



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

March 23, 2010

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

Re: *Proposed Compensation Payments and Structures for Senior Executive Officers and Most Highly Compensated Employees (“Covered Employees 1–25”)*

Dear Mr. Lau:

Pursuant to the Department of the Treasury’s Interim Final Rule on TARP Standards for Compensation and Corporate Governance, the Office of the Special Master has completed its review of your 2010 compensation submission on behalf of the senior executive officers and next 20 most highly compensated employees (“Covered Employees 1–25”) of General Motors Company (“GM”). Attached as *Annex A* is a Determination Memorandum (accompanied by *Exhibits I and II*) providing the determinations of the Special Master with respect to 2010 compensation for those employees. 31 C.F.R. § 30.16(a)(3)(i).

The Interim Final Rule requires the Special Master to determine whether the compensation structure for each Covered Employee 1–25 “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.” *Id.* On October 22, 2009, the Special Master issued a Determination Memorandum containing principles designed to ensure that 2009 compensation for GM’s Covered Employees 1–25 satisfies this public interest standard.

The principles established for 2009 must continue to govern compensation at the five remaining recipients of exceptional assistance in 2010. I am pleased that GM’s 2010 submission is largely consistent with these important principles, which are detailed in the attached Determination Memorandum. Generally, these principles require that:

- There can be no guarantee of any “bonus” or “retention” awards among the compensation structures approved by the Special Master.
- Base salary paid in cash should not exceed \$500,000 per year, except in appropriate cases for good cause shown. The majority of each individual’s base salary generally will be paid in the form of stock that will immediately vest, in accordance with the Interim Final

Rule, but will only be redeemable in three equal, annual installments beginning on the second anniversary of the date stock salary is earned, with each installment redeemable one year early if GM repays its TARP obligations.

- Total compensation for each individual must be appropriate when compared with total compensation provided to persons in similar positions or roles at similar entities, and should generally target the 50th percentile of total compensation for such similarly situated employees.
- If — and only if — grants of incentives are appropriate in light of GM’s circumstances at the end of 2010 *and* a particular Covered Employee achieves objective performance metrics developed and reviewed in consultation with the Office of the Special Master, the employee may be eligible for a long-term incentive grant. These incentives must be granted in restricted stock that will be forfeited unless the employee stays with GM for at least three years following grant, and may only be redeemed in 25% installments for each 25% of GM’s TARP obligations that are repaid. Long-term incentive grants must not exceed one third of a Covered Employee’s annual compensation.
- Any and all incentive compensation paid to these employees will be subject to recovery or “clawback” if the payments are based on materially inaccurate financial statements, any other materially inaccurate performance metrics, or if the employee is terminated due to misconduct that occurred during the period in which the incentive was earned.
- “Other” compensation and perquisites, and supplemental executive retirement plans, must remain subject to the limitations described in the 2009 determinations.

Although GM’s submissions are generally consistent with these important principles, some modifications are required to make certain that compensation for GM’s Covered Employees 1–25 satisfies the public interest standard. Accordingly, the compensation structures approved by the Special Master vary in the following respects from GM’s proposals:

- The number of Covered Employees 1–25 earning more than \$500,000 in cash salary will be eight, rather than 16, as proposed by GM.
- Annual cash salary rates will decrease by 7.5% in aggregate. Of the 22 Covered Employees 1–25 who were GM employees during 2009, three will receive an increase in their annual cash salary rates, five will receive no increase in their annual cash salary rates, and 14 will see their annual cash salary rates decrease.

As described in the attached Determination Memorandum, GM must also continue to observe the following prescriptions described in the Special Master’s 2009 determinations:

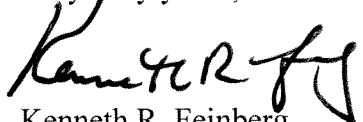
- The achievement of any performance objectives must be certified by the Executive Compensation Committee of GM’s Board of Directors, which is composed solely of independent directors. These performance objectives must be reviewed and approved by the Office of the Special Master.

- The employees will be prohibited from engaging in any hedging or derivative transactions involving GM stock that would undermine the long-term performance incentives created by the compensation structures.
- GM may not provide a tax “gross up” of any kind to these employees.

These requirements are described in detail in the attached Determination Memorandum.

Pursuant to the Interim Final Rule, GM may, within 30 days of the date hereof, request in writing that the Special Master reconsider the determinations set forth in the Determination Memorandum. If the Company does not request reconsideration within 30 days, these initial determinations will be treated as final determinations. *Id.* § 30.16(c)(1).

Very truly yours,

A handwritten signature in black ink, appearing to read "Kenneth R. Feinberg".

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

Enclosures

cc: Ms. Mary T. Barra

ANNEX A DETERMINATION MEMORANDUM

I. INTRODUCTION

The Emergency Economic Stabilization Act of 2008, as amended by the American Recovery and Reinvestment Act of 2009 (“EESA”), requires the Secretary of the Treasury to establish standards related to executive compensation and corporate governance for institutions receiving financial assistance under the Troubled Asset Relief Program (“TARP”). Through the Department of the Treasury’s Interim Final Rule on TARP Standards for Compensation and Corporate Governance (the “Rule”), the Secretary delegated to the Office of the Special Master for TARP Executive Compensation (the “Office of the Special Master”) responsibility for reviewing compensation structures of certain employees at institutions that received exceptional financial assistance under TARP (“Exceptional Assistance Recipients”). 31 C.F.R. § 30.16(a); *id.* § 30.16(a)(3). For these employees, the Special Master must determine whether the compensation structure will or may result in payments “inconsistent with the purposes of section 111 of EESA or TARP, or ... otherwise contrary to the public interest.” *Id.* § 30.16(a)(3)(i).

General Motors Company (“GM” or the “Company”), one of five remaining Exceptional Assistance Recipients, has submitted to the Special Master proposed 2010 compensation structures (the “Proposed Structures”) for review pursuant to Section 30.16(a)(3)(i) of the Rule. These compensation structures apply to five employees that the Company has identified for 2010 as senior executive officers (the “Senior Executive Officers,” or “SEOs”) for purposes of the Rule, and 19 employees the Company has identified as among the most highly compensated employees of the Company for purposes of the Rule (the “Most Highly Compensated Employees,” and, together with the SEOs, the “Covered Employees”).

All but one of the Covered Employees for 2010 are GM corporate employees, which represents a significant shift from 2009. Due to the method used to calculate a Most Highly Compensated Employee’s compensation under the Rule, the vast majority of Covered Employees for 2009 represented GM’s asset management unit, Promark. GM also implemented significant changes to its senior management team for 2010. Of the 20 employees listed as Covered Employees for 2009, only five remain on the list of Covered Employees for 2010 due to these factors. In addition, two of the Covered Employees joined GM as new employees in 2010. Finally, one employee who otherwise would have been included among the Most Highly Compensated Employees for 2010 departed the Company prior to the date of this memorandum.

The Special Master has completed the review of the Company’s Proposed Structures for the Covered Employees pursuant to the principles set forth in the Rule. *Id.* § 30.16(b)(1). This Determination Memorandum sets forth the determinations of the Special Master, pursuant to Section 30.16(a)(3)(i) of the Rule, with respect to the Covered Employees.

II. BACKGROUND

On June 15, 2009, the Department of the Treasury (“Treasury”) promulgated the Rule, creating the Office of the Special Master and delineating its responsibilities. The Rule requires

that each Exceptional Assistance Recipient submit proposed compensation structures for each Senior Executive Officer and Most Highly Compensated Employee. 31 C.F.R. § 30.16(a)(3)(i).

On October 22, 2009, after reviewing submissions of proposed compensation structures from the Company, the Special Master issued determinations regarding 2009 compensation structures, and amounts potentially payable thereunder, for GM's senior executive officers and certain most highly compensated employees (the "2009 Determinations"). The 2009 Determinations included principles designed to ensure that 2009 compensation for the applicable employees would not "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). The 2009 Determinations applied only to those individuals identified by the Company as subject to the Special Master's mandatory jurisdiction to review and approve compensation structures and payments, *see id.*, for 2009 and only with respect to compensation for services provided to GM for 2009.¹

On December 14, 2009, the Special Master requested from each remaining Exceptional Assistance Recipient, including GM, certain data and documentary information necessary to facilitate the Special Master's review of the Company's 2010 compensation structures. The request required GM to submit data describing its proposed compensation structures, and the payments that would result from the proposals, concerning each Covered Employee.

In addition, the Rule authorizes the Special Master to request information from an Exceptional Assistance Recipient "under such procedures as the Special Master may determine." *Id.* § 30.16(d). GM was required to submit competitive market data indicating how the amounts payable under GM's proposed compensation structures relate to the amounts paid to persons in similar positions or roles at similar entities. GM was also required to submit a range of documentation, including information related to proposed performance metrics, internal policies designed to curb excessive risk, and certain previously existing compensation plans and agreements.

GM submitted this information to the Office of the Special Master on January 15, 2010. Following a preliminary review of the submission, on February 2, 2010, the Special Master determined that GM's submission was substantially complete for purposes of the Rule. *Id.* § 30.16(a)(3)(i). The Office of the Special Master then commenced a formal review of GM's proposed compensation structures for the Covered Employees. The Rule provides that the Special Master is required to issue a compensation determination within 60 days of receipt of a substantially complete submission. *Id.*

The Office of the Special Master's review of the Company's proposals was aided by analysis from a number of internal and external sources, including:

¹ In December 2009, GM sought approval of a proposed letter agreement between the Company and Christopher Liddell providing for the appointment of Mr. Liddell to the position of Chief Financial Officer effective January 1, 2010, and setting forth certain proposed compensation arrangements for Mr. Liddell. The Special Master subsequently issued a written determination on December 23, 2009 approving, subject to certain conditions, the compensation structure proposed for Mr. Liddell. *See* Letter to Gregory E. Lau (December 23, 2009), *available at* <http://www.financialstability.gov/docs/20091223%20GM%20Supplemental%20Determination%20Letter.pdf>.

- Treasury personnel detailed to the Office of the Special Master, including executive compensation specialists with significant experience in reviewing, analyzing, designing and administering executive compensation plans, and attorneys with experience in matters related to executive compensation;
- Competitive market data provided by the Company in connection with its submission to the Office of the Special Master;
- External information on comparable compensation structures extracted from the *U.S. Mercer Benchmark Database-Executive*; and
- External information on comparable compensation structures extracted from Equilar's *ExecutiveInsight* database (which includes information drawn from publicly filed proxy statements) and Equilar's *Top 25 Survey Summary Report* (which includes information from a survey on the pay of highly compensated employees).

The Special Master considered these sources, in light of the statutory and regulatory standards described in Part III below, when evaluating the Company's proposed compensation structures for the Covered Employees for 2010.

III. STATUTORY AND REGULATORY STANDARDS

The Rule requires that the Special Master determine for each of the Covered Employees whether GM's proposed compensation structure, including amounts payable or potentially payable under the compensation structure, "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) (as applied to Covered Employees of Exceptional Assistance Recipients, the "Public Interest Standard"). The Rule requires that the Special Master consider six principles when making these compensation determinations:

- (1) *Risk*. The compensation structure should avoid incentives that encourage employees to take unnecessary or excessive risks that could threaten the value of the Exceptional Assistance Recipient, including incentives that reward employees for short-term or temporary increases in value or performance; or similar measures that may undercut the long-term value of the Exceptional Assistance Recipient. Compensation packages should be aligned with sound risk management. *Id.* § 30.16(b)(1)(i).
- (2) *Taxpayer return*. The compensation structure and amount payable should reflect the need for the Exceptional Assistance Recipient to remain a competitive enterprise, to retain and recruit talented employees who will contribute to the recipient's future success, so that the Company will ultimately be able to repay its TARP obligations. *Id.* § 30.16(b)(1)(ii).
- (3) *Appropriate allocation*. The compensation structure should appropriately allocate the components of compensation such as salary and short-term and long-term performance incentives, as well as the extent to which compensation is provided in cash, equity, or other types of compensation such as executive pensions, or other benefits, or perquisites,

based on the specific role of the employee and other relevant circumstances, including the nature and amount of current compensation, deferred compensation, or other compensation and benefits previously paid or awarded. *Id.* § 30.16(b)(1)(iii).

- (4) *Performance-based compensation.* An appropriate portion of the compensation should be performance-based over a relevant performance period. Performance-based compensation should be determined through tailored metrics that encompass individual performance and/or the performance of the Exceptional Assistance Recipient or a relevant business unit taking into consideration specific business objectives. Performance metrics may relate to employee compliance with relevant corporate policies. In addition, the likelihood of meeting the performance metrics should not be so great that the arrangement fails to provide an adequate incentive for the employee to perform, and performance metrics should be measurable, enforceable, and actually enforced if not met. *Id.* § 30.16(b)(1)(iv).
- (5) *Comparable structures and payments.* The compensation structure, and amounts payable where applicable, should be 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, including, as applicable, entities competing in the same markets and similarly situated entities that are financially distressed or that are contemplating or undergoing reorganization. *Id.* § 30.16(b)(1)(v).
- (6) *Employee contribution to TARP recipient value.* The compensation structure and amount payable should reflect the current or prospective contributions of an employee to the value of the Exceptional Assistance Recipient, taking into account multiple factors such as revenue production, specific expertise, compliance with company policy and regulation (including risk management), and corporate leadership, as well as the role the employee may have had with respect to any change in the financial health or competitive position of the recipient. *Id.* § 30.16(b)(1)(vi).

The Rule provides that the Special Master shall have discretion to determine the appropriate weight or relevance of a particular principle depending on the facts and circumstances surrounding the compensation structure or payment for a particular employee. *Id.* § 30.16(b). To the extent two or more principles may appear inconsistent in a particular situation, the Rule requires that the Special Master exercise his discretion in determining the relative weight to be accorded to each principle. *Id.*

The Rule provides that the Special Master may, in the course of applying these principles, take into account other compensation structures and other compensation earned, accrued, or paid, including compensation and compensation structures that are not subject to the restrictions of Section 111 of EESA. For example, the Special Master may consider payments obligated to be made by the Company pursuant to certain legally binding rights under valid written employment contracts entered into prior to enactment of the statute and the accompanying Rule. *Id.* § 30.16(a)(3).

IV. COMPENSATION STRUCTURES AND PAYMENTS

A. GM Proposals

GM has provided the Office of the Special Master with detailed information concerning its proposed 2010 compensation structures for the Covered Employees, including amounts proposed to be paid under the compensation structure for each Covered Employee (the “Proposed Structures”).

GM supported its proposal with detailed assessments of each Covered Employee’s tenure and responsibilities at the Company and historical compensation structure. The submission also included market data that, according to the Company, indicated that the amounts potentially payable to each employee were comparable to the compensation payable to persons in similar positions or roles at a “peer group” of entities selected by the Company.

1. Cash Salary

GM proposed increasing cash salaries above 2009 levels for a majority of the Covered Employees, with 16 employees receiving cash salaries above \$500,000.

2. Stock Salary

GM proposed that certain Covered Employees receive substantial stock salary for 2010 in amounts up to \$5,300,000. Consistent with the 2009 Determinations, and as required by the Rule, these stock units would be fully vested upon grant, but would only be redeemable in three equal, annual installments beginning on the second anniversary of grant, with each installment redeemable one year earlier if GM repays its TARP obligations.

3. Annual Long-Term Incentive Awards

GM proposed that most Covered Employees would receive annual long-term incentive awards in amounts up to \$2,000,000. Under the proposal, these employees would be eligible to receive awards representing up to one third of their total 2010 compensation, payable in long-term restricted stock units that generally would vest only if the Covered Employee remains employed by the Company on the third anniversary of the grant date. Departing from the Special Master’s 2009 Determinations, GM also requested that these long-term incentive awards vest if the Covered Employee remains employed by the Company on the second, rather than third, anniversary of the grant date. As required by the Rule, these awards would be paid only in 25% installments for each 25% of GM’s TARP obligations that are repaid.

4. “Other” Compensation and Perquisites

GM proposed payments of “other” compensation, as well as perquisites, to the Covered Employees. These proposed payments varied in value.

5. Non-Qualified Deferred Compensation

GM also proposed, consistent with the 2009 Determinations, that Covered Employees would not accrue additional amounts under “non-qualified deferred compensation” plans for 2010 (with the exception of employee-funded elective deferrals).

B. Determinations of the Special Master

The Special Master has reviewed the Proposed Structures in detail by application of the principles set forth in the Rule and described in Part III above. The Special Master’s review also made use of the resources described in Part II. In light of this review, the Special Master has determined that the principles established for 2009, which reflect the Public Interest Standard and are set forth in the 2009 Determinations, must continue to govern compensation in 2010.

After reviewing the Proposed Structures, the Special Master has concluded that they are largely consistent with the general principles established in the 2009 Determinations. However, certain aspects of the Proposed Structures require modification to ensure that they are consistent with the Public Interest Standard.

The Special Master has determined, in light of the considerations that follow, that the compensation structures described in *Exhibits I* and *II* to this Determination Memorandum will not, by virtue of either their structural design or the amounts potentially payable under them, result in payments inconsistent with the Public Interest Standard.

1. Cash Salary

The Special Master reviewed GM’s proposal with respect to cash salary in light of the principle that compensation structures should generally be comparable to “compensation structures and amounts for persons in similar positions or roles at similar entities,” 31 C.F.R. § 30.16(b)(1)(v). Based in part upon this principle, the 2009 Determinations required that cash salaries generally target the 50th percentile, because such levels of cash salaries balance the need to attract and retain talent with the need for compensation structures that reflect the circumstances of Exceptional Assistance Recipients.

The Special Master also reviewed GM’s proposal with respect to cash salary in light of the principle that compensation structures should be “performance-based over a relevant performance period,” *id.* § 30.16(b)(1)(iv). Based in part upon this principle, the 2009 Determinations concluded that cash salary generally should not exceed \$500,000, other than in exceptional cases for good cause shown.

Based on this review, the Special Master has concluded that GM’s proposed cash salaries for certain Covered Employees cannot be supported by comparison to cash salaries provided to persons in similar positions or roles at similar entities. In addition, the Special Master has concluded that GM’s proposal, which requested that 16 of the 24 Covered Employees receive cash salaries of more than \$500,000, does not comply with the general principle from the 2009 Determinations regarding the amount of cash salary. Accordingly, GM’s proposal requires modification in order to be consistent with the Public Interest Standard.

As described in further detail in *Exhibits I* and *II*, the cash salaries that the Special Master has determined to be consistent with the 2009 Determinations are comparable to those amounts for persons in similar positions or roles at similar entities, and are less than \$500,000, except in certain circumstances for good cause shown.

2. Stock Salary

The Special Master reviewed the amount of stock salary GM proposed to pay the Covered Employees in light of the principle that compensation structures should generally be comparable to “compensation structures and amounts for persons in similar positions or roles at similar entities.” *Id.* § 30.16(b)(1)(v). Consistent with the 2009 Determinations, GM’s stock salary proposal would place the Covered Employees at or below the 50th percentile of compensation for persons in similar roles at similar entities.

The Special Master reviewed the structure of GM’s stock salary proposal in light of the principle that compensation structures should align performance incentives with long-term value creation rather than short-term profits. *See id.* § 30.16(b)(1)(i). In light of this principle, the 2009 Determinations concluded that stock salary may only be redeemable in three equal, annual installments beginning on the second anniversary of grant, with each installment redeemable one year earlier in the event GM repays its TARP obligations. The Proposed Structures were consistent with this requirement. GM has informed the Office of the Special Master that the Company has repaid TARP obligations to Treasury. Accordingly, upon certification of that repayment by GM’s compensation committee, each redemption date of 2009 and 2010 stock salary may be accelerated by one year.

Accordingly, for the foregoing reasons and the reasons provided in the 2009 Determinations, the Special Master has determined that the stock salary described in *Exhibits I* and *II* will not result in payments that would be inconsistent with the Public Interest Standard.

3. Annual Long-Term Incentive Awards

The Special Master reviewed GM’s proposed annual long-term incentive awards in light of the principle that performance-based compensation should be payable “over a relevant performance period,” *id.* Based in part upon this principle, the 2009 Determinations require long-term incentives to be paid in the form of long-term restricted stock, and permit such awards to be paid if, and only if, objective performance metrics are achieved and the employee continues to provide services to the company for three years following the date of grant. In addition, as required by the Rule, this stock may only be redeemed in 25% installments for each 25% of GM’s TARP obligations that are repaid.

GM’s proposed annual long-term incentive awards are generally consistent with the 2009 Determinations. However, the Company requested that different vesting terms apply in the case of employees who provide two years of service after the grant of an incentive — the minimum service period required by the Rule — but retire prior to providing three years of service, which is the length of service required by the 2009 Determinations. The Special Master has concluded that the Company’s succession planning and the timing of individual employees’ retirement dates should not be unduly dependent on compensation structures in light of the principles that

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.” *Id.* § 30.16(b)(1). Accordingly, for the foregoing reasons and the reasons provided in the 2009 Determinations, the Special Master has determined that the long-term incentive awards described in ***Exhibits I*** and ***II*** will not result in payments that would be inconsistent with the Public Interest Standard.

4. “Other” Compensation and Perquisites

The 2009 Determinations generally require that perquisites and “other” compensation provided to a Covered Employee be limited to \$25,000 on an annual basis, and the Proposed Structures are consistent with this requirement. For the reasons provided in the 2009 Determinations, and as described in ***Exhibit II***, any exceptions to this limitation will require that the Company provide to the Office of the Special Master an independent justification for the payment that is satisfactory to the Special Master. To the extent that payments exceeding this limitation have already been made to a Covered Employee in 2010, those amounts should be promptly returned to the Company.²

5. Non-Qualified Deferred Compensation

For the reasons provided in the 2009 Determinations, and as proposed by GM, Covered Employees will not accrue in 2010 additional amounts under supplemental executive retirement plans and other “non-qualified deferred compensation” plans, as described in ***Exhibit II***.

6. Severance Plans

For the reasons provided in the 2009 Determinations, the Company must ensure that 2010 compensation structures for these employees do not result in an increase in the amounts payable pursuant to these arrangements.

7. Departed Employee

One employee who would have been a Covered Employee had he remained employed is no longer employed by the Company. With respect to this employee, the Special Master has determined that the payment of stock salary and cash salary at the rate in effect on January 1, 2010, through the date of the termination of employment, and payment of up to \$25,000 in perquisites and “other” compensation are consistent with the Public Interest Standard. No other payments to this employee of any kind would be consistent with the Public Interest Standard. Any exceptions to this limitation will require that the Company provide to the Office of the Special Master an independent justification for the payment that is satisfactory to the Special Master.

² GM has identified certain employees subject to expatriate arrangements providing for the payment of certain “other” compensation in excess of this limitation. The Special Master has reviewed these arrangements and has concluded that such payments, not to exceed \$425,000 per employee, are consistent with the Public Interest Standard.

V. CORPORATE GOVERNANCE

As noted in Part III above, the Rule requires the Special Master to consider the extent to which compensation structures are “performance-based over a relevant performance period,” 31 C.F.R. § 30.16(b)(1)(iv). In light of the importance of this principle, the Special Master required as part of the 2009 Determinations that GM take certain corporate governance steps to ensure that the compensation structures for the Covered Employees, and the amounts payable or potentially payable under those structures, are consistent with the Public Interest Standard.

The Special Master has determined that these same corporate governance requirements, which are detailed in Section V of the 2009 Determinations, must continue to apply in 2010. Among other requirements, GM must:

- Ensure that employees are prohibited from engaging in any derivative or similar transaction with respect to GM stock that would undermine the long-term performance incentives created by the compensation structures set forth in *Exhibits I and II*.
- Maintain a compensation committee comprised exclusively of independent directors, which must discuss, evaluate, and review with GM’s senior risk officers any risks that could threaten the value of GM. *Id.* § 30.4; *id.* § 30.5.
- Ensure that the compensation committee discloses to Treasury an annual narrative description of whether GM, its Board of Directors, or the committee has engaged a compensation consultant during the past three years; and, if so, the types of services provided by the compensation consultant or any affiliate, including any “benchmarking” or comparisons employed to identify certain percentile levels of pay. *Id.* § 30.11(c).
- Provide to Treasury an annual disclosure of any perquisite whose total value for GM’s fiscal year exceeds \$25,000 for each of the Covered Employees, as well as a narrative description of the amount and nature of these perquisites, the recipient of these perquisites and a justification for offering these perquisites (including a justification for offering the perquisite, and not only for offering the perquisite with a value that exceeds \$25,000). *Id.* § 30.11(b).
- Ensure that any incentive award paid to a Covered Employee is subject to a clawback if the award was based on materially inaccurate financial statements (which includes, but is not limited to, statements of earnings, revenues, or gains) or any other materially inaccurate performance metric criteria. GM must exercise its clawback rights except to the extent that it is unreasonable to do so. *Id.* § 30.8.
- GM was required to adopt an excessive or luxury expenditures policy, provide that policy to Treasury, and post it on GM’s website. If GM’s Board of Directors makes any material amendments to this policy, within 90 days of the adoption of the amended policy, the Board of Directors must provide the amended policy to Treasury and post the amended policy on its Internet website. *Id.* § 30.12.

- Except as explicitly permitted under the Rule, GM is prohibited from providing (formally or informally) tax gross-ups to any of the Covered Employees. *Id.* § 30.11(d).
- GM's chief executive officer and chief financial officer must provide written certification of the Company's compliance with the various requirements of Section 111 of EESA. The precise nature of the required certification is identified in the Rule. *Id.* § 30.15 Appx. B.

VI. CONCLUSION

The Special Master has reviewed the Proposed Structures for the Covered Employees for 2010 in light of the principles described in the 2009 Determinations, which in turn reflect the Public Interest Standard. On the basis of that review, the Special Master has determined that the Proposed Structures submitted by GM are largely consistent with the 2009 Determinations but require certain modifications in order to meet the Public Interest Standard.

The Special Master has separately reviewed the compensation structures set forth in *Exhibits I* and *II* in light of the principles set forth at 31 C.F.R. § 30.16(b). Pursuant to the authority vested in the Special Master by the Rule, and in accordance with Section 30.16(a)(3) thereof, the Special Master hereby determines that the compensation structures set forth in *Exhibits I* and *II*, including the amounts payable or potentially payable under such compensation structures, will not result in payments that are inconsistent with the purposes of Section 111 of EESA or TARP, and will not otherwise be contrary to the public interest.

Pursuant to the Interim Final Rule, GM may, within 30 days of the date hereof, request in writing that the Special Master reconsider the determinations set forth in this Determination Memorandum. The request for reconsideration must specify a factual error or relevant new information not previously considered, and must demonstrate that such error or lack of information resulted in a material error in the initial determinations. If GM does not request reconsideration within 30 days, the determinations set forth herein will be treated as final determinations. *Id.* § 30.16(c)(1).

The foregoing determinations are limited to the compensation structures and employees described in *Exhibits I* and *II*, and shall not be relied upon with respect to any other employee. The determinations are limited to the authority vested in the Special Master by Section 30.16(a)(3)(i) of the Rule, and shall not constitute, or be construed to constitute, the judgment of the Office of the Special Master or Treasury with respect to the compliance of any compensation structure with any other provision of the Rule. Moreover, this Determination Memorandum has relied upon, and is qualified in its entirety by, the accuracy of the materials submitted by the Company to the Office of the Special Master, and the absence of any material misstatement or omission in such materials.

Finally, the foregoing determinations are limited to the compensation structures described herein, and no further compensation of any kind payable to any Covered Employee without the prior approval of the Special Master would be consistent with the Public Interest Standard.

EXHIBIT I
COVERED EMPLOYEES
2010 Compensation

Company Name: General Motors Company

| Employee ID | Cash Salary | Stock Salary (Performance based: The stock vests at grant and is redeemable in three equal annual installments beginning on the 2nd anniversary of grant.) | Long-Term Restricted Stock (Performance based: Awarded based on achievement of objective performance goals. Generally vests after 3 years of service. Transferability dependent on TARP repayment.) | Total Direct Compensation (Cash salary + stock salary + long-term restricted stock.) |
|--------------------|--------------------|--|---|--|
| 7924 | \$1,700,000 | \$5,300,000 | \$2,000,000 | \$9,000,000 |
| 0012 | \$450,000 | \$433,000 | \$441,000 | \$1,324,000 |
| 0017 | \$495,000 | \$2,639,750 | \$0 | \$3,134,750 |
| 0135 | \$490,000 | \$691,400 | \$590,600 | \$1,772,000 |
| 0417 | \$450,000 | \$281,000 | \$350,000 | \$1,081,000 |
| 0542 | \$800,000 | \$1,333,250 | \$1,000,000 | \$3,133,250 |
| 1731 | \$495,000 | \$1,683,866 | \$0 | \$2,178,866 |
| 2346 | \$485,000 | \$745,883 | \$566,667 | \$1,797,550 |
| 2387 | \$495,000 | \$802,450 | \$600,000 | \$1,897,450 |
| 2983 | \$375,000 | \$308,888 | \$0 | \$683,888 |
| 2986 | \$700,000 | \$1,212,183 | \$866,667 | \$2,778,850 |
| 3317 | \$900,000 | \$3,373,700 | \$2,000,000 | \$6,273,700 |
| 3348 | \$600,000 | \$791,417 | \$633,333 | \$2,024,750 |
| 3394 | \$300,000 | \$250,000 | \$0 | \$550,000 |
| 4894 | \$495,000 | \$958,383 | \$666,667 | \$2,120,050 |
| 5360 | \$375,000 | \$467,600 | \$0 | \$842,600 |
| 5434 | \$580,000 | \$1,040,100 | \$280,000 | \$1,900,100 |
| 5697 | \$600,000 | \$1,070,233 | \$766,667 | \$2,436,900 |
| 6335 | \$495,000 | \$935,783 | \$666,667 | \$2,097,450 |
| 6447 | \$495,000 | \$702,450 | \$550,000 | \$1,747,450 |
| 6524 | \$495,000 | \$701,200 | \$550,000 | \$1,746,200 |
| 6610 | \$450,000 | \$631,000 | \$500,000 | \$1,581,000 |
| 7231 | \$750,000 | \$3,450,000 | \$2,000,000 | \$6,200,000 |
| 9635 | \$490,000 | \$607,000 | \$500,000 | \$1,597,000 |

Comparison of 2010 Compensation to Prior Year Compensation

- **Overall:** Annual cash salary rates decrease 7.5%.
- **Executives remaining in the Top 25 from 2009:** Annual cash salary rates decrease 14.2%.
- **Executives new to the Top 25 in 2010:** Annual cash salary rates decrease 5.7%.

Note 1: Amounts reflected in this Exhibit do not include amounts the Company has asserted to be payable pursuant to legally binding rights under valid employment contracts, see 31 C.F.R. § 30.10(e)(2).

Note 2: The total number of Covered Employees may be less than 25 because of separations from service since January 1, 2010.

EXHIBIT II
TERMS AND CONDITIONS OF PAYMENTS AND STRUCTURES
CONSISTENT WITH THE PUBLIC INTEREST STANDARD

The following general terms and conditions shall govern the compensation structures described in *Exhibit I*. The Special Master's determination that those structures are consistent with the Public Interest Standard is qualified in its entirety by the Company's adherence to these terms and conditions.

- ***Salary payments.*** Cash and stock base salaries reflect the annual rate for the employee and are effective as of January 1, 2010, and in the case of stock salary are payable on a *nunc pro tunc* basis from that date. To the extent the Special Master's determinations for 2010 reduce an employee's previous cash or stock salary rate, payments in excess of that rate prior to the date hereof must be offset by reductions to prospective 2010 cash salary payments or to any stock salary payable with respect to 2010.
- ***Stock compensation generally.*** For purposes of the Determination Memorandum, "stock" compensation includes common stock and stock units. Notwithstanding any transferability restrictions applicable to any stock compensation described in the Determination Memorandum, (1) an amount of stock sufficient to cover an employee's tax withholding obligations may become immediately transferable to the extent necessary to satisfy the employee's obligations, and (2) to the extent permitted by the Rule, stock may become immediately transferable upon an employee's death or separation from service resulting from disability, as defined in the Company's broad-based long-term disability plan.
- ***Stock salary.*** Stock salary must be determined as a dollar amount through the date salary is earned, be accrued at the same time or times as the salary would otherwise be paid in cash, and vest immediately upon grant, with the number of shares based on the fair market value on the date of award. Stock granted as stock salary may only be redeemed in three equal, annual installments as described in the Determination Memorandum. Whether a *nunc pro tunc* grant or payment that is labeled stock salary is considered salary or a bonus for purposes of the Rule is determined based on all the facts and circumstances.
- ***Long-term restricted stock.*** Long-term restricted stock may only be granted upon the achievement of objective performance criteria developed and reviewed in consultation with the Office of the Special Master. The compensation committee must certify (1) the achievement of such criteria, and (2) that the grant of incentives is appropriate in light of GM's overall circumstances at the time. Such stock must be forfeited unless conditioned upon the employee's continued employment through the third anniversary of grant, unless a termination of employment results from death or disability; provided, however, that all or a portion of such stock (or similar stock granted with respect to 2009 service) may, for good cause certified by the Company's compensation committee, continue to vest if the employee retires on or after the second anniversary of the grant date. The term "retirement" must meet an objective standard established in consultation with the Office of the Special Master.
- ***Other compensation and perquisites.*** No more than \$25,000 in total other compensation and perquisites may be provided to any Covered Employee, absent exceptional circumstances for good cause shown, as defined by pertinent SEC regulations.
- ***Supplemental executive retirement plans and non-qualified deferred compensation plans.*** No amounts may be accrued under supplemental executive retirement plans, and no Company contributions may be made to other "non-qualified deferred compensation" plans, as defined by pertinent SEC regulations, for 2010. For the avoidance of doubt, neither the foregoing limitation nor the corresponding limitation in the 2009 Determinations (1) applies to employee-funded elective deferral arrangements, or (2) precludes continuing recognition of age and service credit for Company employees for the purposes of vesting in previously accrued benefits under any plans referred to in this paragraph.
- ***Qualified Plans.*** For the avoidance of doubt, the Special Master has determined that participation by the Covered Employees in broad-based, tax-qualified retirement and health and welfare plans is consistent with the Public Interest Standard, and amounts payable under such plans are not counted against the \$25,000 limit on other compensation and perquisites.