DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

June 8, 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 Ally "Top 25" 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"),[1] 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 top 25 letter noted that Ally might make new proposals with respect to top 25 compensation as it might deem appropriate in accordance with significant developments that might arise at the Company or its subsidiaries. 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 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.

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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").

Accordingly, Ally's compensation committee has re-examined the current compensation structure for its top 25 employees and has proposed modifications in the structure of the top 25 compensation payable 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.

The Rule requires that the Office of the Special Master determine whether 2012 compensation structures for the top 25 employees "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)(ii) (the "Public Interest Standard"). The Rule also requires that the Office of the Special Master consider six principles when making these compensation determinations. 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). The principles, which are described in detail in the April 6 top 25 letter, 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 certain of the proposals are consistent with the Public Interest Standard, certain of the proposals are not consistent with the Public Interest Standard, and changes are required to certain of the proposals in order to meet the Public Interest Standard. Accordingly, the Office of the Special Master has concluded that the following determinations with respect to the compensation structure of the top 25 employees for 2009-2012[2], as applicable, are consistent with the Public Interest Standard:

a) The modifications will not apply to the Company's chief executive officer.

b) There will not be any increase in total direct compensation for any top 25 employee.

c) There will not be any increase in cash salary for any top 25 employee.

d) The balance of each employee's total direct compensation for 2012 will be payable in the form of stock salary. Stock salary earned in 2012 will be redeemable in three equal installments, the first on the final payroll date of the year, the second ratably over 2013 and the third ratably over 2014.

e) Stock salary earned in 2009 and 2010 and not yet paid will be redeemable in equal installments over the period ending on the third anniversary of the grant.

[2] For the avoidance of doubt, such changes are limited to top 25 compensation for such years for employees still employed by the Company on June 1, 2012.

f) Long-term restricted stock previously awarded for prior services will vest after two years of service. Even if vested, as required by the Interim Final Rule, these awards may be redeemed only in 25% installments as Ally repays its TARP obligations in 25% increments, and will otherwise be forfeited.

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.