DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

December 23, 2009

Mr. Gregory E. Lau
Executive Director — Global Compensation
General Motors Company
300 Renaissance Drive
MC 482-C32-B61
Detroit, Michigan 48265-3000

Re: Supplemental Determination Regarding 2009 Compensation Payments and Structures for Senior Executive Officers and Most Highly Compensated Employees

Dear Mr. Lau:

This letter addresses certain matters related to determinations of the Special Master for TARP Executive Compensation under the Department of the Treasury's Interim Final Rule on TARP Standards for Compensation and Corporate Governance (the "Rule"), regarding the compensation of the senior executive officers and certain most highly compensated employees of General Motors Company ("GM").

1. **Technical Corrections**

Pursuant to the Rule, on October 22, 2009, the Special Master issued an initial determination (the "Initial Determination") with respect to compensation structures and payments for the senior executive officers and the next 20 most highly compensated employees ("Top 25 Employees") of GM. Under the Rule, an initial determination of the Special Master shall be treated as final unless the TARP recipient requests a reconsideration within 30 days. Because GM did not request such a reconsideration, the Initial Determination became final effective November 21, 2009.

It has come to the attention of the Office of the Special Master, however, that the memorandum in which the Initial Determination was set forth contained certain technical errors that, without revision, may be misleading. Attached as ***Exhibit I*** to this letter are corrections to such errors, which, together with the memorandum issued on October 22, 2009, accurately set forth the Initial Determination.

2. **Additional Determinations**

Following the Initial Determination, on December 9, 2009, GM requested approval to alter the 2009 compensation structures for two of the Top 25 Employees. In particular, GM sought to eliminate the long-term restricted stock grants to such employees and replace those grants with stock salary payable on a *nunc pro tunc* basis effective January 1, 2009, in consideration of the executives' unique skills, which GM stated are critical to the success of the Company in the near-term.

The Rule requires that the Special Master determine whether the 2009 compensation structures for Top 25 Employees "will or may result in payments that are inconsistent with the purposes of Section 111 of EESA or TARP, or are otherwise contrary to the public interest." 31 C.F.R. § 30.16(a)(3)(ii) (the "Public Interest Standard"). The Rule also requires that the Special Master consider six principles when making these compensation determinations. In particular, the compensation structures and the amounts payable thereunder should reflect "the current or prospective contributions of an employee to the value of the TARP recipient" and "the need for the TARP recipient to remain a competitive enterprise, to retain ... talented employees who will contribute to the TARP recipient's future success, and ultimately to be able to repay TARP obligations." *Id.* at § 30.16(b)(1).

The Special Master has determined that the compensation changes proposed by GM will not, by virtue of their structural design or the amounts potentially payable under them, result in payments inconsistent with the Public Interest Standard. All stock salary granted pursuant to this determination must adhere to the applicable terms and conditions set forth in Exhibit II to the Initial Determination.

3. **<u>Perquisites and Other Compensation</u>**

In the Initial Determination, the Special Master required that, to be consistent with the Public Interest Standard, the 2009 compensation structure for a Top 25 Employee should include no more than $25,000 in perquisites and "other" compensation. Under the Rule, perquisites and "other" compensation paid prior to the date of the Initial Determination, October 22, 2009, are treated as consistent with the Public Interest Standard if paid in accordance with the terms of employment in effect as of June 14, 2009. *Id.* at § 30.16(a)(3)(iii). GM is not required to seek the approval of the Special Master for these "grandfathered" payments.

Amounts paid after October 22, 2009, however, are not grandfathered under the Rule and therefore must fit within the $25,000 annual limitation on perquisites and "other" compensation, pro-rated for the remaining portion of 2009. To the extent that payments exceeding this pro-rated limitation have been made to a Top 25 Employee, those payments should be promptly returned to GM, unless an exception is granted by the Special Master. Any exception requires GM to provide to the Office of the Special Master an independent justification.

GM has provided the Office of the Special Master with an independent justification for certain perquisites and "other" compensation that are not grandfathered under the Rule. In particular, GM has sought approval for payments made pursuant to expatriate agreements, and for personal security benefits provided to certain Top 25 Employees. The Special Master reviewed these justifications in light of the Public Interest Standard, giving particular consideration to whether the proposed payments are "consistent with, and not excessive, taking into account compensation structures and amounts for persons in similar positions or roles at similar entities that are similarly situated." *Id.* at § 30.16(b)(1). Additionally, the Special Master took into account "the current or prospective contributions of an employee to the value of the TARP recipient" and "the need for the TARP recipient to remain a competitive enterprise, to retain ... talented employees who will contribute to the TARP recipient's future success, and ultimately to be able to repay TARP obligations." *Id.*

With regard to expatriate payments, the Special Master recently noted in his determination of December 11, 2009, regarding GM employees 26 – 100, that such payments are consistent with the Public Interest Standard, provided they do not exceed $350,000 on an annual basis. All of the expatriate payments for which GM seeks an exception fit within this limit and therefore are approved.

As to personal security benefits, GM has represented that its decision to provide such benefits was based on an outside security study prepared for the Company. Additionally, the Corporate Governance Committee of the Board of Directors of GM reviewed and approved the costs associated with providing personal security benefits to the affected Top 25 Employees. Based on these representations, the Special Master has concluded that GM has provided satisfactory justification for the personal security benefits that are not grandfathered under the Rule, and that these benefits are consistent with the Public Interest Standard.

The conclusions reached herein are limited to the authority vested in me by Section 30.16(a)(3) of the Rule, and shall not constitute, or be construed to constitute, the judgment of the Office of the Special Master or the Department of the Treasury with respect to the compliance of the proposed compensation structure or any other compensation structure for the subject employee with any other provision of the Rule. Moreover, my evaluation and conclusion have relied upon, and are qualified in their entirety by, the accuracy of the materials submitted by GM to the Office of the Special Master, and the absence of any material misstatement or omission in such materials.

Very truly yours,

Kenneth R. Feinberg
Office of the Special Master
for TARP Executive Compensation

cc: Ms. Mary T. Barra

EXHIBIT I
TECHNICAL CORRECTIONS TO THE OCTOBER 22, 2009
GM DETERMINATION MEMORANDUM

1. In Part IV.A.1 (on page A5), "$658,000" is deleted and replaced with "$615,208".

2. In Part IV.B.7 (on page A9), the heading "Departed Employees" is deleted and replaced with the heading "Departed and Departing Employees" and the first sentence is deleted and replaced with the following sentence:

   "In addition, four employees that would have been Covered Employees had they remained employed are no longer employed by the Company, and one Covered Employee is expected to terminate employment after the conclusion of 2009."

3. On Exhibit I, the Total Direct Compensation amount of $1,881,000 is deleted and replaced with the amount of $1,890,000.