



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

August 3, 2010

James J. Duffy  
Ally Financial Inc.  
200 Renaissance Center  
MC-B09-B11  
Detroit, MI 48265

***Re: Supplemental Determination Regarding  
2010 Compensation Payments and Structures***

Dear Mr. Duffy:

This letter addresses a request submitted by you on behalf of Ally Financial Inc. (“Ally”), for approval by the Special Master for TARP Executive Compensation (the “Special Master”) regarding compensation structures of and potential payments to “Top 25” executives. Under the Department of the Treasury’s Interim Final Rule on TARP Standards for Compensation and Corporate Governance (the “Rule”), the Special Master must approve the compensation structures and amounts payable to “Top 25” executives of “exceptional assistance recipients” such as Ally. 31 C.F.R. § 30.16(a)(3)(i).

1. Top 25 Executive

Pursuant to the Rule, on March 23, 2010, the Special Master issued an initial determination (the “Top 25 Determination”), which concluded that certain compensation structures and amounts payable to Ally’s Top 25 executives 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.” *Id.* § 30.16(b)(1) (the “Public Interest Standard”).

On July 30, 2010, following discussions with the Office of the Special Master, Ally submitted a request to alter the compensation package of a Top 25 executive as a result of the substantial expansion of the executive’s responsibilities after the issuance of the Top 25 Determination. Ally proposes to raise the executive’s cash salary by \$100,000 and stock salary by \$166,667 on an annualized basis, with the raises effective on the date of the executive’s promotion, and increase his 2010 long-term incentive opportunity by \$233,333. No additional changes to the executive’s compensation structure or potential payment amounts have been proposed. In light of the substantial expansion of the executive’s responsibilities and the corresponding increase to the current and expected contribution of the executive to the value of Ally, *see id.* § 30.16(b)(1)(vi), the Special Master has determined that the proposed alteration is consistent with the Public Interest Standard.

## 2. Redemption of Stock Salary

Ally also requested the Special Master's approval to establish arrangements under which executives in the Top 25 may voluntarily agree to a longer redemption period for all or a portion of their stock salary than is required by the Top 25 Determination. The Top 25 Determination provides that stock salary may only be redeemed in five equal, annual installments beginning on the first anniversary of grant.

The Special Master considered the request in light of the principle that "in the case of an executive or other senior level position a significant portion [of] overall compensation should be long term compensation." *Id.* § 30.16(b)(1)(iii). Although the Top 25 Determination already requires significant allocations to long-term compensation, the Special Master has concluded that voluntary arrangements permitting longer redemption periods for stock salary would be consistent with the principles of the Top 25 Determination so long they do not provide "incentives to take unnecessary or excessive risks that could threaten the value of [Ally]." *Id.* § 30.16(b)(1)(i). Accordingly, the Special Master has determined that, to be consistent with the Public Interest Standard, any such arrangement must require that:

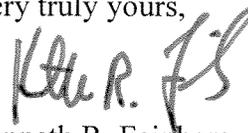
- under no circumstances may stock salary be redeemed more rapidly than permitted in the Top 25 Determination;
- once established, neither Ally nor the executive may revoke the arrangement;
- redemption may only occur on whole-year anniversaries of the redemption date provided by the Top 25 Determination;
- after giving effect to the arrangement, stock salary must continue to be redeemed in multiple, equal installments, and the final installment may be redeemed no sooner than the second anniversary of the first installment.

Finally, the establishment and details of such an arrangement must be disclosed in writing to the Office of the Special Master.

The foregoing determination pursuant to Section 30.16(a)(3)(i) of the Rule permits Ally and Top 25 executives to enter into voluntary arrangements with respect to stock salary earned only after the date of this letter. It does not require Ally or any executive to enter into any arrangement of any kind. No determination is being made pursuant to Section 30.16(a)(3), Section 30.16(a)(4) or any other provision of the Rule that any change to any compensation arrangement, including the time and form of payment, is necessary for such compensation arrangement to be consistent with the Public Interest Standard. This letter is not an advisory opinion of the Special Master that specifically addresses any compensation arrangement, and is not intended to confer eligibility for the guidance set forth in IRS Notice 2009-92.

The approvals in this letter apply only to the proposals in respect of the executives addressed herein. Such conclusions are limited to the authority vested in the Special Master 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, the Special Master's evaluations and conclusions have relied upon, and are qualified in their entirety by, the accuracy of the materials submitted by Ally to the Office of the Special Master, and the absence of any material misstatement or omission in such materials.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kenneth R. Feinberg". The signature is stylized and written in a cursive-like font.

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

cc: Drema M. Kalajian, Esquire  
Richard Strahota