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 We are **smith&nephew**

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Chris Hodge
Corporate Governance Unit
Financial Reporting Council
Fifth Floor
Aldwych House
71-91 Aldwych
London WC2B 4HN

5 March 2009

Dear Mr Hodge,

Smith & Nephew plc welcome the opportunity to comment on the Financial Reporting Council's Consultation on the revised UK Corporate Governance Code. Smith & Nephew plc is a UK FTSE 100 company, with a secondary listing on the New York Stock Exchange. We have around 23,000 registered shareholders and operate in over 30 countries across the world.

We are pleased to confirm that overall we welcome the draft Code and the approach that has been taken throughout the consultation process and therefore have very few comments to make.

You have specifically asked for our views relating to the re-election of directors under principle B.7.1. Whilst we would be happy for the current practice, under which each director stands for re-election every three years, to continue, we would also be content to move to the practice of re-electing all directors on an annual basis, as this preserves the principle of the unitary board. We believe that annual or triennial elections are both models that seem to work in practice and are relaxed as to which model should prevail. We would observe however that there are a number of arguments against the annual re-election of every director including the concern that it might promote "short-termism" and the possibility of a Board being left "director-less" if all directors were to be voted down. These concerns have been expressed to us by long term investors in our Company on more than one occasion and we recognise their concerns.

We would however, not be supportive of the second alternative proposed under which the Chairman alone would be subject to annual re-election, believing that the Board should bear collective responsibility for its decisions.

Yours sincerely,

Susan M. Henderson

**Susan Henderson
Company Secretary**