

March 17, 2009

Mr. Edgar M. Swindell
Associate General Counsel/Ethics
Designated Agency Ethics Official
U.S. Department of Health and Human Services
Room 710-E, Hubert H. Humphrey Building
200 Independence Avenue, SW
Washington, DC 20201

Dear Mr. Swindell:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Secretary, U.S. Department of Health and Human Services.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

Upon confirmation, I will resign from my position as Governor of Kansas. Because I will continue to participate in the Kansas Public Employee Retirement System, a defined benefit pension plan, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the ability or willingness of the State of Kansas to provide this contractual benefit to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2), such as 5 C.F.R. § 2640.201(c)(2). For a period of one year after my resignation from this position, I also will not participate personally and substantially in any particular matter involving specific parties in which the State of Kansas is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

Upon confirmation, I will resign from my unpaid positions with the following entities:

National Assessment Governing Board
Center for Innovative Thought, College Board
American Federation of Teachers Educational Foundation Innovation Fund Advisory Board

Mr. Edgar M. Swindell
Page 2

For a period of one year after my resignation from each of these entities, I will not participate personally and substantially in any particular matter involving specific parties in which that entity is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

In June 2008, I resigned from my unpaid Chair position with the Education Commission of the States, a non-profit education organization. For a period of one year after my resignation, I will not participate personally and substantially in any particular matter involving specific parties in which the Education Commission of the States is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

Following my appointment, my spouse and I will divest our interests in the following entities within 90 days of my confirmation:

Fidelity Advisor Energy Fund
Kronos Worldwide, Inc.
NL Industries, Inc.
Westar Energy, Inc.

With regard to each of these entities, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of the entity until I have divested it, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

I am a general partner and hold a 25% interest in the Swallows Partnership, a family partnership holding a summer home in Leland, Michigan. Upon confirmation, I will resign from my position as general partner and transfer my shares in the partnership to my spouse. I will retain a financial interest in Swallows Partnership through my spouse, but I will not manage this entity or provide any other services to it. I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interest of Swallows Partnership, unless I first obtain a written waiver pursuant to 18 U.S.C. § 208(b)(1).

In order to avoid potential conflicts of interest during my appointment as Secretary, I, my spouse, or any minor children of mine will not acquire any direct financial interest in entities listed on the FDA prohibited holdings list or in entities involved, directly or through subsidiaries, in the following industries: (1) research, development, manufacture, distribution, or sale of pharmaceutical, biotechnology, or medical devices, equipment, preparations, treatment, or products; (2) veterinary products; (3) healthcare management or delivery; (4) health, disability, or workers compensation insurance or related services; (5) food and/or beverage production, processing or distribution; (6) communications media; (7) computer hardware, computer software, and related internet technologies; (8) wireless communications; (9) social sciences and

Mr. Edgar M. Swindell
Page 3

economic research organizations; (10) energy or utilities; (11) commercial airlines, railroads, shiplines, and cargo carriers; or (12) sector mutual funds that concentrate their portfolios on one country other than the United States. In addition, we will not acquire any interests in sector mutual funds that concentrate in any of these sectors.

Sincerely,



Kathleen G. Sebelius

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