

Ally Financial Announces Key Strategic Actions to Strengthen Company and Accelerate Ability to Repay U.S. Treasury

- * **ResCap mortgage subsidiaries file Chapter 11**
- * **Company launches process to explore strategic alternatives for its international businesses**
- * **No impact on Ally's leading U.S. auto finance and direct banking businesses**
- * **Strengthens Ally's financial position going forward and accelerates ability to repay the U.S. Treasury**

DETROIT, May 14, 2012 -- Ally Financial Inc. (Ally) today announced key strategic actions aimed at strengthening the company's longer term financial profile and accelerating repayment of the U.S. Treasury's investment. The actions include the decision by the mortgage subsidiary, Residential Capital, LLC and certain of its subsidiaries (ResCap), to file Chapter 11, and the decision by Ally to launch a process to explore strategic alternatives for its international operations. These actions will enable Ally to further invest in and grow its leading U.S.-based automotive services and direct banking franchises and be best positioned to return additional capital to the U.S. taxpayer by year-end.

"The action by ResCap will enable Ally to achieve a permanent solution to its legacy mortgage risks and put these issues behind us," said Ally Chief Executive Officer Michael A. Carpenter. "This action, along with pursuing alternatives for the international businesses, will allow Ally to focus 100 percent of its energies on further strengthening its already leading U.S. auto finance and direct banking franchises."

Carpenter continued, "The depth and breadth of our automotive services operation is unmatched in the industry, and we see significant opportunities to broaden and strengthen this business domestically. In addition, our U.S. direct banking platform, Ally Bank, helps to power our auto business, and its consumer-value proposition has attracted a strong and loyal customer base in the growing direct banking segment.

"Together, we believe these businesses, which represent the core of the company, are a winning combination and will continue to deliver value for our shareholders and provide opportunities to complete the important task of repaying the remaining investment of the U.S. taxpayer," said Carpenter.

Ally has paid approximately \$5.5 billion to the U.S. Treasury, which has enabled the taxpayer to recover about one-third of the investment made in the company. Upon successful completion of the announced strategic initiatives, Ally expects to have returned a total of two-thirds of the taxpayer's investment.

ResCap Chapter 11 Filing

Earlier today, ResCap filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code. In connection with the Chapter 11 filing, ResCap announced it has reached agreement with certain of its key creditors, including Ally, on the terms of a prearranged Chapter 11 plan.

Ally Financial, Ally Bank and all other Ally entities are not part of the ResCap Chapter 11 cases and there will be no change or interruption to Ally's business operations as a result of ResCap's action. In addition, ResCap and its origination and servicing platform are expected to operate in the normal course during this process.

A key feature of ResCap's prearranged Chapter 11 plan is proposed settlements among Ally, ResCap's

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- [ResCap Press Release](#)

Chapter 11 estates and certain of ResCap's creditors that provide for the release of, among other things, all existing and potential claims between Ally and ResCap, as well as a release of all existing or potential causes of action against Ally by third parties. The settlements also contain milestones for ResCap to emerge from Chapter 11 by year-end.

Ally has agreed to take certain steps to support the stability of ResCap and its leading mortgage servicing platform during the Chapter 11 cases. Those steps include:

- Making a cash contribution of \$750 million to the ResCap Chapter 11 estate upon confirmation of the plan;
- Making a stalking horse bid for up to \$1.6 billion of ResCap-owned mortgages currently marked at 45 percent of UPB;
- Providing ResCap a \$150 million debtor in possession financing facility;
- Supporting ResCap's consumer lending originations during the process; and
- Other arrangements to support ResCap's Chapter 11 plan.

ResCap has also obtained support for its prearranged Chapter 11 restructuring from the ad hoc steering committee representing ResCap's junior secured notes, as well as other certain noteholders, and to date has affirmative support from entities holding \$781 million of these notes.

In addition, institutional investors in residential mortgage-backed securities issued by ResCap's affiliates and, at present, holding more than 25 percent of at least one class in each of 290 securitizations have agreed to support ResCap's reorganization. These 290 securitizations (out of a total of 392 outstanding securitizations with an original principal balance of \$221 billion) have an aggregate original principal balance of more than \$164 billion. The settlements reached with these creditors and with ResCap are subject to Bankruptcy Court approval.

Ally has determined that, on and as a result of the Chapter 11 filing, ResCap will be deconsolidated from Ally's financial statements and Ally's equity interest in ResCap will be written-down to zero.

Ally is expected to record an associated charge of approximately \$1.3 billion in the second quarter of 2012. The estimated charge is primarily driven by a write-down to zero of Ally's approximate \$400 million equity investment in ResCap, the \$750 million cash contribution and approximately \$130 million related to the establishment of a mortgage repurchase reserve at Ally Bank that replaces a reserve previously held at ResCap. Absent the determination by the ResCap board of directors to file for Chapter 11, ResCap would have required billions of dollars of support from its parent to meet its obligations, which would have substantially delayed Ally's plans to repay the remaining capital investment to the U.S. Treasury.

"The decision by the ResCap board to pursue this course will best enable it to preserve more than 3,500 jobs and keep its talented workforce focused on assisting homeowners by servicing the more than 2.4 million loans in its portfolio," Carpenter concluded.

International Businesses

Ally will explore strategic alternatives for all of its international operations, which includes auto finance, insurance, and banking and deposit operations in Canada, Mexico, Europe, the U.K. and South America.

The international businesses represent strong franchises in each of the respective countries, and Ally's mission in exploring alternatives for these businesses is to maximize shareholder value in a timely manner, while also protecting the interests of the dealers and automakers that the company serves.

The international businesses operate independently of the U.S. businesses, and, as a result, strategic actions

taken with regard to these businesses will have no adverse operating impact on Ally's U.S. businesses.

Repayment of Government Support Programs and U.S. Auto Recovery

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.

In addition, Ally's cash and available liquidity will ensure the company reaches another milestone in the fourth quarter as all Ally debt issued under the FDIC's Temporary Liquidity Guarantee Program (TLGP) will also be paid in full, further reducing another form of governmental support that was put in place during the economic crisis.

Since 2009, Ally has been an instrumental part of the U.S. auto recovery and, through its automotive finance operation, has provided financing for nine million vehicles sold to more than 6,000 U.S. auto dealers and has assisted American consumers in financing vehicles worth almost \$100 billion.

"Ally was a key part of supporting the recovery of the U.S. auto industry by ensuring that thousands of dealers and millions of consumers had access to financing during the crisis. We took that responsibility very seriously and take equally seriously the mission to repay the remaining U.S. taxpayer investment in full as soon as possible," Carpenter said.

Ally is advised by Evercore Partners, Kirkland & Ellis and Mayer Brown on the ResCap matters and by Citi and Evercore Partners on the strategic matters related to the international businesses.

Ally Investor Call

Ally Chief Executive Officer Michael A. Carpenter and Senior Executive Vice President of Finance and Corporate Planning Jeffrey Brown will host a conference call for investors at 8:30 a.m. EDT on Tuesday, May 15, 2012, to discuss these developments. The call will include formal comments by Ally senior management followed by a question and answer session. The call is expected to last approximately 60 minutes.

Conference Call Information: Dial 1-800-659-2056 (or +1-617-614-2714 for international access) at least 15 minutes prior to the start time and enter the participant code 14798537.

The conference call will also be webcast live on Ally's Investor Relations website in the Events & Presentations section (<http://www.ally.com/about/investor/events-presentations/index.html>).

A presentation will be posted in the Events & Presentations section of Ally's Investor Relations website on May 15, approximately one hour prior to the start of the call.

Archive: A taped replay of this call will be made available from 10:30 a.m. EDT on May 15, until May 22, 2012. Please dial 1-888-286-8010 (or +1-617-801-6888 for international access) and enter participant code 26255191 to access the taped replay. A replay of the webcast will also be made available on the Ally Investor Relations website.

ResCap Press Release

ResCap's press release and additional information can be viewed <http://www.kccllc.net/rescap>.

About Ally

[Ally Financial Inc.](#) is a leading automotive financial services company powered by a top direct banking franchise. Ally's automotive services business offers a full suite of financing products and services, including

new and used vehicle inventory and consumer financing, leasing, inventory insurance, commercial loans and vehicle remarketing services. [Ally Bank](#), the company's direct banking subsidiary, offers an array of deposit products, including certificates of deposit, savings accounts, money market accounts, IRA deposit products and online checking. Ally's Commercial Finance unit provides financing to middle-market companies across a broad range of industries.

With approximately \$186 billion in assets as of March 31, 2012, Ally operates as a bank holding company. For more information, visit the Ally media site at <http://media.ally.com> or follow Ally on Twitter: @ally.

Forward-Looking Statements

In this press release and in any related comments by Ally Financial Inc. ("Ally") management, the use of the words "expect," "anticipate," "estimate," "forecast," "initiative," "objective," "plan," "goal," "project," "outlook," "priorities," "target," "explore," "positions," "intend," "evaluate," "pursue," "seek," "may," "would," "could," "should," "believe," "potential," "continue," or the negative of any of those words or similar expressions is intended to identify forward-looking statements. All statements herein and in related charts and management comments, other than statements of historical fact, including without limitation, statements about future events and financial performance, are forward-looking statements that involve certain risks and uncertainties.

While these statements represent our current judgment on what the future may hold, and we believe these judgments are reasonable, these statements are not guarantees of any events or financial results, and Ally's actual results may differ materially due to numerous important factors that are described in the most recent reports on SEC Forms 10-K, 10-Q, and 8-K for Ally, each of which may be revised or supplemented in subsequent reports filed with the SEC. Such factors include, among others, the following: the approval of the bankruptcy court and the timely consummation of Residential Capital LLC's proposed bankruptcy plan, including the settlement agreements contemplated therein; maintaining the mutually beneficial relationship between Ally and General Motors ("GM"), and Ally and Chrysler Group LLC ("Chrysler"); the profitability and financial condition of GM and Chrysler; the ability to secure low cost funding; our ability to realize the anticipated benefits associated with being a bank holding company, and the increased regulation and restrictions that we are now subject to; any additional future impact resulting from delayed foreclosure sales or related matters; the potential for legal liability resulting from claims related to the sale of private-label mortgage-backed securities; risks related to potential repurchase obligations due to alleged breaches of representations and warranties in mortgage securitization transactions; changes in U.S. government-sponsored mortgage programs or disruptions in the markets in which our mortgage subsidiaries operate; continued challenges in the residential mortgage markets; the potential for deterioration in the residual value of off-lease vehicles; disruptions in the market in which we fund our operations, with resulting negative impact on our liquidity; changes in our accounting assumptions that may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings; changes in the credit ratings of Ally or its subsidiaries, Chrysler, or GM; changes in economic conditions, currency exchange rates or political stability in the markets in which we operate; and changes in the existing or the adoption of new laws, regulations, policies or other activities of governments, agencies and similar organizations (including as a result of the Dodd-Frank Act and Basel III).

Investors are cautioned not to place undue reliance on forward-looking statements. Ally undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other such factors that affect the subject of these statements, except where expressly required by law.

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