

AUG 12 2011

Honorable Jeh Johnson
General Counsel and
Designated Agency Ethics Official
Office of the General Counsel
Department of Defense
1600 Defense Pentagon
Washington DC 20301

Dear Mr. Johnson:

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 Secretary for the Department of Defense (DoD).

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 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.

On April 28, 2011, I resigned from my position as a tenured Senior Faculty member on leave from Harvard University. For a period of one year after my resignation from Harvard University, I will not participate personally and substantially in any particular matter involving specific parties in which Harvard University 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 Harvard University is a party or represents a party for a period of two years from my appointment as Deputy Secretary, unless I am first authorized to participate pursuant to 5 C.F.R. § 2635.502(d) and Section 3 of Executive Order 13490.

I may receive royalties from the Brookings Institution Press for sales of two books. 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 Brookings Institution Press to honor its contractual obligations regarding these royalties, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1).

My wife is employed at ABS Capital Partners, Inc. (ABS), a venture capital partnership. Although she is a partner in other separate partnerships ABS has established, she has no equity interest in ABS. I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my wife's employment with or compensation from ABS Capital Partners unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1).

My wife's duties at ABS include serving as a general partner in several separate private limited partnerships established by ABS. ABS creates these separate partnerships to invest in small private companies with potential for growth. The companies in which these partnerships invest generally do not do business with the DoD. Pursuant to the partnership agreement for each of these partnerships, she is required to commit capital subject to a capital call. At the time she makes the capital commitment, she does not know what companies each of the partnerships will invest in. After she makes this capital commitment, she is locked in to the partnership, and she cannot divest her interest until the partnership winds down. The partnership invests the partners' capital over its life, and holds each company for a period of time. My wife has no input into any of the partnership's investment decisions or any of its decisions concerning when or how to dispose of any asset.

Shortly before the partnership invests in any company, my wife's capital commitment is called and she is informed that an investment in that company will most certainly occur. At that time, I will ensure that my DoD ethics official, who can confirm whether the company is on the DoD contractor list, is notified. If the company is on that list, it will be added to my screening arrangement, which will result in my disqualification from participation in any particular matter directly and predictably affecting that entity for as long as the partnership is invested in that company. Except with regard to the investments of these partnerships, neither my spouse nor I will invest in any company that has a contract with the DoD.

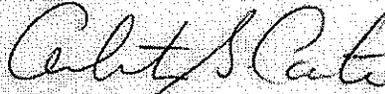
In addition, if any other company in which my spouse, or I invest enters into a contract with DoD, I understand that we will be required to divest that interest. Where applicable, we will request a Certificate of Divestiture from the U.S. Office of Government Ethics. I understand that we must divest whether or not we receive a Certificate of Divestiture.

The recusals in this ethics agreement have already been implemented as I have designated in writing an individual to screen me out of conflicting matters and to reassign those matters. I have provided that individual with a list of assets and parties giving rise to such conflicts, and I have completed these implementing actions.

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.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Ashton B. Carter".

Ashton B. Carter