) 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\$58,327,377 – in accordance with sections 551(3) and (6) of the Act. This amount represents no more than 33.33 percent. (i.e. one-third) of the Company's issued share capital (excluding treasury shares) as at 15 February 2019 (the latest practicable date prior to publication of this Notice); and
- (b) To revoke all existing authorities given to the Directors pursuant to section 551 of the Act, provided that such revocation shall be without prejudice to the continuing authority of the Directors to allot shares, or grant rights to subscribe for or convert any security into shares, pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made.

The authorisation pursuant to paragraph (a) above shall expire at the conclusion of the Annual General Meeting of the Company in 2020 or at the close of business on 10 July 2020, 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 subscribe for or convert any security into shares to be granted, after this authority expires, the Directors may allot such shares and grant rights to subscribe for or to convert any security into shares in pursuance of any such offer or agreement as if the authorisation conferred hereby had not expired.

Special resolutions

17. That, subject to the passing of resolution 16, and in place of all existing powers given to them (but without prejudice to the continuing authority of the Directors pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made), the Directors be and are hereby generally 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 16 and/or through the sale of treasury shares, as if section 561(1) of that Act did not apply to any such allotment or sale, provided such power:

- (a) shall be limited to the allotment of equity securities in connection with an offer to:
- (i) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- (ii) holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;

- (b) shall be limited to the allotment of equity securities or sale of treasury shares for cash otherwise than pursuant to paragraph (a) above up to an aggregate nominal amount of US\$8,749,106, which is no more than 5% of the issued share capital (excluding treasury shares) of the Company at 15 February 2019 (the latest practicable date prior to publication of this Notice); and
- (c) shall expire at the conclusion of the Annual General Meeting of the Company in 2020 or at the close of business on 10 July 2020, whichever is earlier (unless the resolution is previously renewed, varied or revoked by the Company in a General Meeting). In each case, prior to its expiry the Company may make an offer or agreement which would or might require equity securities to be allotted (and treasury shares to be sold) after this authority expires and the Directors may allot equity securities (and sell treasury shares) in pursuance of any such offer or agreement as if this authority had not expired.

18. That the Company be 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 87,491,065 representing approximately 10% of the issued ordinary share capital (excluding treasury shares) as at 15 February 2019 (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 of an ordinary share 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) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venues where the purchase is carried out;
- (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 2020 or at the close of business on 10 July 2020, 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.

19. That a General Meeting of the Company, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.
20. That the new Articles of Association produced to the meeting and, for the purpose of identification, signed by the Chair, be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the Company's existing Articles of Association which were adopted on 6 May 2010.

By order of the Board, 21 February 2019.

Susan M Swabey

Susan Swabey
Company Secretary
Registered office
15 Adam Street
London WC2N 6LA
Registered in England and Wales No. 324357

Explanatory notes

The notes on the following pages explain the proposed resolutions. Resolutions 1 to 16 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 17 to 20 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three quarters of the votes cast must be in favour of the resolution.

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 84 to 105 of the 2018 Annual Report. It gives details of your Directors' remuneration for the financial year ended 31 December 2018 and sets out the way in which the Company will implement its policy on Directors' remuneration in 2019. The Auditor has audited those parts of the Directors' Remuneration Report capable of being audited and their report may be found on page 117 of the 2018 Annual Report.

The Board considers that appropriate executive remuneration plays a vital part in helping to achieve Company's overall objectives and, accordingly, and in compliance with the legislation, shareholders will be invited to approve the Directors' Remuneration Report.

The vote on the Directors' Remuneration Report is advisory in nature in that payments made or promised to Directors will not have to be repaid, reduced or withheld in the event that this resolution is not passed.

The Directors' Remuneration Policy, which describes the Company's policy relating to the Directors' remuneration was approved at the 2017 Annual General Meeting and remains unchanged. It is therefore not required to be put to shareholders at the 2019 Annual General Meeting. The remuneration policy can be found on pages 106 to 114 of the 2018 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: Election or re-election of Directors

Under the Existing Articles, 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.

Since the last Annual General Meeting, the Board has appointed one new Executive Director, Namal Nawana. Resolution 10 proposes the election of Namal as required by the Existing Articles. Namal now stands for election by shareholders.

The Board has reviewed the independence of each Non-Executive member of the Board and determined that they are each independent from management. The Board has also formally reviewed the performance of each Director and determined that they each continue to perform effectively and make an effective contribution to the work of the Board and to demonstrate commitment to the role, including commitment of time for the Board and the relevant committee meetings and all other applicable duties. As part of this, the Board has deemed that each Director's contribution continues to be important to the Company's long-term sustainable success and recommends that all Directors standing for election or re-election (as applicable) should be re-appointed for a further year. The Board therefore proposes the election and re-election of all Directors. Biographical details for each of the Directors together with an explanation of the importance of their contribution to the Company and the reasons for their election or re-election (as applicable) are now given as follows.



1. GRAHAM BAKER (50)

Chief Financial Officer

Graham joined the Board as Chief Financial Officer in March 2017. Graham holds an MA degree in Economics from Cambridge University and qualified as a Chartered Accountant and Chartered Tax Adviser with Arthur Andersen. In 1995, he joined AstraZeneca PLC where he worked for 20 years, holding multiple senior roles, including Vice President Finance & Chief Financial Officer, North America (2008-2010), Vice President, Global Financial Services (2010-2013) and Vice President, Finance, International (2013-2015) with responsibility for all emerging markets. Most recently, Graham was Chief Financial Officer of generic pharmaceuticals company Alvogen.

Importance of contribution to the Company and reasons for re-election

Graham has deep sector knowledge and has had extensive exposure to established and emerging markets which is extremely relevant to his role at Smith & Nephew. He has a strong track record of delivering operational excellence and has relevant experience across major finance roles and geographic markets, leading large teams responsible for significant budgets.

Nationality

 British



2. VINITA BALI (63)

Independent Non-Executive Director

Independent Non-Executive Director and Member of the Remuneration and Compliance & Culture Committees. Vinita was appointed a Director in December 2014. Vinita holds an MBA from the Jamnalal Bajaj Institute of Management Studies, University of Bombay and a BA in Economics from the University of Delhi. She commenced her career in India with a Tata Group Company, and then joined Cadbury India, subsequently working with Cadbury Schweppes plc in the UK, Nigeria and South Africa. She has also 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 VP, Corporate Strategy in 2001. In 2003, she joined Zyman Group, LLC, a US based consultancy, as Managing Principal. Vinita was MD and CEO of Britannia Industries Limited, a leading Indian publicly listed food company from 2005 to 2014. Currently, Vinita is NED of Syngene International Limited, Bunge Limited and CRISIL India (a Standard & Poor Company). She is also a member of the Advisory Board of PwC India.

Importance of contribution to the Company and reasons for re-election

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

Nationality

 Indian



3. THE RT. HON BARONESS VIRGINIA BOTTOMLEY OF NETTLESTONE DL (70)

Independent Non-Executive Director

Independent Non-Executive Director and Member of the Remuneration and Nomination & Governance Committees. Subject to her re-election, Virginia will become a member of the Compliance & Culture Committee at the conclusion of the AGM. 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 AkzoNobel NV. She is currently a Director of International Resources Group Limited, where she is Chair of Board & CEO Practice at Odgers Berndtson. She is a member of the International Advisory Council of Chugai Pharmaceutical Co., Chancellor of University of Hull and Sheriff of Kingston upon Hull. She is Trustee of The Economist Newspaper.

Importance of contribution to the Company and reasons for re-election

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



4. ROLAND DIGGELMANN (51)

Independent Non-Executive Director

Independent Non-Executive Director and Member of the Audit Committee. Subject to his re-election, Roland will become a member of the Compliance & Culture Committee at the conclusion of the AGM. Roland was appointed a Director in March 2018. Roland studied Business Administration at the University of Berne. In 1995, he joined Sulzer AG as Manager Strategic Planning and progressed into further senior roles over the years until his appointment as Executive Vice President, Sales Europe and Asia Pacific from 2002 to 2004 for Sulzer Medica (later known as Centerpulse). Roland joined Zimmer Group in 2004, in the role of Managing Director of Zimmer Japan and then later in 2006 as Senior Vice President, EMEA until 2008. Roland joined Roche Diagnostics in 2008, starting as President of Asia Pacific before assuming the role of Chief Executive Officer of the Diagnostics Division of F. Hoffmann-La Roche Ltd from 2012 until September 2018.

Importance of contribution to the Company and reasons for re-election

Having spent his whole career in medical devices, with 12 years at Sulzer and Zimmer, Roland brings an in-depth knowledge of the medical device industry and healthcare environment which is of great value to Smith & Nephew.

Nationality

 Swiss

EXPLANATORY NOTES continued

**5. ERIK ENGSTROM (55)****Independent Non-Executive Director**

Independent Non-Executive Director and Member of the Audit Committee. Subject to his re-election, Erik will become a member of the Nomination & Governance Committee at the conclusion of the AGM. 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 1988, he graduated with an MBA from Harvard Business School as a Fulbright Scholar. Erik commenced his career at McKinsey & Company and then worked in publishing, latterly as President and COO of Random House Inc. and as President and CEO of Bantam Doubleday Dell, North America. In 2001, he moved on to be a partner at General Atlantic Partners, a private equity investment firm. Between 2004 and 2009, he was CEO of Elsevier, the division specialising in scientific and medical information and then from 2009 CEO of RELX Group.

Importance of contribution to the Company and reasons for re-election

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 and Nomination & Governance Committees.

Nationality

 Swedish

**6. ROBIN FREESTONE (60)****Independent Non-Executive Director**

Independent Non-Executive Director and Member of the Remuneration Committee. Chair of the Audit Committee since April 2017. Subject to his re-election, Robin will succeed Ian Barlow as Senior Independent Director and will become a member of the Nomination & Governance Committee at the conclusion of the AGM. Robin was appointed a Director in September 2015. 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. He has held a number of senior financial positions throughout his career, including at ICI plc, Henkel Ltd and at Amersham plc. Robin was the Deputy CFO and then later the CFO of Pearson plc between 2006 and August 2015, where he was heavily involved with the transformation and diversification of Pearson. He was previously NED at eChem Ltd, Chair of the 100 Group and Senior Independent Director and Chair of the Audit Committee of Cable & Wireless Communications plc. Robin is a NED and Chair of the Audit Committee at Capri Holdings Ltd, formerly Michael Kors Holdings Ltd. Robin became Chair of the ICAEW Corporate Governance Committee in 2017 and is currently a NED and Chair of the Audit Committee at Moneysupermarket.com Group plc. Robin will be appointed as Chair of their Board with effect from the conclusion of its Annual General Meeting on 9 May 2019.

Importance of contribution to the Company and reasons for re-election

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

Nationality

 British

**7. NAMAL NAWANA (48)****Chief Executive Officer**

Joined the Board and was appointed Chief Executive Officer on 7 May 2018. Namal holds an undergraduate degree in Mechanical Engineering and a Master's degree in Medical Science from the University of Adelaide, South Australia as well as an MBA from Henley Management College. Prior to Smith & Nephew, Namal was Chief Executive Officer and a member of the Board of Directors of medical diagnostics company Alere Inc, until its \$8 billion acquisition by Abbott in 2017. Before joining Alere, Namal spent more than 15 years at Johnson & Johnson in progressively senior leadership roles globally including the Worldwide President of Johnson & Johnson's multibillion dollar spine franchise, DePuY Synthese Spine. In addition to his role as CEO of Smith & Nephew, Namal is also a member of the Board of Directors of Hologic, Inc. a Nasdaq listed company and Advamed (Advanced Medical Technology Association).

Importance of contribution to the Company and reasons for election

Namal has a solid, international background in orthopaedics, sports medicine and spine, together with a track record of performance, execution and driving change. He is a truly global executive with wide international experience across a range of geographies and also has the experience as a CEO of a major US listed company in the healthcare sector where he turned the company round prior to its acquisition.

Nationality

 Australian/French



8. MARC OWEN (59)

Independent Non-Executive Director

Independent Non-Executive Director and Member of the Audit Committee and Compliance & Culture Committee. Subject to his re-election, Marc will succeed Michael Friedman as Chair of the Compliance & Culture Committee at the conclusion of the AGM. Marc was appointed a Director in October 2017. Marc graduated from Oxford University with a BA and BCL in Law. In 1984 he was called to the Bar, following four years at Corpus Christi College Cambridge as a fellow and director of studies in law. He decided upon a corporate career and undertook an MBA at Stanford University. Marc commenced his healthcare and technology career at McKinsey & Company where he progressed to senior partner and eventually a founding partner of McKinsey's Business Technology Office. In September 2001, Marc joined McKesson Corporation and served as Executive Vice President and member of the Executive Committee. He delivered strategic objectives and led over 40 acquisitions and divestments over a 10-year period. In late 2011 he headed McKesson Speciality Health, which operates over 130 cancer centres across the US and provides services including market intelligence, supply chain services, patient access to therapy, provider and patient engagement and clinical trial support. His final executive role came in 2014 where he was appointed Chair of the European Management Board at Celesio AG. He retired in March 2017 once he had improved operations, set the strategy and recruited his successor.

Importance of contribution to the Company and reasons for re-election

Marc is a proven leader with an astute, strategic vision, capable of building significant international healthcare businesses. He has strong commercial healthcare expertise which the Board values deeply and makes him ideally placed to Chair the Compliance & Culture Committee.

Nationality

 British



9. ANGIE RISLEY (60)

Independent Non-Executive Director

Independent Non-Executive Director and Chair of the Remuneration Committee. Angie was appointed a Director in September 2017. After graduating from Exeter University, and completing a one year personnel management programme, Angie joined the United Biscuits graduate scheme. After working in various different HR roles she joined Pizza Hut (UK) Ltd as Human Resources Director, a joint venture between Pepsico and Whitbread plc. After five years she joined Whitbread, becoming Executive Director on the PLC board responsible for HR & Corporate Social Responsibility in 2004. Between 2007–2013 she was the Group HR Director for Lloyds Banking Group, joining J Sainsbury plc as Group HRD in January 2013. Over the years Angie has been a member of the Low Pay Commission and has held a number of Non-Executive Directorships with Biffa plc, Arriva and Serco Group plc, and now Smith & Nephew plc. At Serco she was the Chair of the Remuneration Committee. Previously she has attended Remuneration Committees of Whitbread, Lloyds Banking Group, Arriva and attends Sainsbury's today. She is also a Non-Executive Director on the Sainsbury's Bank Board.

Importance of contribution to the Company and reasons for re-election

Angie is a well-regarded FTSE 100 Human Resources Director, proven Non-Executive Director and Remuneration Committee Chair. She has gained experience in a wide range of sectors, including a regulated environment. This diversity of experience is welcomed by the Board and the Remuneration Committee. Angie is also an additional resource and sounding board for our own internal Human Resources function.

Nationality

 British



10. ROBERTO QUARTA (69)

Chair

Independent Non-Executive Chair, Chair of the Nomination & Governance Committee and Member of the Remuneration Committee. Roberto was appointed a Director in December 2013 and Chair 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 VP of Hitchiner Manufacturing Co., Inc. He returned to BTR plc in 1989 as Divisional Chief Executive, where he was appointed to the main board. From here he moved to BBA Aviation plc, as CEO and then as Chair, until 2007. He has held several board positions, including NED of Powergen plc, Equant N.V., BAE Systems plc and Foster Wheeler AG. His previous Chairmanships include Italtel SpA, Rexel S.A., IMI plc and SPIE SA. He is currently Chair of WPP plc. He is a partner at Clayton Dubilier & Rice and a former member of the Investment Committee of Fondo Strategico Italiano S.p.A.

Importance of contribution to the Company and reasons for re-election

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 chair of a number of UK and international companies.

Since his appointment as Chair 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, Erik Engstrom and Robin Freestone in 2015, Angie Risley and Marc Owen during 2017, and Roland Diggelmann in 2018. Roberto also conducted the search resulting in the appointment of Namal Nawana as our CEO in 2018.

Nationality

 American/Italian

EXPLANATORY NOTES continued

Resolutions 14 and 15: Appointment and remuneration of the Auditor

The Auditor of the Company must be re-appointed at each general meeting at which accounts are laid. Resolution 14 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 15 proposes that the Auditor's remuneration be determined by the Directors. The Board will delegate this authority to the Audit Committee pursuant to and in accordance with the Competition and Markets Authority ('CMA') Audit Order 2014.

Resolution 16: General authority to allot shares

Under section 551 of the Act, the Directors may only allot shares or grant rights to subscribe for, or convert any security into, shares if authorised to do so by shareholders. The section 551 authority conferred on the Directors at last year's Annual General Meeting expires on the date of the Annual General Meeting. Resolution 16 seeks to renew the Directors' general authority to allot shares up to an aggregate nominal amount of US\$58,327,377 as permitted by the Existing Articles and pursuant to the provisions of section 551 of the Act. This amount represents no more than 33.33 percent. (i.e. one-third) of the Company's issued share capital (excluding treasury shares) as at 15 February 2019 (the latest practicable date prior to publication of this Notice). This resolution will be proposed as an ordinary resolution. 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 but considers it prudent to maintain the flexibility that this authority provides.

The authority sought under this resolution will expire at the conclusion of the Annual General Meeting in 2020 or at the close of business on 10 July 2020, whichever is the earlier (unless previously renewed, varied or revoked by the Company in a General Meeting). At 15 February 2019 (the latest practicable date prior to publication of this Notice), the Company held 13,090,123 ordinary shares in treasury. This amount represents 1.50% of the Company's issued share capital (excluding treasury shares) as at that date.

Resolution 17: Disapplication of pre-emption rights

Resolution 17 is a special resolution which seeks to renew the Directors' power to allot shares or grant rights to subscribe for, or convert securities into, shares or sell treasury shares where they propose to do so for cash (other than pursuant to an employee share scheme) and otherwise than to existing shareholders pro rata to their holdings as permitted by the Existing Articles. The power will be limited to: (i) the allotment of shares for cash in connection with a rights issue to allow the Directors to make appropriate exclusions and other arrangements to resolve legal or practical problems which, for example, might arise in relation to overseas shareholders, and (ii) the allotment of shares and treasury shares for cash up to an aggregate nominal value of US\$8,749,106, being approximately 5% of the issued ordinary share capital (excluding treasury shares) at 15 February 2019 (the latest practicable date prior to publication of this Notice). If given, this authority will expire at the conclusion of the Annual General Meeting in 2020 or at the close of business on 10 July 2020, whichever is the earlier (unless previously renewed, varied or revoked by the Company in a General Meeting).

The Directors, in any rolling three-year period, do not intend to allot more than 7.5% of the issued ordinary share capital (excluding treasury shares) pursuant to the waiver in resolution 17 on a non pre-emptive basis for cash in accordance with the Pre-Emption Group's March 2015 Statement of Principles. The Board will continue to seek to renew this authority at each Annual General Meeting in accordance with best practice.

Resolution 18: Purchase of own shares

Resolution 18 is a special resolution. The Company is seeking approval of the renewal of the general authority from shareholders granted at last year's Annual General Meeting to purchase the Company's own shares. The resolution authorises the Company to make market purchases of its own ordinary shares as permitted by the Act.

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 2018 to 15 February 2019, 3,644,693 shares were purchased and subsequently cancelled by the Company. Page 205 of the 2018 Annual Report provides further clarification.

The Directors have no present intention of exercising this authority other than for the reasons stated above, but will keep the matter under review, taking into account market conditions, the cash reserves of the Company, the Company's share price, appropriate gearing levels, other investment opportunities and the overall financial position of the Company. The authority will be exercised only if the Directors believe that to do so would result in an increase in earnings per share and would be likely to promote the success of the Company for the benefit of its shareholders as a whole. Any shares purchased under this authority may either be cancelled or held as treasury shares. Treasury shares may subsequently be cancelled, sold for cash or used to satisfy options issued to employees pursuant to the employees' share schemes.

As at 15 February 2019 (the latest practicable date prior to publication of this Notice), 13,090,123 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 (which is 87,491,065 representing approximately 10% of the issued ordinary share capital (excluding treasury shares) as at 15 February 2019 (the latest practicable date prior to publication of this Notice)) 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 on the market.

As at 15 February 2019 (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 8,477,903, which if exercised or vested would represent 0.97% 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 1.21% of the issued ordinary share capital (excluding treasury shares) of the Company. There are no warrants outstanding.

The authority will only be valid until the conclusion of the Annual General Meeting of the Company in 2020 or, if earlier, at the close of business on 10 July 2020.

Resolution 19: Notice period for General Meetings other than the Annual General Meeting

Resolution 19 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 the Act, a General Meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice with shareholder approval. In order to preserve this ability, resolution 19 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 undertakes to meet the requirements for electronic voting in the Act before calling a general meeting on 14 clear days' notice.

The Company would generally give 14 business days' notice for General Meetings. The shorter notice period of 14 clear days 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.

Resolution 20: Adoption of New Articles

Resolution 20 is a special resolution. It is proposed to adopt the New Articles principally in order to reflect changes to the Code requirements and developments in market and industry practice since the adoption of the Existing Articles on 6 May 2010, to provide additional flexibility and to clarify certain aspects of the operation of the Existing Articles. The changes also include a proposed increase to the Company's existing borrowing powers, which the Board considers commercially prudent and timely since the existing limits were last amended and adopted at the 2007 AGM. Due to the extent of the changes, the Company is proposing the adoption of the New Articles rather than amendments to the Existing Articles.

The principal changes being proposed in the New Articles are summarised in Appendix 1 on pages 9 to 12 of this Notice. Other changes, which are of minor, technical or clarifying nature, have not been noted in Appendix 1. The New Articles as proposed to be adopted pursuant to resolution 20 will take effect from the conclusion of the AGM.

A copy of the proposed New Articles and a copy of the Existing Articles marked up to show all proposed changes will be available for inspection at www.smith-nephew.com/AGM, and, as noted in note 9 overleaf, at the registered office of the Company during normal business hours on any weekday (excluding Saturday, Sunday and UK public holidays) from the date of this Notice until the conclusion of the meeting and at the place of the AGM from 1pm on the day of the meeting until conclusion of the meeting.

Notes

1. The right to attend and vote at the meeting is determined by reference to the Company's register of members. Only those shareholders on the register of members of the Company as at the close of business on 9 April 2019 will be entitled to attend and 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 8:00 pm on 9 April 2019 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, to speak and to vote instead of him/her. You may register your proxy appointment via our registrar's website at www.investorcentre.co.uk/eproxy. To be effective, the proxy appointment must reach the Company's registrar no later than 2:00 pm on 9 April 2019.
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 0370 703 0047 (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)117 240 2532 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, if two or more representatives purport to vote in respect of the same shares: (i) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and (ii) in other cases, the power is treated as not exercised.
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 11 April 2019 and any adjournment(s) thereof by using the procedures described in the CREST Manual, which can be found at 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 Computershare (CREST ID 3RA50) no later than 2:00 pm on 9 April 2019. 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.

NOTES continued

- 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 Computershare, 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 unduly with the preparation for 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 in the form of an answer to a question.
 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 ('indirect investor') does not have a right to appoint any proxy. Indirect investors 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 indirect investors 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 1:00 pm on the day of the meeting until the conclusion of the meeting:
 - (a) copies of service contracts and/or letters of appointment of the Directors of the Company; and
 - (b) copies of the deeds of indemnity of the Directors.

In addition, for this Annual General Meeting the following will be available for inspection:

 - (c) copies of the proposed New Articles and the Existing Articles marked up to show the proposed changes.
 10. As at 15 February 2019 (the latest practicable date prior to publication of this Notice), the Company's issued share capital (excluding treasury shares) consists of 874,910,658 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at that date are 874,910,658.
 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 Chair'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).
 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).

Appendix 1

Summary of the principal proposed changes to the Existing Articles

It is proposed in resolution 20 to adopt the New Articles. In adopting the New Articles, the opportunity has been taken to update the Existing Articles to reflect changes to the Code requirements and developments in market and industry practice since the Existing Articles were adopted on 6 May 2010, to provide additional flexibility and to clarify certain aspects of the operation of the Existing Articles. The substantive changes being proposed in the New Articles are summarised below. A range of minor and technical amendments have also been made to the Existing Articles to modernise the language and provide clarity. A copy of the New Articles and a copy of the Existing Articles marked up to show all proposed changes are available for inspection as set out in the explanatory note in respect of resolution 20 in the Notice. All clause references below relate to clause references in the New Articles.

1. DEFINITIONS AND INTERPRETATION

Pursuant to the Existing Articles, the 'Directors' may mean the directors of the Company, or, as the case may be, the board of directors. In order to clarify whether in each case the New Articles refer to individual directors or the board of the Company, it is proposed that the New Articles distinguish between two defined terms – the 'Board' and the 'Director' – and use these terms in each case as appropriate and in accordance with the Act.

To modernise the Existing Articles, the Board proposes to clarify in the New Articles that the defined term 'in writing' and 'written' includes any mode of representing or reproducing words which enables them to be read and a copy of them retained, including words sent by electronic means. It is also proposed that, for the purposes of modernising the New Articles in relation to electronic communication, the Existing Articles be amended so that any document to be provided by the Company to any person can be provided by electronic means (in addition to the electronic form as provided in the Existing Articles) and that the Board may make arrangements in relation to giving notices and other documents in electronic form (in addition to electronic means, as provided by the Existing Articles) (Article 142).

A new Article 143 is included to clarify that communications and notices sent to the Company shall take effect only upon receipt of such written communications or notices in hard copy to the Office or such other place as may be specified by or on behalf of the Company for that purpose, or in the case of a communication or notice in electronic form or sent by electronic means, at such address (if any) specified by the Company for that purpose, or in such other form or by such other means as the Board may require. As a related change, the Board proposes including at Article 42.1 clarification that documents can be destroyed earlier than the applicable period to retain it provided that a copy of such document is made and retained (whether electronically, by microfilm, by digital imaging or by other similar means) until the expiration of the applicable period.

References to the execution of documents have been amended throughout to refer to the 'authentication' of documents (in addition to the 'execution') in order to provide flexibility in case of any changes in the law with regards to how documents can be evidenced as genuine and binding.

It is proposed that the Existing Articles be amended by including a new general provision (Article 2.10) confirming that the power of the Board (or any person to whom the Board has delegated its powers) to exercise a discretion or take a decision confers a right to exercise it in such a way the Board (or such person) in its (or his or her) absolute discretion thinks fit. This clarifies the meaning of the expressions 'as the Board may think fit' and 'in its absolute discretion' used in the Existing Articles. The New Articles refer consistently throughout to 'discretion' (rather than 'absolute discretion' and 'sole discretion').

The Board proposes that all gender references in the Existing Articles be made gender neutral in the New Articles to demonstrate the Company's continued support for diversity. These changes appear throughout the New Articles.

2. SHARE TRANSFERS AND SHARE CERTIFICATES

In order to cater for any future change in the law which may allow a transfer of certificated shares to be executed in electronic form or which may replace certificated shares with a dematerialised form of shares, the Board proposes amendments to the Existing Articles to clarify that the Board may permit transfers to be effected other than by an instrument of transfer in writing in any manner acceptable to the Board and permitted by law and that share certificates will not be required to be issued by the Company if they are not required by law (Articles 9 and 36).

It is proposed that the Existing Articles be amended to confirm that when a Member requests additional certificates or requests a single certificate in lieu of two or more certificates representing the same class of share, such certificates are sent at the Member's risk and shall be executed or authenticated under seal or in such other manner as the Board may approve (Article 10).

3. SHARE CAPITAL

The Existing Articles provide the Board with a broad power to sell any shares on which the Company has a lien (subject to the fulfilment of certain conditions). The Board proposes to clarify the powers available to the Board in relation to enforcing a sale of certified and uncertified shares which are subject to a lien in the New Articles at Article 32. In addition to being able to take any steps as the Board thinks fit to effect the transfer, for certified shares the Board may authorise any person to execute an instrument of transfer, and for uncertified shares the Board may convert such shares into certified form.

4. UNTRACED MEMBERS

It is proposed that the provisions of the Existing Articles relating to Members who are considered untraced after a period of 12 years be updated in order to provide additional flexibility in relation to trying to locate such members and forfeiture rights in relation to the sale of shares owned by such untraced members (Articles 47 to 49).

In summary, the Existing Articles provide that the Company may sell the associated shares where during the previous 12 years it has tried to pay at least three dividends and no dividend has been cashed and no communication has been received by the Company from the member, provided that the Company gives notice that it intends to sell the shares by advertising in both a national newspaper and a newspaper circulating in the area in which the last known address of the member or the address at which notice may be served to the member is located.

APPENDIX 1 continued

It is proposed that the New Articles will provide the Company with additional flexibility in relation to trying to locate any such untraced members. They replace the requirement to place notices in newspapers with a requirement for the Company to take the steps to trace the members which the Board considers reasonable in the circumstances (Article 47.2). Tracing of a member may include, if considered appropriate, the Company engaging a professional asset reunification company or other tracing agent to search for members who have not kept their details up-to-date. In addition, it is proposed that the Company be required to send notice to the registered or last known address the Company has for such untraced member advising of its intention to sell the shares (Article 47.3).

Under the Existing Articles, the Company may sell the shares of the Members who have been untraced for 12 years at the best price reasonably obtainable and can use the proceeds of that sale for the purposes of its business. The former Member must be listed as a creditor in its accounts, so that he or she may subsequently claim the proceeds at any time. Under Article 49, where shares are sold following the tracing process, the Board proposes that the proceeds of such sale will be treated as forfeited and the former members will no longer be able to claim the proceeds of the sale. The Company will be able to use the proceeds in any way that the Board thinks fit. The New Articles will also clarify that the sale may be made at such time and on such terms as the Board may decide.

The New Articles also contain related changes in respect of unclaimed dividends or other money payable on the shares of untraced members which are sold, set out in Article 130.2.

5. ALTERATION OF CAPITAL

The Existing Articles provide that, on a consolidation or subdivision of shares, the Board may provide that any amounts representing fractional entitlements are sold and the net proceeds may be distributed to the members entitled to such shares in due proportions, save that individual entitlements not exceeding £3 may be retained for the benefit of the Company. In line with common practice, the Board proposes in Article 51 of the New Articles that all or any part of the net proceeds of sale of any fractions arising a result of a consolidation or division of shares may be retained for the benefit of the Company to provide additional flexibility.

6. SHAREHOLDER MEETINGS

It is proposed that the Existing Articles be amended to enable any two Members to call a general meeting in order to appoint one or more additional Directors in the event that there are insufficient Directors to be able to call a general meeting, or where they are unwilling to do so (Article 53).

It is also proposed that notice provisions for general meetings be simplified to reflect that the Company must comply with specific provisions for traded companies under the Act. The New Articles specify in Article 54 that if a general meeting is to be held in multiple places (as permitted under the Existing Articles), details of the other places may be included in the notice of shareholder meeting. It is also proposed that Article 59.2 be added to confirm that under no circumstance will any failure (for any reason) of communication equipment, or any other failure in the arrangements for participation in the meeting at more than one place, affect the validity of such meeting at the Principal Place, or any business conducted at such meeting. Under the Existing Articles, accidental failure to provide notice of a shareholder meeting to a member or the non-receipt of a notice of shareholder meeting by a member will not invalidate the meeting. The New Articles will clarify in Article 55 that, in addition, a failure to give notice due to circumstances outside the Company's control will not invalidate the meeting.

In the event that a shareholder meeting is postponed, it is proposed that the New Articles will give the Board greater flexibility as to how notice of the postponed meeting is given. Under Article 56, the Board must take reasonable steps to ensure that notice of the date, time and place of the meeting is made available to Members trying to attend at the original time and place, which can include placing notice in two national newspapers if practicable.

To facilitate the administration of the Company's general meetings, the Board proposes that the New Articles widen the power of the chair of the general meeting to adjourn a general meeting without the consent of the meeting where the chair is of the opinion that the adjournment would facilitate the conduct of the business of the meeting (Article 61).

In order to provide further clarity for shareholders regarding their rights to propose amendments to ordinary resolutions at shareholder meetings, the Board proposes certain amendments to the Existing Articles (Article 63). Amendments to ordinary resolutions (other than a mere clerical amendment to correct a patent error) will be required to either be proposed 48 hours before the relevant meeting, or the chair may decide in his or her absolute discretion that the amendment may be considered and voted on.

7. DISCLOSURE OF INTERESTS IN SHARES

It is proposed that the Existing Articles be amended to the effect that if the Company has reasonable cause to believe that the information provided by a Member under a Restriction Notice under section 793 of the Act is false or materially incorrect or incomplete, this would constitute a default in supplying the information requested by the Company and the sanctions set out in Article 68 would apply.

8. PROXIES AND CORPORATE REPRESENTATIVES

The Board proposes adjustments to procedures surrounding the appointment and termination of proxies by shareholders. The Existing Articles provide that evidence of a proxy appointment by a shareholder must be received by or on behalf of the Company not less than 48 hours before the general meeting to which it relates. Under the Act, the deadline for receipt of proxy appointments cannot be more than 48 hours before the relevant meeting but it can be less. The proposed wording in Article 73.1 will allow the Board to set a deadline that is less than 48 hours before the meeting (where it is practicable to do so) to provide additional flexibility for shareholders appointing proxies. The same deadline will apply for the receipt of notice of termination of the proxy.

Further, the proposed amendments to Article 78 will allow the Company to require a corporate representative to produce a certified copy of the resolution appointing him or her before permitting him or her to exercise his or her powers.

9. BORROWING POWERS

It is proposed that the Existing Articles be amended to increase the Board's powers to incur borrowings as set out in Article 87.2 from US\$6,500,000,000 to US\$8,500,000,000. The Board considers it commercially prudent and timely to refresh the borrowing limits since they were last amended and adopted at the 2007 AGM. The increase reflects the impact of a rise in inflation over the last 12 years. The adoption of the higher limit will not materially change the Company's borrowing policy and the Board believes the change to be in the best commercial interests of the Group and will keep the limit under review.

10. DIRECTORS

The UK Corporate Governance Code requires all Directors of FTSE 350 companies to be subject to annual re-election by shareholders. The Company has in practice been compliant with this provision, and the Board proposes that this requirement be now enshrined within the New Articles at Article 99 so that all Directors at the date of the notice of AGM retire from office and are subject to re-election.

It is proposed that a provision will be included in the New Articles at Article 102 to allow the Company to operate in circumstances where an insufficient number of Directors are elected or re-elected at any of the Company's annual general meetings, thereby leaving the Board inquorate. In such circumstances, it is proposed that all Directors would be automatically re-elected for the purposes of filling vacancies and convening general meetings of the Company and to perform such duties as are appropriate to maintain the Company as a going concern and to enable it to comply with its legal and regulatory obligations. The Directors would be required to convene a further general meeting of the Company as soon as reasonably practicable to allow new Directors to be appointed, and such Directors who were not re-elected at the original general meeting would then retire.

Should a similar situation arise at a Board meeting, it is proposed that the New Articles at Article 108 permit a Director who ceases to be a Director at a meeting of the Board to continue to be present and be counted in the quorum until the termination of the meeting of the Board if no Director objects.

It is proposed that the Existing Articles be amended so that where a Director has been appointed after the Notice of Annual General Meeting has been despatched, that Director shall retire at the next Annual General Meeting of which notice is first given after his or her appointment as Director (Article 104).

In addition, it is proposed that the circumstances in which a Director's office will be vacated should include: a) when a Director ceases to be a Director by virtue of any provision of the Act or the New Articles (Article 98.2); b) when a Director ceases to hold an executive office of the Company and the Board resolves that he or she should cease to be a Director (Article 98.7); and c) if a medical practitioner provides an opinion that a Director has become physically or mentally incapable of acting as a Director and may remain so for more than three months, and the Board resolves that he or she should cease to be a Director (Article 98.3). This change at paragraph c) will bring the Existing Articles, pursuant to which a Director's office will be vacated in the event of a court's order on the ground of mental disorder for detention or the appointment of a guardian, in line with the Mental Health (Discrimination) Act 2013.

The Existing Articles replicate the statutory power of the Company to remove a Director by ordinary resolution on special notice which is contained in the Act. This provision has been removed in the New Articles in line with the approach described in paragraph 12 below. It is proposed the New Articles include an additional power (supplementing the power under the Act) which allows the Company to remove a Director by special resolution (Article 105).

The Existing Articles provide the chair of a board meeting with a casting vote in case of an equality of votes. The Board proposes to reflect at Article 109 the circumstance in which the chair is not entitled to vote on a resolution because he or she is conflicted, in which case if there is an equality of votes the matter shall be treated as not having been decided. The New Articles also provide at Article 94.6 that a question regarding the chair's entitlement to vote may be decided by a decision of the majority of other Directors.

The New Articles clarify, in line with current practice and the articles of other listed companies, that Directors are not accountable to the Company or its Members for any benefit provided pursuant to the New Articles, such as pensions, annuities, death or disability allowances, insurance and share schemes (Article 89.4).

APPENDIX 1 continued

11. METHOD OF PAYMENT OF DIVIDENDS

It is proposed that the Existing Articles are amended to provide the Company with additional flexibility to prescribe the manner in which cash dividends are paid.

Currently, the Company pays dividends by electronic payment or by cheque. The use of cheques has reduced in recent years and there has been a significant focus on the development of new payment methods, which could improve the security of payments to members and reduce costs.

Although the Existing Articles permit the payment of dividend by electronic means, the New Articles at Article 128 include market standard provisions which allow the Board to determine how dividends are paid to the members in the most efficient manner including that that it is in the best interest of the members for payments to be made exclusively by inter-bank transfer or other electronic means or by other means approved by the Board.

It is proposed that the Company will retain the ability to pay dividends in accordance with all of the methods of payment provided for in the Existing Articles and that it will have the flexibility to apply different methods of payment, or different combinations of methods to different members or groups of members.

The Board also proposes to clarify the provisions regarding uncashed and unclaimed dividends. Under the Existing Articles, dividends are considered forfeited and will revert to the Company if they remain unclaimed for a period of 12 years or more after becoming due. The New Articles at Article 130 will provide that a dividend will be considered forfeited if: a) two consecutive cheques, warrants or other method of payment in respect of dividends have been returned undelivered or uncashed, or the payment has failed; b) following one such occasion reasonable enquiries have failed to establish a new address or other details necessary to make a payment of a dividend by the means by which the Board has decided that a payment is to be made (or by which the recipient has elected to receive payment); or c) the recipient does not specify an address or an account of a type prescribed by the Board, the Company shall be entitled to cease sending payment of dividends in respect of the shares in question until the shareholder has communicated with the Company and supplied to the Company the relevant information.

All dividends which are unclaimed or treated as unclaimed, or any amount the payment of which is unsuccessful or in respect of which the relevant payment method prescribed by the Board cannot be used, may be paid by the Company into an account separate from the Company's own account and be invested or otherwise made use of for the benefit of the Company until claimed. Such monies or any other moneys payable in respect of a share or paid into an account separate from the Company's own account, that has or have remained unclaimed for a period of 12 years after becoming due for payment or which relate to a share sold by the Company in accordance with the Company's untraced shareholder regime, shall be forfeited and shall revert to the Company and the Company shall not be obliged to account to, or be liable in any respect to, the recipient or person who would have been entitled to the amount. The payment of any unclaimed dividend or other sum payable by the Company on or in respect of any share into a separate account shall not constitute the Company a trustee thereof, and no interest shall accrue on any such monies.

12. SCRIP DIVIDENDS

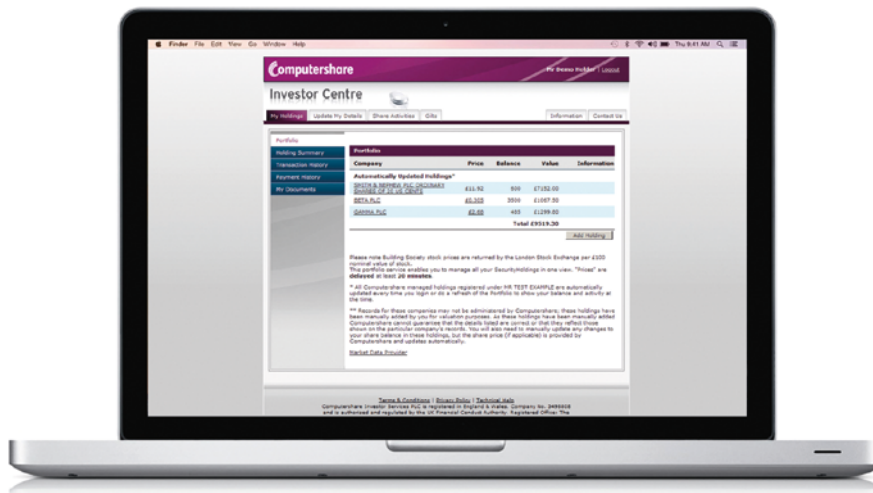
The Board proposes that Article 132.2 of the New Articles specify that an ordinary resolution to give the Board authority to implement a Scrip Dividend Offer may give authority in relation to particular dividends or may extend to all dividends declared or paid in the period specified in the resolution. Such period may not be longer than the period to (and including) the date of the annual general meeting of the Company held in the third year that commences after the date of the resolution. The Board will be also entitled to make offers or agreements for the allotment of ordinary shares before the expiry of the authority granted by the resolution which would or might require ordinary shares to be allotted after the expiry of such period and to allot ordinary shares pursuant to any such offer or agreement as if such authority had not expired. The Directors have no immediate intention of exercising this power but may do so when it becomes accepted best practice.

13. ARTICLES THAT DUPLICATE STATUTORY PROVISIONS

The Board proposes that provisions in the Existing Articles that replicate requirements contained in the Act shall be removed or amended as appropriate. For example, provisions relating to the Company's purchase of its own shares, financial assistance, reduction of share capital, consolidation and sub-division of capital, the requirement to keep accounting records and the appointment of auditors have been removed in the New Articles because the Act requires compliance with the relevant provisions regardless of the provisions in the Articles.

It is also proposed that redundant provisions or provisions which are not of relevance to the Company (such as references to 'extraordinary' general meetings and short notice procedures for general meetings of companies which are not 'traded companies' under the Act) shall be removed in the New Articles.

Shareholder communications



www.investorcentre.co.uk

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

The Company makes bi-annual financial announcements and quarterly trading reports which are made available through Stock Exchange announcements and on the Group's website (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.

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. The Financial Services Register is a public record of all the firms and individuals in the financial services industry that are regulated by the Financial Conduct Authority ('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 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. Find out more at www.fca.org.uk/scamsmart.

Smith & Nephew plc
15 Adam Street
London WC2N 6LA
United Kingdom

T +44 (0) 20 7401 7646

www.smith-nephew.com