



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

December 23, 2009

Ms. Nancy Rae
Executive Vice President, Human Resources
Chrysler Group LLC
1000 Chrysler Drive
CIMS 485-08-96
Auburn Hills, MI 48326-2766

***Re: Supplemental Determination Regarding 2009 Compensation
Payments for the Chief Executive Officer (the "CEO")***

Dear Ms. Rae:

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 Chrysler Group LLC ("Chrysler").

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 of Chrysler. In the Initial Determination, no compensation structure or payments were approved by the Special Master for Chrysler's chief executive officer, because the CEO's compensation is entirely paid by Fiat S.p.A, a minority shareholder of the Company, where he also serves as chief executive officer.

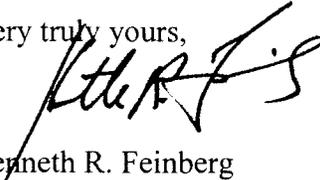
Following the Initial Determination, Chrysler representatives notified the Office of the Special Master that the Company's independent compensation committee had determined that to best align the CEO's interests with the Company's shareholders, the CEO should earn Chrysler stock on the same terms as other directors. (The CEO also serves as a director.) Accordingly, Chrysler proposed that the CEO receive a grant of restricted units vesting in equal installments on the first three anniversaries of the grant date. Under the Rule, the compensation of directors generally is not subject to review by the Special Master, but all payments to an exceptional assistance recipient's principal executive officer—even for service as a director—require approval.

The Special Master reviewed the Company's proposal to grant stock to the CEO in light of the principle in the Rule that a portion of compensation provided to senior executives should be "long-term compensation that aligns the interest of the employee with the interests of shareholders and taxpayers." 31 C.F.R. § 30.16(b)(1)(iii). The

Special Master has determined that Chrysler's proposal generally is consistent with that principle; however, due to legal restrictions on the types of payments that may be delivered to senior executive officers such as the CEO, see *id.* at § 30.10, the structure of the stock grant proposed by Chrysler would violate the Rule. In the alternative, the Special Master has determined that the stock salary structure set forth on **Exhibit I**, which is intended to both meet the requirements of the Rule and provide the same level of stock ownership and long-term incentives proposed by Chrysler, will 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." *Id.* at § 30.16(a)(3)(ii).

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 Chrysler 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: Holly E. Leese, Esquire
Lawrence Cagney, Esquire

**EXHIBIT I
ADDITIONAL DETERMINATION**

Chief Executive Officer stock salary arrangement for 2009 service as a director:

Amount.....\$600,000

Deliverygranted on a *nunc pro tunc* basis, effective the first date of the CEO’s service as a director of Chrysler

Settlementthe later of (i) the third anniversary of the date any portion of the stock salary was earned, or (ii) the date on which Chrysler has no remaining “obligations” (as defined in the Rule) under TARP

Other terms.....consistent with Exhibit II of the Special Master’s Initial Determination