

September 18, 2013

Jonathan E. Rackoff  
Assistant General Counsel and  
Designated Agency Ethics Official  
Office of Management and Budget  
725 17<sup>th</sup> Street, NW, Room 5001  
Washington, DC 20503

Re: Ethics Agreement

Dear Mr. Rackoff:

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 Deputy Director for Management in the Office of Management and Budget.

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 have been advised that the duties of the position of Deputy Director for Management may involve particular matters affecting the financial interests of First Niagara Financial Group. The agency has determined that it is not necessary at this time for me to divest my interests in this entity because my recusal from particular matters in which this interest poses a conflict of interest will not substantially limit my ability to perform the essential duties of the position of Deputy Director for Management. Accordingly, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of either of these entities, 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).

Promptly after confirmation, but no later than 90 days from my confirmation, I will divest my interests in the following entities:

1. Serent Capital Associates, LP;
2. Lowell Capital Fund, LP;
3. Nipun Asia Total Return Fund LP;
4. SPDR Dow Jones REIT (RWR)

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 have disclosed in my financial disclosure report financial interests in the following funds:

1. Compass Special Situations Fund, LLC;
2. Compass Global Private Equity Capital Fund;
3. Compass European Private Equity Capital Plan;
4. Special Situations Investment Fund, L.P.; and
5. Special Situations Aggressive Long-Term Portfolio.

However, the funds' managers declined to provide me with sufficient information to enable me to disclose the funds' underlying assets in my financial disclosure report. Therefore, I will divest my financial interests in these funds within 90 days of my confirmation. With regard to each of these funds, until I have divested the fund, I will not participate personally and substantially in any particular matter in which to my knowledge I have a financial interest, if the particular matter has a direct and predictable effect on the financial interests of that fund, or its underlying assets, 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).

Upon confirmation, I will resign from all of my positions with McKinsey & Company ("McKinsey" or the Firm"), including my positions as a McKinsey Director, as Co-leader of the Firm's global Marketing & Sales Practice, and as Chairperson of the Board of Trustees of the McKinsey Master Retirement Trust. In accordance with McKinsey's standard policies, practice, and timing of delivery, I will receive certain payments and benefits from McKinsey after departing the Firm. These include:

1. A lump-sum payment reflecting the value of my capital account;
2. A lump-sum payment reflecting compensation and pro rata bonus for services performed in 2013 through the date of my withdrawal;
3. A lump-sum termination payment calculated based on age and years of service pursuant to an established McKinsey formula;
4. A *pro rata* share of the firm's profit sharing program for services performed in 2013 through the date of my withdrawal. This payment will be based solely on the firm's earnings through the date of my withdrawal from the firm.
5. A lump-sum payment reflecting the value of my supplemental defined-benefit pension plan;
6. Continued coverage by McKinsey-paid personal lines umbrella insurance policy; and
7. Continued coverage by McKinsey-paid medical, dental, and vision insurance.

I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the ability or willingness of McKinsey to make these payments to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1). For a period of one year after my resignation, I also will not participate personally and substantially in any particular matter involving specific parties in which this firm is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d). In addition, I will not participate personally and substantially in any particular matter involving specific parties in which a former client of mine is a party or represents a party for a period of one year after I last provided service to that client, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

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

1. United Way of the Bay Area (*Board Member*); and
2. Stanford University Graduate School of Business (*Advisory Council Member*).

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).

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.

I have been advised that this ethics agreement will be posted publicly, consistent with 5 U.S.C. § 552, on the website of the U.S. Office of Government Ethics with other ethics agreements of Presidential nominees who file public financial disclosure reports.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth F. Cobert", with a long horizontal flourish extending to the right.

Beth F. Cobert