



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

November 30, 2012

Mr. James J. Duffy  
Chief Human Resources Officer  
Ally Financial Inc.  
1177 Avenue of the Americas  
New York, NY 10036

**Re: Compensation Payments and Structure for Certain Ally "Top 100" Employees**

Dear Mr. Duffy:

Pursuant to the Department of the Treasury's Interim Final Rule on TARP Standards for Compensation and Corporate Governance (the "Rule"),<sup>1</sup> the Office of the Special Master issued a determination letter regarding 2012 compensation payments and structures for the senior executive officers and next 20 most highly compensated employees (the "top 25 employees") of Ally Financial Inc. ("Ally" or the "Company") on April 6, 2012 (the "top 25 letter"). 31 C.F.R. § 30.16(a)(3)(i). The Office of the Special Master also issued a determination letter regarding 2012 compensation structures for employees who are either executive officers of Ally or are among Ally's 100 most highly compensated employees ("top 100 employees"), excluding the top 25 employees ("next 75 employees") on May 9, 2012 (the "next 75 letter" and, together with the top 25 letter, the "2012 Ally determination letters").

Certain of Ally's top 100 employees are employees of Ally's mortgage subsidiary Residential Capital, LLC ("ResCap"), which filed for bankruptcy in May 2012. Pursuant to the normal guidelines of the Office of the Special Master, as explained in the 2012 Ally determination letters, a large percentage of the 2012 compensation for those employees of ResCap was required to be in the form of compensation based on the value of Ally stock. ResCap has informed us that representatives of the unsecured creditors committee in the bankruptcy have raised concerns that compensation payments for services to the bankruptcy estate that are based on the value of Ally stock present an appearance of a conflict of interest for those individuals in Ally's top 100 employees who are employees of ResCap. Although ResCap representatives do not believe there is a conflict of interest, and believe that their employees are acting diligently in the best interests of the creditors of the bankruptcy estate, they also believe that modifying the compensation structure to address the concerns of the unsecured creditors committee will facilitate the bankruptcy process. Accordingly, Ally and ResCap have submitted to the Office of the Special Master a proposal to modify compensation for ResCap employees to avoid any appearance of a conflict of interest.

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<sup>1</sup> The Interim Final Rule and all determination letters issued by the Office of the Special Master are available at [www.financialstability.gov](http://www.financialstability.gov) (click on "Executive Compensation").

In a statement at the time of the ResCap bankruptcy filing,<sup>2</sup> Timothy G. Massad, Treasury's Assistant Secretary for Financial Stability, emphasized that Treasury consented to the filing based on its belief that, by addressing the legacy mortgage liabilities at ResCap, the bankruptcy process would "put taxpayers in a stronger position to maximize the value of their remaining investment in Ally". Maximization of overall returns to taxpayers is one of the chief principles guiding the determinations of the Office of the Special Master. 31 C.F.R. § 30.16(b)(1).

The Office of the Special Master has reviewed the proposal regarding stock-based compensation for those individuals in the group of Ally's top 100 employees who are employees of ResCap, and has determined as follows. Commencing as of the ResCap bankruptcy filing on May 14, 2012, compensation awarded or to be awarded pursuant to the 2012 Ally determination letters, as modified by the June 8 and July 6, 2012 supplemental determination letters, to those individuals in Ally's top 100 employees who are employees of ResCap, in the form of specified dollar amounts of Ally stock or stock units shall be replaced with identical dollar amounts of deferred cash awards, with all other aspects of timing of awards and deferral of vesting and transferability and/or ultimate payment to remain the same.

The determination in this letter applies only to the employees referenced above and shall not be relied upon by anyone with respect to any other facts or circumstances. For the avoidance of doubt, this determination does not affect the compensation of any top 100 employee at Ally other than those who are employees of ResCap, and does not affect awards to ResCap employees made prior to May 14, 2012. Such conclusion is limited to the authority vested in the Office of 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 payments or structure or any other compensation payments or structure for the subject employees with any other provision of the Rule. Moreover, my evaluation and conclusion with respect to these employees have relied upon, and are qualified in their entirety by, the accuracy of the materials submitted by Ally and ResCap to the Office of the Special Master, and the absence of any material misstatement or omission in such materials.

Very truly yours,



Patricia Geoghegan  
Office of the Special Master  
for TARP Executive Compensation

cc: Richard Strahota  
Drema M. Kalajian, Esq.

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<sup>2</sup> Timothy G. Massad, *Putting Taxpayers in a Stronger Position to Continue Recovering Their Investment in Ally Financial* (May 14, 2012), available at [www.financialstability.gov](http://www.financialstability.gov).