



*Office of the Vice President  
Governmental Programs*

*1301 K Street Northwest, Suite 1200  
Washington, DC 20005 3307*

June 7, 2010

Mr. Michael Masters  
Masters Capital Management, LLC  
17 Church Street  
Christiansted, 00820  
US Virgin Islands

Dear Mr. Masters:

I have been asked to respond to your letter regarding Financial Regulatory Reform and IBM's position of derivatives.

Our message to the Congress has been that it is important to preserve the ability of commercial end-users like IBM to use derivatives to reduce volatility in our global business operations through fluctuations in interest rates and foreign currencies. Our goal has been to achieve meaningful financial regulatory reform that provides certainty while also allowing commercial end-users like IBM to continue to engage in normal hedging of commercial risk.

Many in Congress have agreed with our view that commercial end-users were not the source of the problems in the financial crisis, and should not be prevented from using derivatives for the normal hedging of commercial risk from currency fluctuation or changes in interest rates. Indeed, the legislation which passed the Senate recognizes this fact.

I hope this clarifies our position and the message we have espoused with the Administration, Senate, and House.

Sincerely,

Christopher A. Padilla