

JUL -7 2009

Mr. Levator Norsworthy, Jr.
Acting Principal Deputy General Counsel
Office of the General Counsel
Department of the Army
104 Army Pentagon
Washington DC 20301-0104

Dear Mr. Norsworthy:

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 of the Army.

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.

I will continue to participate in the New York State and Local Employees 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 New York 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).

Because of this defined benefit plan, as established in the letter signed by the Chairman and Ranking Member of the Senate Committee on Armed Services dated September 23, 2005, I also agree that prior to acting in any particular matter that is likely to have a direct, predictable, and substantial effect on the financial interest of the State of New York, I will consult with my Designated Agency Ethics Official, and will not act in the matter unless that official determines that the interest of the Government in my participation outweighs any appearance of impropriety, and issues a written determination authorizing my participation. I understand that such an authorization does not constitute a waiver of 18 U.S.C. § 208 and does not affect the applicability of that section.

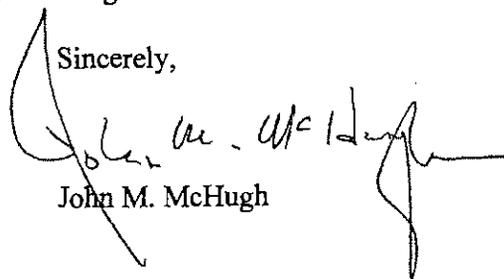
I understand that if any company in which I invest enters into a contract with the Department of Defense, I will be required to divest that interest. I further understand that I may request a Certificate of Divestiture for any such asset and that a Certificate of Divestiture is

effective only if obtained prior to divestiture. Where applicable, I will request a Certificate of Divestiture from the U.S. Office of Government Ethics. However, I also understand that I must divest such assets whether or not I receive a Certificate of Divestiture.

Finally, I understand that as an appointee I am required to sign the Ethics Pledge (Exec. Order No. 13490) and that I will be bound by the requirements and restrictions therein, in addition to the commitments I have made in this and any other ethics agreement.

Within 90 days of confirmation, I will implement the recusals in this ethics agreement by designating in writing an individual to screen me out of conflicting matters and to reassign those matters, providing the individual with a list of assets and parties giving rise to such conflicts, and notifying you when I have completed these implementing actions.

Sincerely,

A handwritten signature in black ink, appearing to read "John M. McHugh", written over a printed name. The signature is stylized and includes a large, sweeping flourish on the left side.

John M. McHugh