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SMITH & NEPHEW PLC  
Form SC 13D/A  
October 15, 2002

SCHEDULE 13D

(Rule 13d-101)

Information to be Included in Statements Filed Pursuant to Rule 13d-1(a) and  
Amendments Thereto Filed Pursuant to Rule 13d-2(a)

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Under the Securities Exchange Act of 1934  
(Amendment No. 2)

ADVANCED TISSUE SCIENCES, INC.

-----  
(Name of Issuer)

Common Shares, \$.01 Par Value

-----  
(Title of Class of Securities)

00755F 10

-----  
(CUSIP Number)

James A. Ralston  
Smith & Nephew SNATS, Inc.  
1450 Brooks Road  
Memphis, TN 38116  
(901) 396-2121  
-----

(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

October 10, 2002

-----  
(Date of Event which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following:

Note. Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided on a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 (the "Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see

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the Notes).

SCHEDULE 13D

CUSIP No. 00755F 10

Page 2 of 21 Pages

1 NAME OF REPORTING PERSON

Smith & Nephew SNATS, Inc. 62-1598647

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)  (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS  
00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF 7 SOLE VOTING POWER  
SHARES  
BENEFICIALLY 5,104,163  
OWNED BY EACH  
REPORTING  
PERSON WITH

8 SHARED VOTING POWER  
-0-

9 SOLE DISPOSITIVE POWER  
5,104,163

10 SHARED DISPOSITIVE POWER  
-0-

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

5,104,163

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES  
CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

6.98%

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14 TYPE OF REPORTING PERSON

CO

2

SCHEDULE 13D

CUSIP No. 00755F 10

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1 NAME OF REPORTING PERSON

Smith & Nephew Holdings, Inc. 51-0377156

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) :

(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS

00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED

PURSUANT TO ITEMS 2(d) or 2(e) [ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY EACH  
REPORTING  
PERSON WITH

7 SOLE VOTING POWER

5,104,163

8 SHARED VOTING POWER

-0-

9 SOLE DISPOSITIVE POWER

5,104,163

10 SHARED DISPOSITIVE POWER

-0-

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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5,104,163

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES  
CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
6.98%

14 TYPE OF REPORTING PERSON  
CO

3

SCHEDULE 13D

CUSIP No.00755F10

Page 4 of 21 Pages

1 NAME OF REPORTING PERSON  
Smith & Nephew plc

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS  
00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
England and Wales

NUMBER OF  
SHARES 7 SOLE VOTING POWER  
BENEFICIALLY  
OWNED BY EACH 5,104,163  
REPORTING  
PERSON WITH

8 SHARED VOTING POWER  
-0-

9 SOLE DISPOSITIVE POWER  
5,104,163

10 SHARED DISPOSITIVE POWER

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-0-

|    |  |
|----|--|
| 11 | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON                                   |
|    | 5,104,163  |
| 12 | CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/> |
| 13 | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)   |
|    | 6.98%  |
| 14 | TYPE OF REPORTING PERSON   |
|    | CO   |

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Introduction

This Amendment to Schedule 13D, filed jointly by Smith & Nephew plc ("Parent"), Smith & Nephew Holdings, Inc. ("Holdings") and Smith & Nephew SNATS, Inc. ("S&N"), relates to the common stock, par value \$.01 per share ("ATS Common Stock"), of Advanced Tissue Sciences, Inc., a Delaware corporation ("ATS"), and, amends the Schedule 13D filed by Parent, Holdings and S&N with the Securities and Exchange Commission on July 9, 1999, as amended on September 29, 2000.

Item 1. Security and Issuer.

This statement relates to the ATS Common Stock. ATS is a Delaware corporation, the principal executive offices of which are located at 10933 North Torrey Pines Road, La Jolla, California 92037.

Item 2. Identity and Background.

This statement is being filed by the Parent, Holdings and S&N. Parent is a corporation incorporated under the laws of England and Wales. Its principal executive offices are located at Heron House, 15 Adam Street, London, England WG2N 6LA. It is engaged in the medical and healthcare business.

Holdings, an indirect, wholly-owned subsidiary of Parent, is a corporation incorporated under the laws of Delaware. Its principal executive offices are located at 1209 N. Orange Street, Wilmington, Delaware 19801-1119. It is a holding company.

S&N, an indirect, wholly owned subsidiary of Parent, and a direct, wholly owned subsidiary of Holdings, is a corporation incorporated under the laws of Delaware. Its principal executive offices are located at 1209 N. Orange Street, Wilmington, Delaware 19801-1119. It is a holding company.

Annex A, attached hereto and incorporated by reference, sets forth the name, residence or business address, present principal occupation or employment and citizenship of each executive officer and of each director of Parent.

Neither Parent nor any of the persons listed in Annex A has, during the

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last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

Neither Parent nor any of the persons listed on Annex A has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

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Annex B attached hereto and incorporated by reference, sets forth the name, residence or business address, present principal occupation or employment and citizenship of each executive officer and of each director of Holdings.

Neither Holdings nor any of the persons listed in Annex B has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

Neither Holdings nor any of the persons listed on Annex B has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Annex C, attached hereto and incorporated by reference, sets forth the name, residence or business address, present principal occupation or employment and citizenship of each executive officer and of each director of S&N.

Neither S&N nor any of the persons listed in Annex C has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

Neither S&N nor any of the persons listed on Annex C has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to federal or state securities laws or finding any violation with respect to such laws.

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### Item 3. Source and Amount of Funds or Other Consideration.

Pursuant to a Stock Purchase Agreement dated January 14, 1998, (the "Purchase Agreement") between S&N and ATS, S&N acquired 1,533,115 shares of the ATS Common Stock for \$13.0453333333 per share or a total of \$19,999,996.21. The funds for such acquisition were obtained from working capital at the parent company level which were either loaned or contributed to S&N.

Pursuant to a Promissory Note dated March 31, 1997 as amended June 18, 1999

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(the "Note"), S&N loaned ATS \$10,000,000. This loan was repayable by ATS in either cash or, under certain circumstances, ATS Common Stock. The funds for such loan were obtained from working capital at the parent company level which were either loaned or contributed to S&N. On June 18, 1999 ATS notified S&N of its election, pursuant to Section 2.3 of the Note, to repay the outstanding amounts under the Note in shares of ATS Common Stock. On June 30, 1999 ATS issued S&N 2,800,595 additional shares of ATS Common Stock.

Pursuant to an Agreement, dated May 6, 1994, between S&N and ATS, S&N loaned ATS \$10,000,000. The funds for such loan were obtained from working capital at the parent company level which were either loaned or contributed to S&N. On September 29, 2000, ATS paid S&N \$4,300,000 in cash on the loan, with the remaining balance of \$5,700,000 being paid to S&N by the issuance of 770,453 shares of ATS Common Stock.

### Item 4. Purpose of Transaction.

The purpose of acquiring the shares is for investment. Depending upon its evaluation of ATS' business prospects and financial condition, the market for ATS Common Stock and other factors that it may deem material to its investment decision, S&N may acquire additional shares of ATS Common Stock in the open market, in private transactions or by any other permissible means or may dispose of all or a portion of the shares of ATS Common Stock which are currently owned or which are hereafter acquired.

On October 10, 2002, in connection with their bankruptcy filing, ATS and certain of its subsidiaries filed a Section 363 motion to allow S&N to purchase certain of their assets and certain equity interests held by such entities. This transaction and a related loan agreement are more fully described in Item 6 hereof. S&N would fund the proposed transaction and financing from capital contributions or loans from its parent company. The parent company expects to provide any funds necessary from working capital.

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### Item 5. Interest in Securities of the Issuer.

S&N holds 5,104,163 shares of ATS Common Stock representing approximately 6.98% of the 73,154,753 issued and outstanding shares as of August 9, 2002.

The number of shares of ATS Common Stock as to which S&N has:

- (i) sole power to vote or direct the vote is 5,104,163 shares;
- (ii) shared power to vote or to direct the vote is 0 shares;
- (iii) sole power to dispose or to direct the disposition is 5,104,163; and (iv) shared power to dispose or direct the disposition is 0.

No other transactions in ATS Common Stock were effected by Parent, Holdings or S&N within the past sixty days.

### Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

S&N and ATS are involved in a variety of ongoing arrangements and understandings. In April 1996, S&N and ATS entered into an agreement to form a fifty-fifty joint venture for the worldwide commercialization of Dermagraft, ATS' tissue-engineered replacement for the treatment of diabetic foot ulcers (the "Dermagraft Joint Venture"). In January 1998, S&N

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and ATS expanded the Dermagraft Joint Venture to include, with certain exceptions, any products using ATS' technology for medical care and treatment of skin tissue wounds, such as pressure and venous ulcers, burns and skin tissue defects. The Dermagraft Joint Venture was further expanded in August 1998 by giving S&N the exclusive right to market TransCyte as a temporary covering for full and partial thickness burns in the United States, beginning in October 1998. Under the terms of the Dermagraft Joint Venture agreements, ATS is responsible for supervising the manufacturing of Dermagraft and TransCyte. S&N's existing wound care sales force and distribution network is used to market the products.

As consideration for entering into the Dermagraft Joint Venture, S&N paid ATS \$10 million in 1996. In connection with the 1998 expansion of the joint venture, S&N and ATS entered into the Purchase Agreement pursuant to which S&N purchased 1,533,115 shares of ATS Common Stock. The Dermagraft Joint Venture agreements also provide for certain payments by S&N to ATS upon the achievement of certain milestones. The first of these payments, \$15 million, was made in January 1999 and up to an additional \$136 million may be payable in the future. Except for \$10 million in regulatory approval and reimbursement milestones related to Dermagraft in the treatment of diabetic foot ulcers, all other approval, reimbursement and sales milestones are subject to, and payable from, joint venture earnings exceeding certain minimum levels. ATS and S&N will share equally in the expenses and revenues of the Dermagraft Joint venture except, as provided in the expansion agreements, ATS will fund the first \$6 million of expenses for conducting clinical trials and for regulatory support of Dermagraft and TransCyte in the treatment of venous and pressure ulcers as well as certain manufacturing and distribution costs and certain costs related to post-market studies of TransCyte through December 1999. Pursuant to the Dermagraft Joint Venture

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agreements, each of S&N and ATS has certain rights or obligations to purchase the other's interest under certain circumstances.

In connection with the Dermagraft Joint Venture, Parent and ATS each own 50% of DermEquip, L.L.C. ("DermEquip"). In August 1997, DermEquip entered into a term loan agreement with The Chase Manhattan Bank to borrow up to \$16 million (the "Chase Loan") through June 1998. During the first half of 1998, DermEquip completed drawdowns under the loan agreement to a total of \$16 million. Principal is payable in equal quarterly installments from June 1998 through June 2004. The Chase Loan bears interest payable quarterly at the 90-day London Interbank Offered Rate ("LIBOR") plus 1/4 percent (5.56% at December 31, 1998). DermEquip's obligations with respect to the Chase Loan are jointly and severally guaranteed by Parent and ATS. The guarantees are secured by DermEquip's assets, having a carrying value of \$14,485,000 as of December 31, 1998, and by each of Parent's and ATS' interest in DermEquip.

In 1994, S&N and ATS entered into a separate fifty-fifty joint venture for the worldwide development, manufacture and marketing of human-based, tissue-engineered cartilage for orthopedic applications (the "NeoCyte Joint Venture"). Under the agreement, S&N contributed the first \$10 million in the NeoCyte Joint Venture funding and ATS contributed certain technology licenses. Revenues and expenditures of the NeoCyte Joint Venture after the first \$10 million are being shared equally by the partners. In addition, S&N provided ATS with a \$10 million loan commitment to fund ATS' share of the expenditures of the NeoCyte Joint Venture. This loan has been paid off, as provided in Item 3 above. The NeoCyte Joint Venture also has the right



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of first negotiation to develop tissue-engineered bone, tendon and ligament for orthopedic applications.

On October 10, 2002, ATS and certain of its subsidiaries (the "ATS Entities") filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Southern District of California (the "Filing"). As part of the Filing, ATS filed a Section 363 motion to allow S&N to purchase the ATS Entities' equity interests in the Dermagraft Joint Venture and DermEquip and related assets (the "Sale") pursuant to an Asset and Equity Purchase Agreement among the ATS Entities, S&N and T. J. Smith & Nephew Limited (the "Sale Agreement") for a purchase price of \$10 million in cash and the assumption of certain liabilities. The Sale Agreement also contemplates that the parties will agree to cease operations of the NeoCyte Joint Venture and enter into agreements whereby each of S&N and its affiliates and the ATS Entities will have non-exclusive rights to the technology and intellectual property of the NeoCyte Joint Venture. If the Sale is approved by the bankruptcy court, the parties anticipate closing the transactions contemplated in the Sale Agreement as soon as practicable (subject to any required regulatory approvals).

In addition, the Filing also includes a proposed Loan and Security Agreement pursuant to which S&N would lend up to \$5 million to the ATS Entities as "debtor-in-possession" financing to finance the operations of the ATS Entities and the Dermagraft Joint Venture pending the Sale. Any funds so loaned would be offset against the purchase price contemplated by the Sale Agreement. The S&N proposed financing and the Sale are subject to approval by the bankruptcy court. S&N would fund the proposed financing and the Sale from capital

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contributions or loans from its parent company. The parent company expects to provide any funds necessary from working capital.

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- |             |  |
|-------------|--|
| Item 7.     | Material to be Filed as Exhibits. Except as otherwise indicated, all exhibits have been previously filed.  |
| Exhibit I*  | Agreement of Joint Filing, dated October 11, 2002.   |
| Exhibit II  | Common Stock Purchase Agreement, dated January 14, 1998 between Advanced Tissue Sciences, Inc. and Smith and Nephew SNATS, Inc., incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed with the Securities and Exchange Commission on January 14, 1998 by Advanced Tissue Sciences, Inc. |
| Exhibit III | Promissory Note between Advanced Tissue Sciences, Inc. and Smith & Nephew SNATS, Inc., dated March 31, 1997, incorporated by reference to Exhibit 10.1 to the Form 10-Q for the Quarter Ended March 31, 1997 filed with the Securities and Exchange Commission by Advanced Tissue Sciences, Inc.                 |
| Exhibit IV  | Amendment to the Promissory Note between Advanced Tissue Sciences, Inc. and Smith & Nephew SNATS, Inc., dated June   |

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18, 1999, previously filed as Exhibit IV to the Schedule 13D dated July 9, 1999, filed with the Securities and Exchange Commission by Smith & Nephew Holdings, Inc., Smith & Nephew SNATS, Inc. and Smith & Nephew plc.

- Exhibit V Agreement between Advanced Tissue Sciences, Inc. and Smith & Nephew plc dated May 6, 1994, incorporated by reference to Exhibit 10.1 to the Form 10-Q for the Quarter Ended March 31, 1994 filed with the Securities and Exchange Commission by Advanced Tissue Sciences, Inc.
- Exhibit VI Heads of Agreement between Advanced Tissue Sciences, Inc. and Smith & Nephew plc dated April 29, 1996, incorporated by reference to Exhibit 10.1 to the Form 10-Q for the Quarter Ended March 31, 1996 filed with the Securities and Exchange Commission by Advanced Tissue Sciences, Inc.
- Exhibit VII Promissory Note between Advanced Tissue Sciences, Inc. and Smith & Nephew SNATS, Inc. dated June 11, 1997, incorporated by reference to Exhibit 10.2 to the Form 10-Q for the Quarter Ended June 30, 1997 filed with the Securities and Exchange Commission by Advanced Tissue Sciences, Inc.
- Exhibit VIII Heads of Agreement dated January 14, 1998 between Advanced Tissue Sciences Inc. and Smith & Nephew plc, incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K dated January 14, 1998 filed with the Securities and Exchange Commission by Advanced Tissue Sciences, Inc.
- Exhibit IX Heads of Agreement between Advanced Tissue Sciences, Inc. and Smith & Nephew plc dated August 6, 1998, incorporated by reference to Exhibit
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- 10.1 to the Form 10-Q for the Quarter Ended June 30, 1998 filed with the Securities and Exchange Commission by Advanced Tissue Sciences, Inc.
- Exhibit X U.S. \$16,000,000 Loan Facility to DermEquip, L.L.C. provided by the Chase Manhattan Bank dated August 12, 1997, incorporated by reference to Exhibit 10.1 to the Form 10-Q for the Quarter Ended September 30, 1997 filed with the Securities and Exchange Commission by Advanced Tissue Sciences, Inc.
- Exhibit XI Term Sheet restructuring certain terms of the Dermagraft Joint Venture, as amended and effective as of September 2000 between Advanced Tissue Sciences, Inc. and Smith & Nephew plc, incorporated by reference to Exhibit 10.3 to the Form 10-Q for the Quarter Ended September 30, 2000 filed with the Securities and Exchange Commission by Advanced Tissue Sciences, Inc.
- Exhibit XII\* Asset and Equity Purchase Agreement among Advanced Tissue Sciences, Inc., ATS Dermagraft, Inc., ATS Orthopedics, Inc., Smith & Nephew SNATS, Inc. and T. J. Smith & Nephew Limited.

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Exhibit XIII\*      Loan and Security Agreement among Advanced Tissue Sciences, Inc., ATS Dermagraft, Inc., ATS Orthopedics, Inc. and Smith & Nephew SNATS, Inc.

-----  
\* Filed herewith.

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, correct and complete.

October 11, 2002

-----  
(Date)

/s/ James A. Ralston

-----  
(Signature)

James A. Ralston, Vice President and Treasurer

-----  
(Name and Title)

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ANNEX A

EXECUTIVE OFFICERS AND DIRECTORS

OF

SMITH & NEPHEW PLC

Directors of Smith & Nephew plc

Name:                                      Mr Dudley G Eustace  
Position:                                    Chairman  
Nationality:                                British  
Business Address:                         Smith & Nephew plc  
    15 Adam Street  
    London WC2N 6LA

Name:                                      Mr Christopher J O'Donnell  
Position:                                    Chief Executive  
Nationality:                                British  
Business Address:                         Smith & Nephew plc  
    15 Adam Street  
    London WC2N 6LA

Name:                                      Mr Peter Hooley  
Position:                                    Group Finance Director  
Nationality:                                British  
Business Address:                         Smith & Nephew plc

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15 Adam Street  
London WC2N 6LA

Name: Dr Rolf W H Stomberg  
Position: Non-Executive Director  
Nationality: German  
Business Address: Management Consulting Group PLC  
11/th/ Floor  
21 New Fetter Lane  
London EC4A 1AW

Name: Mr Richard U de Schutter  
Position: Non-Executive Director  
Nationality: American  
Business Address: 733 Ravine Avenue  
Lake Bluff, Illinois 60044 U.S.A.

Name: Dr Pamela J Kirby

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Position: Non-Executive Director  
Nationality: British  
Business Address: Quintiles Transnational Corp  
4709 Creekstone Drive, Suite 200  
Durham NC 27703 U.S.A.

Name: Mr Warren D Knowlton  
Position: Non-Executive Director  
Nationality: American  
Business Address: 29709 Somerset  
Perrysburg, Ohio 43551 U.S.A.

Name: Sir Timothy Lankester  
Position: Non-Executive Director  
Nationality: British  
Business Address: Corpus Christi College  
Merton Street  
Oxford OX1 4JF

Name: Mr Brian Larcombe  
Position: Non-Executive Director  
Nationality: British  
Business Address: 3i Group plc  
91 Waterloo Road  
London SE1 8XP

Officers of Smith & Nephew plc

Name: Mr James L Dick  
Position: President, Advanced Wound Management  
Nationality: British  
Business Address: Smith & Nephew Medical Ltd.  
P.O. Box 81  
101 Hessle Road  
Hull  
HU3 2BN

Name: Mr Peter W Huntley  
Position: Group Director, Strategy & Business Development

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Nationality: Australian  
Business Address: Smith & Nephew plc  
15 Adam Street  
London WC2N 6LA

Name: Mr Larry W Papasan

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Position: Chairman, Orthopaedics  
Nationality: American  
Business Address: Smith & Nephew Inc.  
1450 Brooks Road  
Memphis, Tennessee 38116 USA

Name: Mr David Illingworth  
Position: President, Orthopaedics  
Nationality: American  
Business Address: Smith & Nephew Inc.  
1450 Brooks Road  
Memphis, Tennessee 38116 USA

Name: Mr James A Ralston  
Position: Chief Legal Officer  
Nationality: American  
Business Address: Smith & Nephew Inc.  
1450 Brooks Road  
Memphis, Tennessee 38116 USA

Name: Mr Ronald M Sparks  
Position: President, Endoscopy  
Nationality: American  
Business Address: Smith & Nephew Inc.  
150 Minuteman Road  
Andover, Massachusetts 01810 USA

Name: Dr Alan Suggett  
Position: Group Director, Technology  
Nationality: British  
Business Address: Smith & Nephew Group Research Centre  
York Science Park  
Heslington  
York  
YO10 5DF

Name: Mr James Taylor  
Position: Group Director, Indirect Markets  
Nationality: British  
Business Address: Smith & Nephew plc  
15 Adam Street  
London WC2N 6LA

Name: Mr Paul M Williams  
Position: Group Director, Human Resources

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Nationality: British

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Business Address: Smith & Nephew plc  
 15 Adam Street  
 London WC2N 6LA

Name: Mr Paul R Chambers  
 Position: Company Secretary  
 Nationality: British  
 Business Address: Smith & Nephew plc  
 15 Adam Street  
 London WC2N 6LA

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ANNEX B

EXECUTIVE OFFICERS AND DIRECTORS

OF

SMITH & NEPHEW HOLDINGS, INC.

| NAME<br>-----    | POSITION<br>-----                    | ADDRESS<br>-----   | CITIZENSHIP<br>----- |
|------------------|--------------------------------------|--|----------------------|
| James A. Ralston | Chairman of the Board,<br>President  | Smith & Nephew, Inc.<br>1450 Brooks Road<br>Memphis, TN 38116        | U.S.A                |
| Ron Sparks       | Director, Secretary<br>and Treasurer | Smith & Nephew Endoscopy<br>160 Danscomb Road<br>Andover, MA 01810   | U.S.A                |
| Tony Parish      | Assistant Secretary                  | Smith & Nephew, Inc.<br>1450 Brooks Road<br>Memphis, TN 38116        | U.S.A                |
| Larry Papasan    | Director                             | Smith & Nephew Orthopaedics<br>1450 Brooks Road<br>Memphis, TN 38116 | U.S.A                |

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ANNEX C

EXECUTIVE OFFICERS AND DIRECTORS

OF

SMITH & NEPHEW SNATS, INC.

| NAME<br>----- | POSITION<br>----- | ADDRESS<br>----- | CITIZENSHIP<br>----- |
|---------------|-------------------|------------------|----------------------|
|---------------|-------------------|------------------|----------------------|

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|                  |   |  |         |
|------------------|---|--|---------|
| Lucy Fuller      | Director                                | Smith & Nephew plc<br>Heron House<br>15 Adam Street<br>London<br>WC2N 6LA<br>England                   | British |
| James A. Ralston | Director, Vice President &<br>Treasurer | Smith & Nephew, Inc.<br>1450 Brooks Road<br>Memphis, TN 38116  | U.S.A   |
| Alan Suggett     | Chairman of the Board,<br>President     | Smith & Nephew<br>Group Research Centre<br>York Science Park<br>Heslington<br>York, YO1 5DF<br>England | British |
| Robert Lucas     | Secretary                               | Smith & Nephew, Inc.<br>1450 Brooks Road<br>Memphis, TN 38116  | U.S.A   |

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### EXHIBIT INDEX

|             |   |
|-------------|---|
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| Exhibit V   | Agreement between Advanced Tissue Sciences, Inc. and Smith & Nephew plc dated May 6, 1994, incorporated by reference to Exhibit 10.1 to the Form 10-Q for the Quarter Ended March 31, 1994 filed with the Securities and Exchange Commission by Advanced Tissue Sciences, Inc.  |
| Exhibit VI  | Heads of Agreement between Advanced Tissue  |

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Sciences, Inc. and Smith & Nephew plc dated April 29, 1996, incorporated by reference to Exhibit 10.1 to the Form 10-Q for the Quarter Ended March 31, 1996 filed with the Securities and Exchange Commission by Advanced Tissue Sciences, Inc.

Exhibit VII Promissory Note between Advanced Tissue Sciences, Inc. and Smith & Nephew SNATS, Inc. dated June 11, 1997, incorporated by reference to Exhibit 10.2 to the Form 10-Q for the Quarter Ended June 30, 1997 filed with the Securities and Exchange Commission by Advanced Tissue Sciences, Inc.

Exhibit VIII Heads of Agreement dated January 14, 1998 between Advanced Tissue Sciences Inc. and Smith & Nephew plc, incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K dated January 14, 1998 filed with the Securities and Exchange Commission by Advanced Tissue Sciences, Inc.

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Exhibit IX Heads of Agreement between Advanced Tissue Sciences, Inc. and Smith & Nephew plc dated August 6, 1998, incorporated by reference to Exhibit 10.1 to the Form 10-Q for the Quarter Ended June 30, 1998 filed with the Securities and Exchange Commission by Advanced Tissue Sciences, Inc.

Exhibit X U.S. \$16,000,000 Loan Facility to DermEquip, L.L.C. provided by the Chase Manhattan Bank dated August 12, 1997, incorporated by reference to Exhibit 10.1 to the Form 10-Q for the Quarter Ended September 30, 1997 filed with the Securities and Exchange Commission by Advanced Tissue Sciences, Inc.

Exhibit XI Term Sheet restructuring certain terms of the Dermagraft Joint Venture, as amended and effective as of September 2000 between Advanced Tissue Sciences, Inc. and Smith & Nephew plc, incorporated by reference to Exhibit 10.3 to the Form 10-Q for the Quarter Ended September 30, 2000 filed with the Securities and Exchange Commission by Advanced Tissue Sciences, Inc.

Exhibit XII\* Asset and Equity Purchase Agreement among Advanced Tissue Sciences, Inc., ATS Dermagraft, Inc., ATS Orthopedics, Inc., Smith & Nephew SNATS, Inc. and T. J. Smith & Nephew Limited.

Exhibit XIII\* Loan and Security Agreement among Advanced Tissue Sciences, Inc., ATS Dermagraft, Inc., ATS Orthopedics, Inc. and Smith & Nephew SNATS, Inc.

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\*Filed herewith.

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