

U.S. DEPARTMENT OF THE TREASURY

Press Center



Acting Special Master Issues Ally Financial 'Top 25' Determination Letter

4/2/2014

View the determination letter [here](#) 

WASHINGTON – On April 2, 2014, the Acting Special Master for TARP Executive Compensation, Patricia Geoghegan, released 2014 compensation determinations for the “top 25” executives at Ally Financial (formerly GMAC), the last remaining company that received exceptional Troubled Asset Relief Program (TARP) assistance. Six recipients of exceptional assistance—AIG, Bank of America, Chrysler, Chrysler Financial, Citigroup, and GM—have now exited TARP, and, as of today, Ally has repaid approximately \$15.3 billion, or 89 percent, of the \$17.2 billion investment provided to Ally. Taken together, the original seven companies under the Office of the Special Master’s (OSM) jurisdiction have returned the \$352 billion in total assistance provided, plus an additional positive return to date of more than \$23 billion. [1]

Work of the Office of the Special Master. The Office of the Special Master has sought to achieve a balance between limiting compensation payable by the companies while at the same time permitting them to pay compensation at levels that enable the exceptional assistance recipients to remain competitive and repay TARP assistance. Beginning with the initial determinations in 2009, OSM has reviewed compensation proposed to be paid by the companies with the intent that:

- Pay generally should not exceed the levels paid for similar positions at similar companies.
- Pay packages should consist mostly of stock (rather than cash) so that compensation is tied to the long-term performance of the company and executives are not focused on short-term results or encouraged to take excessive risks.
- **The Office of the Special Master 2014 determinations for Ally Financial reflect the following:**
 - CEO compensation remains frozen: The CEO compensation package payable by Ally Financial has not increased. Although there has been some modification in the mix of stock salary and long-term restricted stock for the CEO, the overall amount of CEO compensation has continued unchanged since 2010.
 - No cash increases: The cash compensation for the top 25 executives at Ally Financial has not increased from 2013 levels. No executive has a cash salary of more than \$600,000, and the cash salary of all but three executives is \$500,000 or less. The CEO’s cash salary has been zero since 2010. Moreover, cash compensation for the top 25 executives at Ally Financial is on average four percent below the median for cash salaries and 62 percent below the median for total cash compensation for similar positions at similar companies.
 - Compensation is predominantly in stock and therefore performance-based: On average, 83 percent of the top 25 Ally Financial pay packages approved consists of stock compensation (rather than cash). Transferability of the stock is deferred (which means that the ultimate value of most top executive pay will depend on the future performance of the company), and hedging of the stock compensation is prohibited.
 - OSM continues to limit total direct compensation: The total direct compensation for the group of 24 executives covered by the 2014 determination letter is seven percent lower than the total for the 23 executives covered by the 2013 determination letter. [2] In addition, perks remain limited.

- Company progress during the past year: Since the April 2013 determination letter, Treasury has recovered an additional \$9.4 billion (including the repurchase of Treasury's mandatorily convertible preferred stock and resolution of its share adjustment right) from its investment in Ally Financial, and Treasury's stake in the company has decreased to approximately 37 percent of the company's common stock (from approximately 74 percent). During that period, the company has also achieved financial holding company status, received confirmation of the ResCap bankruptcy plan (permitting resolution of most of its legacy mortgage liabilities), completed the sales of most of its international operations, and received a non-objection from the Federal Reserve to its revised CCAR plan.

The TARP compensation regulations and all determination letters issued by the Office of the Special Master are available at www.financialstability.gov (click on "Executive Compensation").

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[1] The \$352 billion total for the seven companies includes commitments to AIG of \$69.8 billion by Treasury and \$112 billion by the Federal Reserve Bank of New York for a total of approximately \$182 billion.

[2] The top 25 consists of 24 executives (the five senior executive officers and next 20 most highly compensated employees (based on 2013 compensation) at Ally Financial, minus one departure since January 1, 2014). Of that total, 18 individuals were also in the 2013 "top 25," and six are new members of the group. Some individual compensation packages increased, some decreased, and some remained at 2013 levels. For the individuals in the "top 25" in both 2013 and 2014, cash compensation remained the same and total direct compensation increased 0.27 percent. For the individuals new to the "top 25" group for 2014, cash compensation decreased 58.1 percent as compared to the cash they received for 2013, and total direct compensation decreased 24.8 percent as compared to 2013.