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 We are **smith&nephew**

Via Federal Express

April 26, 2006

Mr. John D. Gibson
Assistant Staff Director
Reports Analysis Division
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Mr. Lawrence MacDonald
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Subject: Smith & Nephew, Inc. PAC
Identification Number: C00374066

Reference: March Monthly Report 2/1/2006 – 2/28/2006

Reference: April Monthly Report 3/1/2006 – 3/31/2006

Gentlemen:

On Thursday, April 6, 2006 Smith & Nephew laid off approximately 25 employees. One of those was Ms. Amy L. James, the Treasurer of the Smith & Nephew, Inc. PAC. This was traumatic for the employee and very difficult for the company. Prior to the reduction in force rumors were rampant and Ms. James may have been distracted by concerns over her future with the company.

On that date, the Smith & Nephew, Inc. PAC's March Monthly report was tardy and Ms. James was sent a letter advising her of this dated April 4, 2006. The March Monthly Report was actually in the mail to the Federal Election Commission at that time and is now on file in your offices.

I have also determined that the April Monthly Report, due April 20, 2006, was not filed before Ms. James left the company. We sent that report by overnight courier service on April 26, 2006 and expect

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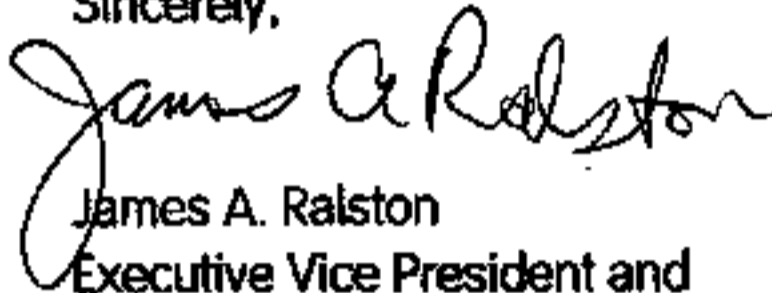
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that it will be delivered to the FEC on April 27, 2006. This letter is to notify you of the mailing and explain these extenuating circumstances.

I realize now that we did not properly manage the PAC Treasurer which was made clear on her departure. We will appoint a new Treasurer and commit to better management in the future. We apologize for the inconvenience that we have caused.

If you have any questions I can be reached at 901.399.6959. Thank you for your consideration.

Sincerely,



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Executive Vice President and
Chief Legal Officer
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Federal Election Commission
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JMP
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