DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 6, 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 Executive Officers and Most Highly Compensated Employees of Ally ("Covered Employees 26-100")

Dear Mr. Duffy:

Pursuant to the Department of the Treasury's Interim Final Rule on TARP Standards for Compensation and Corporate Governance (the "Rule"),[1] the Office of the Special Master 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, excluding those employees subject to Section 30.10 of the Rule ("Covered Employees 26 – 100" or "Covered Employees") of Ally Financial Inc. ("Ally" or the "Company") on May 9, 2012 (the "determination letter"). 31 C.F.R. § 30.16(a)(3)(i).

On May 14, Ally's mortgage subsidiary Residential Capital, LLC filed for Chapter 11 bankruptcy, and Ally announced that it would launch a process to explore strategic alternatives, including a possible sale, for its international operations, which include auto finance, insurance, and banking and deposit operations in Canada, Mexico, Europe, the U.K., and South America. The May 14 press release issued by Ally stated in part, "Ally has paid approximately $5.5 billion to the U.S. Treasury, enabling the taxpayer to recover about one-third of the investment made into the company. Upon successful completion of the announced strategic initiatives, Ally expects to return at least another third of the total investment, thereby enabling the U.S. Treasury to recover at least two-thirds of its investment in Ally by year-end."

The compensation structures previously proposed by Ally for 2012 and for previous years, as well as the compensation structures determined by the Office of the Special Master for 2012 and previous years to be consistent with the public interest, did not take into account the announcements on May 14. The Company has stated that, as a result of the substantial restructuring that will occur, its executives may be concerned about the future of their business

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

units and their positions, and that management needs to make sure that they remain focused on implementing the announced steps as well as operating the ongoing businesses.

Accordingly, Ally's compensation committee has re-examined the current compensation structure for its Covered Employees 26 – 100 and has proposed modifications in the structure of the compensation payable to those employees for 2012, as well as with respect to compensation related to prior years that has not yet been paid, to ensure that Ally's compensation structure is aligned with returning value to shareholders.

As described in the determination letter, under the Rule, the Office of the Special Master's compensation reviews for Covered Employees 26 – 100 differ from the reviews for Ally's "top 25" employees, which addressed individual "amounts payable" to those employees, 31 C.F.R. § 30.16(a)(3)(i). For Covered Employees 26 – 100, the Rule does not require individual payment determinations; instead, the Office of the Special Master must determine only whether the proposed compensation structures "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" (as applied to Covered Employees 26 – 100 of Ally, the "Public Interest Standard"). *Id.* § 30.16(a)(3)(ii).

The Rule also requires that the Office of the Special Master consider six principles when making these compensation determinations. *Id*. § 30.16(a)(3)(ii). Among the purposes of these principles are "maximization of overall returns to the taxpayers of the United States and providing stability and preventing disruptions to financial markets." *Id*. at § 30.16(b)(1). These six principles include the principle of "taxpayer return": "The compensation structure, and amount payable . . . should reflect the need for the [company] to remain a competitive enterprise, to retain and recruit talented employees who will contribute to the [company's] future success, and ultimately to be able to repay TARP obligations". *Id*. at § 30.16(b)(1)(ii).

The Office of the Special Master has reviewed the Company's proposals and has determined that, while certain of the proposals are consistent with the Public Interest Standard, certain of the proposals are not consistent with the Public Interest Standard. Accordingly, the Office of the Special Master has concluded that the following determination with respect to the compensation structure of Covered Employees 26 – 100 for 2009 – 2012, as applicable, is consistent with the Public Interest Standard: long-term restricted stock awarded for services in 2009 – 2011, which was awarded in 2010 – 2012, as well as long-term restricted stock to be awarded in 2012 or 2013 for 2012 services, may vest ratably on the first and second anniversaries of the date of grant, and become payable on the second anniversary of the date of grant. For the avoidance of doubt, this determination is limited to compensation for such years for Covered Employees 26 – 100 who were still employed by the Company on June 1, 2012.

The approvals in this letter apply only to the employees referenced above and shall not be relied upon by anyone with respect to any other facts or circumstances. 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 to the Office of the Special Master, and the absence of any material misstatement or omission in such materials.

Very truly yours,

Patricia Geoghegan

Patricia Geoghegan
Office of the Special Master
for TARP Executive Compensation

cc: Richard Strahota
Drema M. Kalajian, Esq.