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Commission pursuant to Rule 12g3-2 (b) under the Securities Exchange Act of 1934.]

Yes

No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2 (b) : 82- n/a.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Smith & Nephew Plc
(Registrant)

Date: January 22, 2009

By: /s/ Paul Chambers

Paul Chambers
Company Secretary

**Smith & Nephew
and Plus vendors renegotiate
purchase agreement**

22 January 2009

Smith & Nephew
plc
(LSE: SN, NYSE: SNN), the global medical technology business,

announces that it has renegotiated, with the vendors of Plus Orthopedics Holding AG ("Plus"), the original purchase agreement for Plus.

Smith & Nephew and the vendors of Plus have reached an agreement to reduce the total original purchase price by CHF 159 million (\$141 million) from CHF 1086 million (\$889 million at then prevailing rates) paid in May 2007. As part of the agreement

the parties have resolved their disputes on the contractual purchase price adjustments. In addition, Smith & Nephew is releasing the vendors from substantially all of their warranties, including those

relating to taxation, under the original purchase agreement and has dropped all existing claims under the original warranties.

Commenting on the settlement, David Illingworth, Chief Executive of Smith & Nephew, said:

"I am very pleased that we have reached this agreement with the vendors of Plus.

The strategic logic behind the acquisition remains intact. Our enlarged European business is well on its way to realising its potential, through the hard work of our employees as they focus on delivering the best outcomes for patients and service to our customers."

Enquiries

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About Smith & Nephew

Smith & Nephew is a global medical technology business, specialising in Orthopaedics, including Reconstruction, Trauma and Clinical Therapies; Endoscopy and Advanced Wound Management. Smith & Nephew is a global leader in arthroscopy and advanced wound management and is one of the leading global orthopaedics companies.

Smith & Nephew is dedicated to helping improve people's lives. The Company prides itself on the strength of its relationships with its surgeons and professional healthcare customers, with whom its name is synonymous with high standards of performance, innovation and trust. The Company operates in 32 countries around the world. Annual sales in 2007 were nearly \$3.4 billion.

Forward-Looking Statements

This press release contains certain "forward-looking statements" within the meaning of the US

Private Securities Litigation Reform Act of 1995. In particular, statements regarding expected revenue growth and trading margins discussed under "Outlook" are forward-looking statements as are discussions of our product pipeline. These statements, as well as the phrases "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions, are generally intended to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors (including, but not limited to, the outcome of

litigation, claims and regulatory approvals) that could cause the actual results, performance or achievements of Smith & Nephew, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Please refer to the documents that Smith & Nephew has filed with the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934, as amended, including Smith & Nephew's most recent annual report on Form 20F, for a discussion of certain of these factors.

All forward-looking statements in this press release are based on information available to Smith & Nephew as of the date hereof. All written or oral forward-looking statements attributable to Smith & Nephew or any person acting on behalf of Smith & Nephew are expressly qualified in their entirety by the foregoing. Smith & Nephew does not undertake any obligation to update or revise any forward-looking statement contained herein to reflect any change in Smith & Nephew's expectation with regard thereto or any change in events, conditions or circumstances on which any such statement is based.