



Interchange Corporate Center
450 Plymouth Road, Suite 400
Plymouth Meeting, PA 19462-1644
Ph. (610) 832-8240

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

INTERNATIONAL BUSINESS MACHINES
CORPORATION

Plaintiff(s)

vs.

UNDERTAKING ON INJUNCTION

MARK D. PAPERMASTER

Case No. 08-CV-9078 (KMK)

Bond No. 015028200

Defendant(s)

THE ABOVE NAMED plaintiff International Business Machines Corporation has applied to one of the Judges of this Court for an Injunction in the above entitled action, restraining the defendant Mark D. Papermaster, as is more fully set forth in the papers in said application.

NOW, THEREFORE, the LIBERTY MUTUAL INSURANCE COMPANY, a Massachusetts mutual insurance company, having an office and place of business at 301 Plainfield Road, Suite 250, Syracuse, NY 13212, does hereby, pursuant to the Statute in such case made and provided, undertake in the sum of Three Million & 00/100 (\$3,000,000.00) Dollars, that the plaintiff International Business Machines Corporation will pay to the defendant Mark D. Papermaster so enjoined, such damages, not exceeding the before mentioned sum, as Mark D. Papermaster may sustain by reason of said injunction, if the Court finally decides that the plaintiff International Business Machines Corporation was not entitled thereto, such damages to be ascertained and determined by the Court, or by a Referee appointed by the Court, or by a writ of inquiry, or otherwise as the Court shall direct.

Dated, this 13th Day of November, 2008

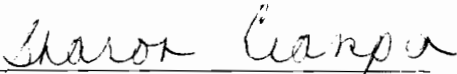
LIBERTY MUTUAL INSURANCE COMPANY

USDS SDNY
DOCUMENT
ELECTRONICALLY FILED
DOC #: _____
DATE FILED: _____

By: April D. Perez
April D. Perez, Attorney-in-Fact

STATE OF NEW JERSEY
COUNTY OF MORRIS

On November 13, 2008, before me personally came April D. Perez to me known to be an Attorney-In-Fact of Liberty Mutual Insurance Company, the corporation described in the within instrument, and she acknowledged that she executed the within instrument as the act of the said Liberty Mutual Insurance Company in accordance with authority duly conferred upon her by said company.



Notary Public

PRINCIPAL ACKNOWLEDGEMENT

Sharon Ciampa
Notary Public of New Jersey
My Commission Expires 9/21/2012

STATE OF NEW JERSEY
COUNTY OF MORRIS

On this _____ day of _____, 2008, before me personally came
_____ to me known to be a _____ of
_____, the corporation described in the within instrument, and
he/she executed the within instrument as the act of the said _____
in accordance with authority duly conferred upon him/her by said company.

Notary Public

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

LIBERTY MUTUAL INSURANCE COMPANY
BOSTON, MASSACHUSETTS
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Liberty Mutual Insurance Company (the "Company"), a Massachusetts stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint

MARY LAWRENCE, THERESA GIRALDO, APRIL D. PEREZ, ALL OF THE CITY OF MORRISTOWN, STATE OF NEW JERSEY

, each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding TEN MILLION AND 00/100 DOLLARS (\$ 10,000,000.00) each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE XIII - Execution of Contracts: Section 5. Surety Bonds and Undertakings.

Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article XIII, Section 5 of the By-Laws, Garnet W. Elliott, Assistant Secretary of Liberty Mutual Insurance Company, is hereby authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Liberty Mutual Insurance Company has been affixed thereto in Plymouth Meeting, Pennsylvania this 27th day of June, 2008.

LIBERTY MUTUAL INSURANCE COMPANY

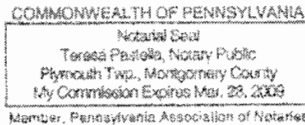
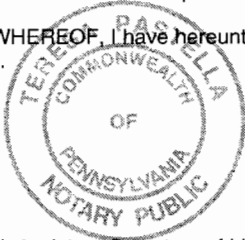


By Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 27th day of June, 2008, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Liberty Mutual Insurance Company; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Liberty Mutual Insurance Company thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



By Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Liberty Mutual Insurance Company, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article XIII, Section 5 of the By-laws of Liberty Mutual Insurance Company.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Liberty Mutual Insurance Company at a meeting duly called and held on the 12th day of March, 1980.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 13th day of November, 2008.



By David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

LIABILITIES, SURPLUS AND OTHER FUNDS	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	12,594,762,751	10,169,462,164
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	106,915,231	108,972,670
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	2,572,655,246	2,084,590,736
4. Commissions payable, contingent commissions and other similar charges	134,968,818	130,587,309
5. Other expenses (excluding taxes, licenses and fees)	414,446,861	355,278,576
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	250,690,878	208,364,692
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ 949,875 and interest thereon \$ 565,850	1,515,726	1,306,151
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 1,937,007,225 and including warranty reserves of \$ 0)	3,678,689,493	3,114,705,894
10. Advance premium	39,998,380	22,746,128
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	12,802,684	3,999,999
12. Ceded reinsurance premiums payable (net of ceding commissions)	851,675,481	819,145,981
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	1,878,162,260	1,866,405,417
14. Amounts withheld or retained by company for account of others	632,437,218	619,561,207
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)	118,580,684	120,072,884
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	286,356,848	274,794,753
19. Payable to parent, subsidiaries and affiliates	81,311,436	159,008,230
20. Payable for securities	31,683,685	278,480,820
21. Liability for amounts held under uninsured plans		
22. Capital notes \$ 0 and interest thereon \$ 0		
23. Aggregate write-ins for liabilities	(579,769,042)	(369,600,531)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	23,005,904,618	19,967,883,060
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	23,005,904,618	19,967,883,060
27. Aggregate write-ins for special surplus funds	948,875,402	811,135,623
28. Common capital stock	10,000,000	10,000,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds	1,250,000	1,250,000
31. Surplus notes	891,966,161	1,013,209,431
32. Gross paid in and contributed surplus	4,348,951,176	3,148,160,105
33. Unassigned funds (surplus)	5,622,257,215	4,968,373,870
34. Less treasury stock, at cost:		
34.1 0 shares common (value included in Line 28 \$ 0)		
34.2 0 shares preferred (value included in Line 29 \$ 0)		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	11,823,299,954	9,952,129,029
36. TOTALS (Page 2, Line 26, Col. 3)	34,829,204,572	29,920,012,089

DETAILS OF WRITE-INS		
2301. Other liabilities	228,177,879	180,862,751
2302. Retroactive reinsurance reserve - ceded	(1,731,268,038)	(1,526,795,171)
2303. Amounts held under uninsured plans	566,100,759	485,811,161
2398. Summary of remaining write-ins for Line 23 from overflow page	257,220,358	480,520,728
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	(879,769,042)	(369,600,531)
2701. Special surplus from retroactive reinsurance	948,875,402	811,135,623
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	948,875,402	811,135,623
3001. Guaranty funds	1,250,000	1,250,000
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	1,250,000	1,250,000

State of Massachusetts
County of Suffolk

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been compiled in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Edmund Francis Kelly
(Signature)
Edmund Francis Kelly
(Printed Name)

Dexter R. Long
(Signature)
Dexter Robert Long
(Printed Name)

Lawrence Henry Spahr, Jr.
(Signature)
Lawrence Henry Spahr, Jr.
(Printed Name)

Chairman of the Board President & CEO
(Title)

Vice President & Secretary
(Title)

Senior Vice President & Treasurer
(Title)

Subscribed and sworn to before me this
22nd day of January, 2008
Anna Kurlan

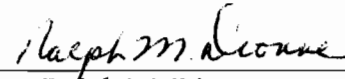
a. Is this an original filing? YES [X] NO []
b. If no: 1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	15,335,083,671		15,335,083,671	14,335,788,460
2. Stocks (Schedule D):				
2.1 Preferred stocks	322,986,839		322,986,839	234,308,916
2.2 Common stocks	7,848,869,947	271,819,000	7,377,050,947	5,069,085,324
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	429,255,101		429,255,101	249,560,880
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	418,581,083		418,581,083	326,163,102
4.2 Properties held for the production of income (less \$ 0 encumbrances)	1,069,882		1,069,882	1,111,445
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 212,635,233, Schedule E-Part 1), cash equivalents (\$ 82,190,216, Schedule E-Part 2) and short-term investments (\$ 523,294,378, Schedule DA)	828,119,827		828,119,827	1,207,665,883
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)	4,644,249,806	1,597,635	4,642,652,171	3,447,295,251
8. Receivables for securities	13,535,760		13,535,760	41,392,991
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	29,641,731,918	273,416,635	29,368,315,281	24,912,331,852
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	175,281,336		175,281,336	168,971,998
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	963,823,216	35,685,825	928,137,391	703,139,102
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 34,554 earned but unbilled premiums)	1,638,538,797	3,827	1,638,534,970	1,462,229,358
13.3 Accrued retrospective premiums	438,736,647	51,047,015	387,689,632	462,717,401
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	685,885,885		685,885,885	740,190,011
14.2 Funds held by or deposited with reinsured companies	28,022,671		28,022,671	78,959,530
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans	2,597,574	2,437,580	169,994	
16.1 Current federal and foreign income tax recoverable and interest thereon	118,948,060		118,948,060	13,748,786
16.2 Net deferred tax asset	900,020,000	288,859,863	630,160,137	555,086,006
17. Guaranty funds receivable or on deposit	29,552,458		29,552,458	32,891,812
18. Electronic data processing equipment and software	263,119,215	213,712,686	49,406,529	42,760,804
19. Furniture and equipment, including health care delivery assets (\$ 0)	98,104,898	98,104,898		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	238,266,862		238,266,862	235,522,572
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	833,225,209	82,381,943	650,843,266	511,861,867
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	35,855,854,744	1,026,650,172	34,829,204,572	29,920,012,089
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	35,855,854,744	1,026,650,172	34,829,204,572	29,920,012,089

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				
2301. Other assets	212,369,467	72,186,860	140,182,607	164,433,785
2302. Cash surrender value life insurance	204,675,583		204,675,583	162,038,957
2303. Equities and deposits in pools and associations	32,235,326		32,235,326	20,497,883
2398. Summary of remaining write-ins for Line 23 from overflow page	183,944,833	10,195,283	173,749,550	164,891,242
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	633,225,209	82,381,943	550,843,266	511,861,867

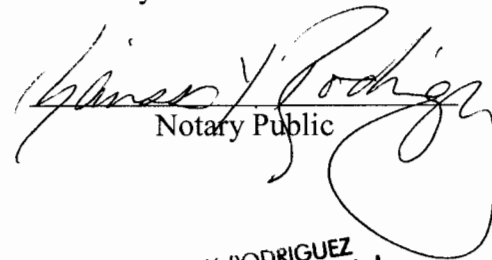
wrapper, delivered to an agent of FedEx, an overnight delivery service, for overnight delivery to Mr. Connelly; to wit: Friday, November 14, 2008.



Ralph M. Dionne

Sworn to before me this

13th day of November 2008.




Notary Public

CHARISSE Y. RODRIGUEZ
Notary Public, State of New York
No. 01RO6145128
Qualified in New York County
Commission Expires May 1, 2010

11/14/2008

Gaëlle J. Corron

SO ORDERED:



11/18/08 U.S. D. J.

08-CV-9078 (KMK)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

INTERNATIONAL BUSINESS MACHINES
CORPORATION,

Plaintiff,

-against-

MARK D. PAPERMASTER,

Defendant.

UNDERTAKING ON INJUNCTION

CRAVATH, SWAINNE & MOORE LLP

Attorneys for Plaintiff
Worldwide Plaza
825 Eighth Avenue
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(212) 474-1000
