ARCH COAL INC
Form 4
April 10, 2007

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
HUNT DOUGLAS H

(Last) (First) (Middle)

ONECITYPLACE DRIVE

(Street)

ST. LOUIS, MO 63141

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
ARCH COAL INC [ACI]

3. Date of Earliest Transaction (Month/Day/Year)
03/30/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)

			Code	V	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) (A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Derivative Security											
Phantom Stock	(1)	03/30/2007	A		464		(2)	(2)	Common Stock	464	$ 30.6

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HUNT DOUGLAS H ONECITYPLACE DRIVE ST. LOUIS, MO 63141	X			

Signatures

/s/ Gregory A. Billhartz, Attorney-in-Fact	04/10/2007
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Each share of phantom stock represents a right to receive the value in cash of one share of Arch Coal, Inc. common stock. The shares of phantom stock are held by the director through the Arch Coal, Inc. Deferred Compensation Plan for Non-Employee Directors (the "Plan") and represent past compensation that the director elected to defer under the Plan into a hypothetical investment in shares of Arch Coal, Inc. common stock and/or dividends attributable to such deferred amounts.

(2) Shares of phantom stock are payable in cash following termination of the director's service as a director of Arch Coal, Inc. The director may transfer certain portions of the phantom stock account into an alternative investment account at any time.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Other

2 11 10

Commercial real estate

Automobile

8 **14** **13** 5 12 11

Mortgage

2 4 3

Total commercial

17 **29** **28** 12 70 57

Explanation of Responses:

Total consumer and commercial finance receivables and loans

39,271	**$872**	**$673**	7,686	$339	$321

Explanation of Responses:

(a) Due to recent industry practice, bankruptcy loans that have not been reaffirmed have been included within our TDR population beginning in the fourth quarter of 2012.

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ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

The following table presents information about finance receivables and loans recorded at historical cost that have redefaulted during the reporting period and were within 12 months or less of being modified as a troubled debt restructuring. Redefault is when finance receivables and loans meet the requirements for evaluation under our charge-off policy (Refer to Note 1 for additional information) except for commercial finance receivables and loans where redefault is defined as 90 days past due.

		2012 (a)			2011	
Year ended December 31, *($ in millions)*	**Number of loans**	**Carrying value before allowance**	**Charge-off amount**	Number of loans	Carrying value before allowance	Charge-off amount
Consumer automobile	**2,290**	**$ 26**	**$ 12**	420	$ 4	$ 2
Consumer mortgage						
1st Mortgage	**112**	**16**	**1**	11	2	
Home equity	**41**	**3**	**2**	28	2	1
Total consumer mortgage	**153**	**19**	**3**	39	4	1
Commercial						
Commercial and industrial						
Automobile	**4**	**3**		1	3	
Commercial real estate						
Automobile	**3**	**3**				
Total commercial	**7**	**6**		1	3	
Total consumer and commercial finance receivables and loans	**2,450**	**$ 51**	**$ 15**	460	$ 11	$ 3

(a) Due to recent industry practice, bankruptcy loans that have not been reaffirmed have been included within our TDR population beginning in the fourth quarter of 2012.

At December 31, 2012, and December 31, 2011, commercial commitments to lend additional funds to debtors owing receivables whose terms had been modified in a troubled debt restructuring were $25 million and $45 million, respectively.

Concentration Risk

Consumer

We monitor our consumer loan portfolio for concentration risk across the geographies in which we lend. The highest concentrations of loans in the United States are in Texas and California, which represent an aggregate of 21.0% of our total outstanding consumer loans at December 31, 2012.

Concentrations in our mortgage portfolio are closely monitored given the volatility of the housing markets. Our consumer mortgage loan concentrations in California, Florida, and Michigan receive particular attention as the real estate value depreciation in these states has been the most severe.

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Notes to Consolidated Financial Statements (Continued)

The following table shows the percentage of total consumer finance receivables and loans recorded at historical cost reported at carrying value before allowance for loan losses by state and foreign concentration.

	2012 (a)		2011	
December 31,	Automobile	1st Mortgage and home equity	Automobile	1st Mortgage and home equity
Texas	**12.9%**	**5.8%**	9.5%	5.5%
California	**5.6**	**29.2**	4.6	25.7
Florida	**6.7**	**3.6**	4.8	4.0
Michigan	**5.0**	**4.1**	4.0	4.8
Pennsylvania	**5.2**	**1.6**	3.6	1.6
Illinois	**4.3**	**4.8**	3.1	5.0
New York	**4.6**	**2.0**	3.5	2.3
Ohio	**4.0**	**0.8**	2.9	1.0
Georgia	**3.7**	**1.9**	2.5	1.8
North Carolina	**3.3**	**2.0**	2.2	2.1
Other United States	**44.7**	**44.2**	32.9	45.9
Foreign (b)			26.4	0.3
Total consumer loans	**100.0%**	**100.0%**	100.0%	100.0%

(a) Presentation is in descending order as a percentage of total consumer finance receivables and loans at December 31, 2012.

(b) Foreign consumer finance receivables and loans as of December 31, 2012, was $2 million. These remaining foreign balances are within Finland and the Czech Republic.

Consumer Higher-Risk Mortgage

The following table summarizes held-for-investment mortgage finance receivables and loans recorded at historical cost and reported at carrying value before allowance for loan losses by higher-risk loan type.

December 31, *($ in millions)*	2012	2011
Interest-only mortgage loans (a)	**$ 2,063**	$ 2,947
Below-market rate (teaser) mortgages	**192**	248
Total higher-risk mortgage finance receivables and loans	**$ 2,255**	$ 3,195

(a) The majority of the interest-only mortgage loans are expected to start principal amortization in 2015 or beyond.

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Notes to Consolidated Financial Statements (Continued)

The following table presents our five largest state concentrations within our held-for-investment mortgage finance receivables and loans recorded at historical cost and reported at carrying value before allowance for loan losses by higher-risk loan type.

December 31, *($ in millions)*	Interest-only mortgage loans	Below-market rate (teaser) mortgages	Total higher-risk mortgage loans
2012			
California	**$ 500**	**$ 60**	**$ 560**
Virginia	**216**	**9**	**225**
Maryland	**166**	**5**	**171**
Illinois	**107**	**6**	**113**
Michigan	**106**	**5**	**111**
Other United States	**968**	**107**	**1,075**
Total higher-risk mortgage loans	**$ 2,063**	**$ 192**	**$ 2,255**
2011			
California	$ 748	$ 78	$ 826
Virginia	274	10	284
Maryland	217	6	223
Illinois	153	8	161
Michigan	199	9	208
Other United States	1,356	137	1,493
Total higher-risk mortgage loans	$ 2,947	$ 248	$ 3,195

Commercial Real Estate

The commercial real estate portfolio consists of loans issued primarily to automotive dealers. The following table shows the percentage of total commercial real estate finance receivables and loans reported at carrying value before allowance for loan losses by geographic region and property type.

December 31,	**2012**	2011
Geographic region		
Texas	**13.0%**	12.4%
Michigan	**12.6**	14.1
Florida	**11.7**	12.4
California	**9.3**	9.3
New York	**4.9**	3.5
Virginia	**3.9**	4.1
North Carolina	**3.9**	2.1
Pennsylvania	**3.3**	2.9
Georgia	**3.0**	2.5
Tennessee	**2.3**	1.8
Other United States	**32.1**	28.3

Foreign		6.6
Total commercial real estate finance receivables and loans	**100.0%**	100.0%
Property type		
Automotive dealers	**100.0%**	99.4%
Other		0.6
Total commercial real estate finance receivables and loans	**100.0%**	100.0%

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ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

Commercial Criticized Exposure

Finance receivables and loans classified as special mention, substandard, or doubtful are deemed as criticized. These classifications are based on regulatory definitions and generally represent finance receivables and loans within our portfolio that have a higher default risk or have already defaulted. The following table presents the percentage of total commercial criticized finance receivables and loans reported at carrying value before allowance for loan losses by industry concentrations.

December 31,	**2012**	2011
Industry		
Automotive	**85.7%**	82.9%
Manufacturing	**5.5**	1.8
Services	**4.9**	1.9
Other	**3.9**	13.4
Total commercial criticized finance receivables and loans	**100.0%**	100.0%

9. Investment in Operating Leases, Net

Investments in operating leases were as follows.

December 31, *($ in millions)*	**2012**	2011
Vehicles and other equipment	**$ 16,009**	$ 11,160
Accumulated depreciation	**(2,459)**	(1,885)
Investment in operating leases, net	**$ 13,550**	$ 9,275

Depreciation expense on operating lease assets includes remarketing gains and losses recognized on the sale of operating lease assets. The following summarizes the components of depreciation expense on operating lease assets.

Year ended December 31, *($ in millions)*	**2012**	2011	2010
Depreciation expense on operating lease assets (excluding remarketing gains)	**$ 1,515**	$ 1,158	$ 1,806
Remarketing gains	**(116)**	(217)	(555)
Depreciation expense on operating lease assets	**$ 1,399**	$ 941	$ 1,251

The following table presents the future lease nonresidual rental payments due from customers for equipment on operating leases.

Year ended December 31, *($ in millions)*	
2013	$ 2,573
2014	1,705

2015	618
2016	27
2017 and after	
Total	$ 4,923

ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

10. Securitizations and Variable Interest Entities

Overview

We are involved in several types of securitization and financing transactions that utilize special-purpose entities (SPEs). A SPE is an entity that is designed to fulfill a specified limited need of the sponsor. Our principal use of SPEs is to obtain liquidity and favorable capital treatment by securitizing certain of our financial assets.

The SPEs involved in securitization and other financing transactions are generally considered variable interest entities (VIEs). VIEs are entities that have either a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support or whose equity investors lack the ability to control the entity s activities. Due to the deconsolidation of ResCap, our mortgage securitization activity and involvement with certain mortgage-related VIEs has substantially changed. Refer to Note 1 for additional information related to ResCap.

Securitizations

We provide a wide range of consumer and commercial automobile loans, operating leases, other commercial loans, and mortgage loan products to a diverse customer base. We often securitize these loans and leases (which we collectively describe as loans or financial assets) through the use of securitization entities, which may or may not be consolidated on our Consolidated Balance Sheet. We securitize consumer and commercial automobile loans, operating leases, and other commercial loans through private-label securitizations. We securitize consumer mortgage loans through transactions involving the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). We previously securitized consumer mortgage loans through private-label mortgage securitizations and through transactions involving the Government National Mortgage Association (Ginnie Mae). We refer to Fannie Mae, Freddie Mac, and Ginnie Mae collectively as the Government-Sponsored Enterprises or GSEs. During 2012 and 2011, our consumer mortgage loans were primarily securitized through the GSEs.

In executing a securitization transaction, we typically sell pools of financial assets to a wholly owned, bankruptcy-remote SPE, which then transfers the financial assets to a separate, transaction-specific securitization entity for cash, servicing rights, and in some transactions, other retained interests. The securitization entity is funded through the issuance of beneficial interests in the securitized financial assets. The beneficial interests take the form of either notes or trust certificates which are sold to investors and/or retained by us. These beneficial interests are collateralized by the transferred loans and entitle the investors to specified cash flows generated from the securitized loans. In addition to providing a source of liquidity and cost-efficient funding, securitizing these financial assets also reduces our credit exposure to the borrowers beyond any economic interest we may retain.

Each securitization is governed by various legal documents that limit and specify the activities of the securitization entity. The securitization entity is generally allowed to acquire the loans, to issue beneficial interests to investors to fund the acquisition of the loans, and to enter into derivatives or other yield maintenance contracts to hedge or mitigate certain risks related to the financial assets or beneficial interests of the entity. A servicer, who is generally us, is appointed pursuant to the underlying legal documents to service the assets the securitization entity holds and the beneficial interests it issues. Servicing functions include, but are not limited to, making certain payments of property taxes and insurance premiums, default and property maintenance payments, as well as advancing principal and interest payments before collecting them from individual borrowers. Our servicing responsibilities, which constitute continued involvement in the transferred financial assets, consist of

ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

primary servicing (i.e., servicing the underlying transferred financial assets) and previously master servicing (i.e., servicing the beneficial interests that result from the securitization transactions). Certain securitization entities also require the servicer to advance scheduled principal and interest payments due on the beneficial interests issued by the entity regardless of whether cash payments are received on the underlying transferred financial assets. Accordingly, we are required to provide these servicing advances when applicable. Refer to Note 11 for additional information regarding our servicing rights.

The GSEs provide a guarantee of the payment of principal and interest on the beneficial interests issued in securitizations. In private-label securitizations, cash flows from the assets initially transferred into the securitization entity represent the sole source for payment of distributions on the beneficial interests issued by the securitization entity and for payments to the parties that perform services for the securitization entity, such as the servicer or the trustee. In certain private-label securitization transactions, a liquidity facility may exist to provide temporary liquidity to the entity. The liquidity provider generally is reimbursed prior to other parties in subsequent distribution periods. In previous certain private-label securitizations, monoline insurance may have existed to cover certain shortfalls to certain investors in the beneficial interests issued by the securitization entity. As noted above, in certain private-label securitizations, the servicer is required to advance scheduled principal and interest payments due on the beneficial interests regardless of whether cash payments are received on the underlying transferred financial assets. The servicer is allowed to reimburse itself for these servicing advances. Additionally, certain private-label securitization transactions may have previously allowed for the acquisition of additional loans subsequent to the initial loan transfer. Principal collections on other loans and/or the issuance of new beneficial interests, such as variable funding notes, generally funded those loans; we were often contractually required to invest in these new interests.

We may have retained beneficial interests in our private-label securitizations, which may have represented a form of significant continuing economic interest. These retained interests included, but are not limited to, senior or subordinate asset-backed securities and residuals, and previously included senior or subordinate mortgage-backed securities, interest-only strips, and principal-only strips. Certain of these retained interests provided credit enhancement to the trust as they may have absorbed credit losses or other cash shortfalls. Additionally, the securitization agreements may have required cash flows to be directed away from certain of our retained interests due to specific over-collateralization requirements, which may or may not have been performance-driven.

We generally hold certain conditional repurchase options specific to private label securitizations that allow us to repurchase assets from the securitization entity. The majority of the securitizations provide us, as servicer, with a call option that allows us to repurchase the remaining transferred financial assets or outstanding beneficial interests at our discretion once the asset pool reaches a predefined level, which represents the point where servicing becomes burdensome (a clean-up call option). The repurchase price is typically the par amount of the loans plus accrued interest. Additionally, we may hold other conditional repurchase options that allow us to repurchase a transferred financial asset if certain events outside our control are met. The typical conditional repurchase option is a delinquent loan repurchase option that gives us the option to purchase the loan or contract if it exceeds a certain prespecified delinquency level. We generally have complete discretion regarding when or if we will exercise these options, but we would do so only when it is in our best interest.

Other than our customary representation and warranty provisions, these securitizations are nonrecourse to us, thereby transferring the risk of future credit losses to the extent the beneficial interests in the securitization entities are held by third parties. Representation and warranty provisions generally require us to repurchase loans or indemnify the investor or other party for incurred losses to the extent it is determined that the loans were ineligible or were otherwise defective at the time of sale. Refer to Note 29 for detail on representation and warranty provisions. We did not provide any noncontractual financial support to any of these entities during 2012 or 2011.

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Notes to Consolidated Financial Statements (Continued)

Other Variable Interest Entities

Servicer Advance Funding Entity

We previously assisted in the financing of our servicer advance receivables; we formed a VIE that issued variable funding notes to third-party investors that were collateralized by servicer advance receivables. These servicer advance receivables were transferred to the VIE and consisted of delinquent principal and interest advances we made as servicer to various investors; property taxes and insurance premiums advanced to taxing authorities and insurance companies on behalf of borrowers; and amounts advanced for mortgages in foreclosure. The VIE funded the purchase of the receivables through financing obtained from the third-party investors and subordinated loans or an equity contribution from our mortgage activities. This VIE was not consolidated on our balance sheet at December 31, 2012 as a result of the deconsolidation of ResCap, but was consolidated on our balance sheet at December 31, 2011. The beneficial interest holder of this VIE does not have legal recourse to our general credit. We do not have a contractual obligation to provide any type of financial support in the future, nor have we provided noncontractual financial support to the entity during 2012 or 2011.

Other

We had involvements with various other on-balance sheet, immaterial VIEs. Most of these VIEs were used for additional liquidity whereby we sold certain financial assets into the VIE and issued beneficial interests to third parties for cash.

We also provide long-term guarantee contracts to investors in certain nonconsolidated affordable housing entities and have extended a line of credit to provide liquidity and minimize our exposure under these contracts. Since we do not have control over the entities or the power to make decisions, we do not consolidate the entities and our involvement is limited to the guarantee and the line of credit.

Involvement with Variable Interest Entities

The determination of whether financial assets transferred by us to these VIEs (and related liabilities) are consolidated on our balance sheet (also referred to as on-balance sheet) or not consolidated on our balance sheet (also referred to as off-balance sheet) depends on the terms of the related transaction and our continuing involvement (if any) with the VIE. We are deemed the primary beneficiary and therefore consolidate VIEs for which we have both (a) the power, through voting rights or similar rights, to direct the activities that most significantly impact the VIE s economic performance, and (b) a variable interest (or variable interests) that (i) obligates us to absorb losses that could potentially be significant to the VIE and/or (ii) provides us the right to receive residual returns of the VIE that could potentially be significant to the VIE. We determine whether we hold a significant variable interest in a VIE based on a consideration of both qualitative and quantitative factors regarding the nature, size, and form of our involvement with the VIE. We assess whether we are the primary beneficiary of a VIE on an ongoing basis.

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Notes to Consolidated Financial Statements (Continued)

Our involvement with consolidated and nonconsolidated VIEs in which we hold variable interests is presented below.

December 31, *($ in millions)*	Consolidated involvement with VIEs (a)	Assets of nonconsolidated VIEs (a)	Maximum exposure to loss in nonconsolidated VIEs
2012			
On-balance sheet variable interest entities			
Consumer automobile	**$ 28,566**		
Commercial automobile	**23,139**		
Commercial other	**728**		
Off-balance sheet variable interest entities			
Consumer automobile		**$ 1,495**	**$ 1,495(b)**
Consumer mortgage other		**(c)**	**12(d)**
Commercial other	**(28)(e)**	**(f)**	**85**
Total	**$ 52,405**	**$ 1,495**	**$ 1,592**
2011			
On-balance sheet variable interest entities			
Consumer automobile	$ 26,504		
Consumer mortgage private-label	1,098		
Commercial automobile	19,594		
Other	956		
Off-balance sheet variable interest entities			
Consumer mortgage Ginnie Mae	2,652(g)	$ 44,127	$ 44,127(b)
Consumer mortgage CMHC	66(g)	3,222	66(h)
Consumer mortgage private-label	141(g)	4,408	4,408(b)
Consumer mortgage other		(c)	17(d)
Commercial other	83(e)	(f)	242
Total	$ 51,094	$ 51,757	$ 48,860

(a) Asset values represent the current unpaid principal balance of outstanding consumer finance receivables and loans within the VIEs.

(b) Maximum exposure to loss represents the current unpaid principal balance of outstanding loans based on our customary representation and warranty provisions. This measure is based on the unlikely event that all of the loans have underwriting defects or other defects that trigger a representation and warranty provision and the collateral supporting the loans are worthless. This required disclosure is not an indication of our expected loss.

(c) Includes a VIE for which we have no management oversight and therefore we are not able to provide the total assets of the VIE. However, in March 2011 we sold excess servicing rights valued at $266 million to the VIE.

(d) Our maximum exposure to loss in this VIE is a component of servicer advances made that are allocated to the trust. The maximum exposure to loss presented represents the unlikely event that every loan underlying the excess servicing rights sold defaults, and we, as servicer, are required to advance the entire excess service fee to the trust for the contractually established period. This required disclosure is not an indication of our expected loss.

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Notes to Consolidated Financial Statements (Continued)

(e) Includes $0 million and $100 million classified as finance receivables and loans, net, and $0 million and $20 million classified as other assets, offset by $28 million and $37 million classified as accrued expenses and other liabilities at December 31, 2012, and December 31, 2011, respectively.

(f) Includes VIEs for which we have no management oversight and therefore we are not able to provide the total assets of the VIEs.

(g) Includes $0 billion and $2.4 billion classified as mortgage loans held-for-sale, $0 million and $92 million classified as trading securities or other assets, and $0 million and $386 million classified as mortgage servicing rights at December 31, 2012, and December 31, 2011, respectively. CMHC is the Canada Mortgage and Housing Corporation.

(h) Due to combination of the credit loss insurance on the mortgages and the guarantee by CMHC on the issued securities, the maximum exposure to loss would be limited to the amount of the retained interests. Additionally, the maximum loss would occur only in the event that CMHC dismisses us as servicer of the loans due to servicer performance or insolvency.

On-balance Sheet Variable Interest Entities

We engage in securitization and other financing transactions that do not qualify for off-balance sheet treatment. In these situations, we hold beneficial interests or other interests in the VIE, which represent a form of significant continuing economic interest. These retained interests include, but are not limited to, senior or subordinate asset-backed securities and residuals, and previously included senior or subordinate mortgage-backed securities, interest-only strips, and principal-only strips. Certain of these retained interests provide credit enhancement to the securitization entity as they may absorb credit losses or other cash shortfalls. Additionally, the securitization documents may require cash flows to be directed away from certain of our retained interests due to specific over-collateralization requirements, which may or may not be performance-driven. Because these securitization entities are consolidated, these retained interests and servicing rights are not recognized as separate assets on our Consolidated Balance Sheet.

We consolidated certain of these entities because we had a controlling financial interest in the VIE, primarily due to our servicing activities, and because we hold a significant variable interest in the VIE. We are generally the primary beneficiary of automobile securitization entities for which we perform servicing activities and have retained a significant variable interest in the form of a beneficial interest. We were previously the primary beneficiary of certain mortgage private-label securitization entities.

The consolidated VIEs included in the Consolidated Balance Sheet represent separate entities with which we are involved. The third-party investors in the obligations of consolidated VIEs have legal recourse only to the assets of the VIEs and do not have such recourse to us, except for the customary representation and warranty provisions or when we are the counterparty to certain derivative transactions involving the VIE. In addition, the cash flows from the assets are restricted only to pay such liabilities. Thus, our economic exposure to loss from outstanding third-party financing related to consolidated VIEs is significantly less than the carrying value of the consolidated VIE assets. All assets of consolidated VIEs, presented below based upon the legal transfer of the underlying assets in order to reflect legal ownership, are restricted for the benefit of the beneficial interest holders. Refer to Note 25 for discussion of the assets and liabilities for which the fair value option has been elected.

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Notes to Consolidated Financial Statements (Continued)

December 31, *($ in millions)*	**2012**	2011
Assets		
Loans held-for-sale, net	**$**	$ 9
Finance receivables and loans, net		
Consumer	**13,671**	21,622
Commercial	**17,839**	19,313
Allowance for loan losses	**(144)**	(210)
Total finance receivables and loans, net	**31,366**	40,725
Investment in operating leases, net	**6,060**	4,389
Other assets	**2,868**	3,029
Assets of operations held-for-sale	**12,139**	
Total assets	**$ 52,433**	$ 48,152
Liabilities		
Short-term borrowings	**$ 400**	$ 795
Long-term debt	**26,461**	33,143
Interest payable	**1**	14
Accrued expenses and other liabilities	**16**	405
Liabilities of operations held-for-sale	**9,686**	
Total liabilities	**$ 36,564**	$ 34,357

Off-balance Sheet Variable Interest Entities

The nature, purpose, and activities of nonconsolidated securitization entities are similar to those of our consolidated securitization entities with the primary difference being the nature and extent of our continuing involvement. The cash flows from the assets of nonconsolidated securitization entities generally are the sole source of payment on the securitization entities liabilities. The creditors of these securitization entities have no recourse to us with the exception of market customary representation and warranty provisions as described in Note 29.

Nonconsolidated VIEs include entities for which we either do not hold potentially significant variable interests or do not provide servicing or asset management functions for the financial assets held by the securitization entity. Additionally, to qualify for off-balance sheet treatment, transfers of financial assets must meet the sale accounting conditions in ASC 860, *Transfers and Servicing*. Previously, our residential mortgage loan securitizations consisted of Ginnie Mae and private-label securitizations. We are not the primary beneficiary of any GSE loan securitization transaction because we do not have the power to direct the significant activities of such entities. Previously, we did not consolidate certain private-label mortgage securitizations because we did not have a variable interest that could potentially have been significant or we did not have power to direct the activities that most significantly impacted the performance of the VIE.

For nonconsolidated securitization entities, the transferred financial assets are removed from our balance sheet provided the conditions for sale accounting are met. The financial assets obtained from the securitization are primarily reported as cash, servicing rights, or retained interests (if applicable). Typically, we conclude that the fee we are paid for servicing consumer automobile finance receivables represents adequate compensation, and consequently, we do not recognize a servicing asset or liability. As an accounting policy election, we elected fair value treatment for our mortgage servicing rights (MSR) portfolio. Liabilities incurred as part of these securitization transactions, such as representation and warranty provisions, are recorded at fair value at the time

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of sale and are reported as accrued expenses and other liabilities on our Consolidated Balance Sheet. Upon the sale of the loans, we recognize a gain or loss on sale for the difference between the assets recognized, the assets derecognized, and the liabilities recognized as part of the transaction.

The following summarizes all pretax gains and losses recognized on financial assets sold into nonconsolidated securitization and similar asset-backed financing entities.

Year ended December 31, *($ in millions)*	**2012**	2011	2010
Consumer automobile	**$ 6**	$	$
Consumer mortgage GSEs	**629**	131	346
Consumer mortgage private-label			
Total pretax gain	**$ 635**	$ 131	$ 346

The following table summarizes cash flows received from and paid related to securitization entities, asset-backed financings, or other similar transfers of financial assets where the transfer is accounted for as a sale and we have a continuing involvement with the transferred assets (e.g., servicing) that were outstanding in 2012, 2011, and 2010. Additionally, this table contains information regarding cash flows received from and paid to nonconsolidated securitization entities that existed during each period.

Year ended December 31, *($ in millions)*	**Consumer automobile**	**Consumer mortgage GSEs**	**Consumer mortgage private-label**
2012			
Cash proceeds from transfers completed during the period	**$ 1,979**	**$ 32,796**	**$ 5**
Cash flows received on retained interests in securitization entities			**71**
Servicing fees	**12**	**693**	**63**
Purchases of previously transferred financial assets		**(876)**	**(12)**
Representations and warranties obligations		**(108)**	**(7)**
Other cash flows		**(96)**	**255**
2011			
Cash proceeds from transfers completed during the period	$	$ 59,815	$ 722
Cash flows received on retained interests in securitization entities			68
Servicing fees		999	201
Purchases of previously transferred financial assets		(2,537)	(222)
Representations and warranties obligations		(143)	(38)
Other cash flows		(13)	187
2010			
Cash proceeds from transfers completed during the period	$	$ 68,822	$ 1,090
Cash flows received on retained interests in securitization entities			81
Servicing fees	1	1,081	209
Purchases of previously transferred financial assets		(1,865)	(282)
Representations and warranties obligations		(389)	(18)
Other cash flows	(6)	(39)	(22)

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The following tables represent on-balance sheet loans held-for-sale and finance receivable and loans, off-balance sheet securitizations, and whole-loan sales where we have continuing involvement. The table presents quantitative information about delinquencies and net credit losses. Refer to Note 11 for further detail on total serviced assets.

	Total Amount		**Amount 60 days or more past due**		**Net credit losses**	
December 31, *($ in millions)*	**2012**	2011	**2012**	2011	**2012**	2011
On-balance sheet loans						
Consumer automobile	**$ 53,715**	$ 63,884	**$ 351**	$ 341	**$ 369**	$ 321
Consumer mortgage (a)	**12,311**	18,940	**241**	3,242	**8**	150
Commercial automobile	**32,822**	37,302	**24**	162	**(1)**	13
Commercial mortgage		1,925		14	**(1)**	31
Commercial other	**2,783**	1,261	**1**	1	**(31)**	(5)
Total on-balance sheet loans	**101,631**	123,312	**617**	3,760	**344**	510
Off-balance sheet securitization entities						
Consumer automobile	**1,495**		**4**		**2**	
Consumer mortgage GSEs (b)	**119,384**	262,984	**1,892**	9,456	**n/m**	n/m
Consumer mortgage-private-label		63,991		11,301		
Total off-balance sheet securitization entities	**120,879**	326,975	**1,896**	20,757	**2**	
Whole-loan transactions (c)	**6,756**	33,961	**129**	2,901	**16**	87
Total	**$ 229,266**	$ 484,248	**$ 2,642**	$ 27,418	**$ 362**	$ 597

(a) Includes loans subject to conditional repurchase options of $0 billion and $2.3 billion guaranteed by the GSEs, and $0 million and $132 million sold to certain private-label mortgage securitization entities at December 31, 2012, and 2011, respectively.

(b) Anticipated credit losses are not meaningful due to the GSE guarantees.

(c) Whole-loan transactions are not part of a securitization transaction, but represent consumer automobile and consumer mortgage pools of loans sold to third-party investors.

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11. Servicing Activities

Mortgage Servicing Rights

The following table summarizes activity related to MSRs, which are carried at fair value. As there are limited MSR market transactions that are directly observable, management estimates fair value using internally developed discounted cash flow models (an income approach) to estimate the fair value. These internal valuation models estimate net cash flows based on internal operating assumptions that we believe would be used by market participants in orderly transactions combined with market-based assumptions for loan prepayment rates, interest rates, and discount rates that we believe approximate yields required by investors in this asset.

Year ended December 31, *($ in millions)*	**2012 (a)**	2011
Estimated fair value at January 1,	**$ 2,519**	$ 3,738
Additions recognized on sale of mortgage loans	**240**	622
Additions from purchases of servicing rights		31
Subtractions from sales of servicing assets		(266)
Changes in fair value		
Due to changes in valuation inputs or assumptions used in the valuation model	**(282)**	(1,041)
Other changes in fair value	(395)	(565)
Deconsolidation of ResCap	**(1,130)**	
Estimated fair value at December 31,	**$ 952**	$ 2,519

(a) The remaining balance is at Ally Bank, due to the deconsolidation of ResCap. Ally Bank announced that it has begun to explore strategic alternatives for its agency MSR portfolio.

Changes in fair value due to changes in valuation inputs or assumptions used in the valuation model include all changes due to a revaluation by a model or by a benchmarking exercise. Other changes in fair value primarily include the accretion of the present value of the discount related to forecasted cash flows and the economic runoff of the portfolio.

The key economic assumptions and sensitivity of the fair value of MSRs to immediate 10% and 20% adverse changes in those assumptions were as follows.

December 31, *($ in millions)*	**2012**	2011
Weighted average life *(in years)*	**4.6**	4.7
Weighted average prepayment speed	**13.5%**	15.7%
Impact on fair value of 10% adverse change	**$ (77)**	$ (135)
Impact on fair value of 20% adverse change	**(144)**	(257)
Weighted average discount rate	**7.7%**	10.2%
Impact on fair value of 10% adverse change	**$ (10)**	$ (59)
Impact on fair value of 20% adverse change	**(19)**	(114)

These sensitivities are hypothetical and should be considered with caution. Changes in fair value based on a 10% and 20% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumptions to the change in fair value may not be linear.

Also, the effect of a variation in a particular assumption on the fair value is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another (e.g., increased market interest rates may result in lower prepayments and

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increased credit losses) that could magnify or counteract the sensitivities. Further, these sensitivities show only the change in the asset balances and do not show any expected change in the fair value of the instruments used to manage the interest rates and prepayment risks associated with these assets.

Risk Mitigation Activities

The primary risk of our servicing rights is interest rate risk and the resulting impact on prepayments. A significant decline in interest rates could lead to higher-than-expected prepayments that could reduce the value of the MSRs. We economically hedge the impact of these risks with both derivative and nonderivative financial instruments. Refer to Note 22 for additional information regarding the derivative financial instruments used to economically hedge MSRs.

The components of servicing valuation and hedge activities, net, were as follows.

Year ended December 31, *($ in millions)*	**2012**	2011	2010
Change in estimated fair value of mortgage servicing rights	**$ (560)**	$ (793)	$ (147)
Change in fair value of derivative financial instruments	**556**	359	(470)
Servicing asset valuation and hedge activities, net	**$ (4)**	$ (434)	$ (617)

Mortgage Servicing Fees

The components of mortgage servicing fees were as follows.

Year ended December 31, *($ in millions)*	**2012**	2011	2010
Contractual servicing fees, net of guarantee fees and including subservicing	**$ 281**	$ 344	$ 277
Late fees	**7**	9	7
Ancillary fees	**12**	12	11
Total mortgage servicing fees	**$ 300**	$ 365	$ 295

Mortgage Servicing Advances

In connection with our primary Mortgage servicing activities (i.e., servicing of mortgage loans), we make certain payments for property taxes and insurance premiums, default and property maintenance payments, as well as advances of principal and interest payments before collecting them from individual borrowers. Servicing advances including contractual interest, are priority cash flows in the event of a loan principal reduction or foreclosure and ultimate liquidation of the real estate-owned property. These servicing advances are included in other assets on the Consolidated Balance Sheet and totaled $82 million and $1.9 billion at December 31, 2012 and 2011, respectively. We maintain an allowance for uncollected primary servicing advances of $1 million and $43 million at December 31, 2012 and 2011, respectively. Our potential obligation is influenced by the loan s performance and credit quality. Additionally, we have a fiduciary responsibility for mortgage escrow and custodial funds that totaled $0 billion and $4.4 billion at December 31, 2012 and 2011, respectively. A portion of these balances are included in deposit liabilities on our Consolidated Balance Sheet. Refer to Note 14 for additional information.

Due to the deconsolidation of ResCap on May 14, 2012, we no longer act as a subservicer or master servicer of mortgage loans. Refer to Note 1 for more information regarding the deconsolidation. When we acted as a subservicer of mortgage loans we performed the responsibilities of a primary servicer but did not own the corresponding primary

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servicing rights. We received a fee from the primary servicer for such services. As the subservicer, we had the same responsibilities of a primary servicer in that we made certain payments of property taxes and insurance premiums, default and property maintenance, as well as advances of principal and interest payments before collecting them from individual borrowers. At December 31, 2011, outstanding servicer advances related to subserviced loans were $125 million and we had a reserve for uncollected subservicer advances $1 million.

At December 31, 2011, we were the master servicer (i.e., servicer of beneficial interests issued by mortgage securitization entities) for 467,722 loans, having an aggregate unpaid principal balance of $61.4 billion. In many cases, where we acted as master servicer, we also acted as primary servicer. In connection with our master-servicing activities, we serviced the mortgage-backed and mortgage-related asset-backed securities and whole-loan packages sold to investors. As the master servicer, we collected mortgage loan payments from primary servicers and distributed those funds to investors in the mortgage-backed and mortgage-related asset-backed securities and whole-loan packages. As the master servicer, we were required to advance scheduled payments to the securitization trust or whole-loan investors. To the extent the primary servicer does not advance the payments, we were responsible for advancing the payment to the trust or whole-loan investors. Master-servicing advances, including contractual interest, are priority cash flows in the event of a default, thus making their collection reasonably assured. In most cases, we were required to advance these payments to the point of liquidation of the loan or reimbursement of the trust or whole-loan investors. At December 31, 2011, outstanding master-servicing advances were $158 million and we had no reserve for uncollected master-servicing advances.

Mortgage Serviced Assets

Total serviced mortgage assets consist of primary servicing activities. These include loans owned by Ally Bank, where Ally Bank is the primary servicer, and loans sold to third-party investors, where Ally Bank has retained primary servicing. Loans owned by Ally Bank are categorized as loans held-for-sale or finance receivables and loans which are discussed in further detail in Note 7 and Note 8, respectively. The loans sold to third-party investors were sold through off-balance sheet GSE securitization transactions.

The unpaid principal balance of our serviced mortgage assets were as follows.

December 31, *($ in millions)*	**2012 (a)**	2011
On-balance sheet mortgage loans		
Held-for-sale and investment	**$ 10,938**	$ 18,871
Operations held-for-sale		541
Off-balance sheet mortgage loans		
Loans sold to third-party investors		
Private-label		50,886
GSEs	**119,384**	262,868
Whole-loan	**2**	15,105
Purchased servicing rights		3,247
Operations held-for-sale		4,912
Total primary serviced mortgage loans	**130,324**	356,430
Subserviced mortgage loans		26,358
Subserviced operations held-for-sale		4
Total subserviced mortgage loans		26,362
Master-servicing-only mortgage loans		8,557
Total serviced mortgage loans	**$ 130,324**	$ 391,349

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(a) The remaining balances were serviced by Ally Bank, due to the deconsolidation of ResCap. Ally Bank announced that it has begun to explore strategic alternatives for its agency MSR portfolio.

Ally Bank is subject to certain net worth requirements associated with its servicing agreements with Fannie Mae and Freddie Mac. The majority of Ally Bank s serviced mortgage assets are subserviced by GMAC Mortgage, LLC, a subsidiary of ResCap, pursuant to a servicing agreement. At December 31, 2012, Ally Bank was in compliance with the requirements of the servicing agreements.

Automobile Finance Servicing Activities

We service consumer automobile contracts. Historically, we have sold a portion of our consumer automobile contracts. With respect to contracts we sell, we retain the right to service and earn a servicing fee for our servicing function. Typically, we conclude that the fee we are paid for servicing consumer automobile finance receivables represents adequate compensation, and consequently, we do not recognize a servicing asset or liability. We recognized automobile servicing fee income of $109 million, $160 million, and $227 million during the years ended December 31, 2012, 2011, and 2010, respectively.

Automobile Finance Serviced Assets

The total serviced automobile finance loans outstanding were as follows.

December 31, *($ in millions)*	**2012**	2011
On-balance sheet automobile finance loans and leases		
Consumer automobile	**$ 53,715**	$ 63,884
Commercial automobile	**32,822**	37,302
Operating leases	**13,550**	9,275
Operations held-for-sale	**25,979**	102
Other	**41**	
Off-balance sheet automobile finance loans		
Loans sold to third-party investors		
Securitizations	**1,474**	
Whole-loan	**6,541**	12,318
Total serviced automobile finance loans and leases	**$ 134,122**	$ 122,881

12. Premiums Receivable and Other Insurance Assets

Premiums receivable and other insurance assets consisted of the following.

December 31, *($ in millions)*	**2012**	2011
Prepaid reinsurance premiums	**$ 236**	$ 218
Reinsurance recoverable on unpaid losses	**234**	321
Reinsurance recoverable on paid losses	**40**	54
Premiums receivable	**108**	288
Deferred policy acquisition costs	**991**	972

Total premiums receivable and other insurance assets	**$ 1,609**	$ 1,853

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13. Other Assets

The components of other assets were as follows.

December 31, *($ in millions)*	**2012**	2011
Property and equipment at cost	**$ 693**	$ 1,152
Accumulated depreciation	**(411)**	(787)
Net property and equipment	**282**	365
Restricted cash collections for securitization trusts (a)	**2,983**	1,596
Fair value of derivative contracts in receivable position	**2,298**	5,687
Collateral placed with counterparties	**1,290**	1,448
Deferred tax asset (b)	**1,190**	238
Restricted cash and cash equivalents	**889**	1,381
Other accounts receivable	**525**	1,110
Cash reserve deposits held-for-securitization trusts (c)	**442**	838
Unamortized debt issuance costs	**425**	612
Nonmarketable equity securities	**303**	419
Interests retained in financial asset sales	**154**	231
Accrued interest and rent receivable	**147**	232
Real estate and other investments	**98**	385
Servicer advances	**92**	2,142
Prepaid expenses and deposits	**60**	568
Goodwill	**27**	518
Other assets	**703**	971
Total other assets	**$ 11,908**	$ 18,741

(a) Represents cash collection from customer payments on securitized receivables. These funds are distributed to investors as payments on the related secured debt.

(b) The increase in the deferred tax asset represents the release of a material portion of our U.S. valuation allowance. Refer to Note 23 for more information.

(c) Represents credit enhancement in the form of cash reserves for various securitization transactions.

The changes in the carrying amounts of goodwill for the periods shown were as follows.

($ in millions)	**Automotive Finance operations**	**Insurance operations**	**Total**
Goodwill at January 1, 2010	$ 469	$ 57	$ 526

Transfer of assets of discontinued operations held-for-sale	(1)	(1)	(2)
Foreign-currency translation		1	1
Goodwill at December 31, 2010	$ 468	$ 57	$ 525
Transfer of assets of discontinued operations held-for-sale		(4)	(4)
Foreign-currency translation		(3)	(3)
Goodwill at December 31, 2011	$ 468	$ 50	$ 518
Transfer of assets of discontinued operations held-for-sale	**(468)**	**(23)**	**(491)**
Goodwill at December 31, 2012	**$**	**$ 27**	**$ 27**

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14. Deposit Liabilities

Deposit liabilities consisted of the following.

December 31, *($ in millions)*	**2012**	2011
Domestic deposits		
Noninterest-bearing deposits	**$ 1,977**	$ 2,029
Interest-bearing deposits		
Savings and money market checking accounts	**13,871**	9,035
Certificates of deposit	**31,084**	28,540
Dealer deposits	**983**	1,769
Total domestic deposit liabilities	**47,915**	41,373
Foreign deposits		
Interest-bearing deposits		
Savings and money market checking accounts		1,408
Certificates of deposit		1,958
Dealer deposits		311
Total foreign deposit liabilities		3,677
Total deposit liabilities	**$ 47,915**	$ 45,050

Noninterest-bearing deposits primarily represent third-party escrows associated with our mortgage loan-servicing portfolio. The escrow deposits are not subject to an executed agreement and can be withdrawn without penalty at any time. At December 31, 2012, and December 31, 2011, certificates of deposit included $12.0 billion and $10.0 billion, respectively, of domestic certificates of deposit in denominations of $100 thousand or more.

The following table presents the scheduled maturity of total certificates of deposit.

Year ended December 31, *($ in millions)*	
2013	$ 15,688
2014	6,133
2015	4,336
2016	3,545
2017	1,382
Total certificates of deposit	$ 31,084

15. Short-term Borrowings

The following table presents the composition of our short-term borrowings portfolio.

	2012			2011		
December 31, *($ in millions)*	**Unsecured**	**Secured (a)**	**Total**	Unsecured	Secured (a)	Total
Demand notes	**$ 3,094**	**$**	**$ 3,094**	$ 2,756	$	$ 2,756
Bank loans and overdrafts	**167**		**167**	1,613		1,613
Federal Home Loan Bank		**3,800**	**3,800**		1,400	1,400
Other (b)		**400**	**400**	146	1,765	1,911
Total short-term borrowings	**$ 3,261**	**$ 4,200**	**$ 7,461**	$ 4,515	$ 3,165	$ 7,680
Weighted average interest rate (c)			**1.0%**			3.6%

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(a) Refer to Note 16 for further details on assets restricted as collateral for payment of the related debt.

(b) Other primarily includes nonbank secured borrowings at our Commercial Finance Group at December 31, 2012 and Automotive Finance operations at December 31, 2011.

(c) Based on the debt outstanding and the interest rate at December 31 of each year.

16. Long-term Debt

The following tables present the composition of our long-term debt portfolio.

December 31, *($ in millions)*	**Amount**	**Interest rate**	**Weighted average interest rate (a)**	**Due date range**
2012				
Senior debt				
Fixed rate (b)	**$ 28,336**			
Variable rate	**2,345**			
Total senior debt (c)	**30,681**	**0.38 -10.29%**	**6.69%**	**2013 - 2049**
Subordinated debt				
Fixed rate	**251**			
Variable rate (d)	**13,451**			
Total subordinated debt (e)	**13,702**	**0.65 - 8.00%**	**0.92%**	**2013 - 2018**
VIE secured debt				
Fixed rate	**19,077**			
Variable rate	**7,384**			
Total VIE secured debt	**26,461**	**0.25 - 8.30%**	**1.36%**	**2013 - 2017**
Trust preferred securities				
Fixed rate	**2,623**	**8.13%**	**8.13%**	**2040**
Fair value adjustment (f)	**1,094**			
Total long-term debt (g)	**$ 74,561**			
2011				
Senior debt				
Fixed rate (b)	$ 39,657			
Variable rate	3,393			
Total senior debt (c)	43,050	0.00 - 16.68%	6.15%	2012 - 2049
Subordinated debt				

Fixed rate	4,675			
Variable rate (d)	8,246			
Total subordinated debt (e)	12,921	0.76 - 17.05%	4.62%	2012 - 2031
VIE secured debt				
Fixed rate	16,538			
Variable rate	16,605			
Total VIE secured debt	33,143	0.32 - 8.30%	1.96%	2012 - 2040
Trust preferred securities				
Fixed rate	2,622	8.13%	8.13%	2040
Fair value adjustment (f)	1,149			
Total long-term debt (g)	$ 92,885			

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(a) Based on the debt outstanding and the interest rate at December 31 of each year.

(b) Includes $0.0 billion at December 31, 2012 and $7.4 billion at December 31, 2011, guaranteed by the Federal Deposit Insurance Corporation (FDIC) under the Temporary Liquidity Guarantee Program.

(c) Includes secured long-term debt of $0.0 billion at December 31, 2012 and $4.0 billion at December 31, 2011.

(d) Includes $13.5 billion and $8.2 billion of debt outstanding from the Automotive secured revolving credit facilities at December 31, 2012 and 2011, respectively.

(e) Includes secured long-term debt of $13.5 billion and $12.7 billion at December 31, 2012 and 2011, respectively.

(f) Amount represents the hedge accounting adjustment of fixed-rate debt.

(g) Includes fair value option-elected secured long-term debt of $0 million and $830 million at December 31, 2012 and 2011, respectively. Refer to Note 25 for additional information.

	2012			2011		
December 31, *($ in millions)*	**Unsecured**	**Secured**	**Total**	Unsecured	Secured	Total
Long-term debt						
Due within one year	**$ 1,070**	**$ 11,503**	**$ 12,573**	$ 11,664	$ 14,521	$ 26,185
Due after one year	**31,486**	**29,408**	**60,894**	30,272	35,279	65,551
Fair value adjustment	**1,094**		**1,094**	1,149		1,149
Total long-term debt	**$ 33,650**	**$ 40,911**	**$ 74,561**	$ 43,085	$ 49,800	$ 92,885

The following table presents the scheduled remaining maturity of long-term debt, assuming no early redemptions will occur. The actual payment of secured debt may vary based on the payment activity of the related pledged assets.

Year ended December 31, *($ in millions)*	2013	2014	2015	2016	2017	2018 and thereafter	Fair value adjustment	Total
Unsecured								
Long-term debt	$ 1,331	$ 5,603	$ 5,115	$ 1,971	$ 3,671	$ 16,705	$ 1,094	$ 35,490
Original issue discount	(261)	(188)	(56)	(63)	(75)	(1,197)		(1,840)

Total unsecured	1,070	5,415	5,059	1,908	3,596	15,508	1,094	33,650
Secured								
Long-term debt	11,503	13,596	8,567	3,123	3,032	1,090		40,911
Total long-term debt	$ 12,573	$ 19,011	$ 13,626	$ 5,031	$ 6,628	$ 16,598	$ 1,094	$ 74,561

To achieve the desired balance between fixed- and variable-rate debt, we utilize interest rate swap agreements. The use of these derivative financial instruments had the effect of synthetically converting $10.2 billion of our fixed-rate debt into variable-rate obligations and $14.5 billion of our variable-rate debt into fixed-rate obligations at December 31, 2012.

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The following summarizes assets restricted as collateral for the payment of the related debt obligation primarily arising from securitization transactions accounted for as secured borrowings and repurchase agreements.

	2012		2011	
December 31, *($ in millions)*	**Total**	**Ally Bank (a)**	Total	Ally Bank (a)
Trading assets	**$**	**$**	$ 27	$
Investment securities	**1,911**	**1,911**	780	780
Loans held-for-sale			805	
Mortgage assets held-for-investment and lending receivables	**9,866**	**9,866**	12,197	11,188
Consumer automobile finance receivables	**29,557**	**14,833**	33,888	17,320
Commercial automobile finance receivables	**19,606**	**19,606**	20,355	14,881
Investment in operating leases, net	**6,058**	**1,691**	4,555	431
Mortgage servicing rights			1,920	1,286
Other assets	**999**	**272**	3,973	1,816
Total assets restricted as collateral (b)	**$ 67,997**	**$ 48,179**	$ 78,500	$ 47,702
Secured debt (c)	**$ 45,111**	**$ 29,162**	$ 52,965	$ 25,533

(a) Ally Bank is a component of the total column.

(b) Ally Bank has an advance agreement with the Federal Home Loan Bank of Pittsburgh (FHLB) and had assets pledged to secure borrowings that were restricted as collateral to the FHLB totaling $12.6 billion and $10.9 billion at December 31, 2012, and 2011, respectively. These assets were composed primarily of consumer and commercial mortgage finance receivables and loans, net. Ally Bank has access to the Federal Reserve Bank Discount Window. Ally Bank had assets pledged and restricted as collateral to the Federal Reserve Bank totaling $1.9 billion and $4.3 billion at December 31, 2012, and 2011, respectively. These assets were composed of consumer mortgage finance receivables and loans, net; consumer automobile finance receivables and loans, net; and investment securities. Availability under these programs is only for the operations of Ally Bank and cannot be used to fund the operations or liabilities of Ally or its subsidiaries.

(c) Includes $4.2 billion and $3.2 billion of short-term borrowings at December 31, 2012, and 2011, respectively.

Trust Preferred Securities

On December 30, 2009, we entered into a Securities Purchase and Exchange Agreement with U.S. Department of Treasury (Treasury) and GMAC Capital Trust I, a Delaware statutory trust (the Trust), which is a finance subsidiary that is wholly owned by Ally. As part of the agreement, the Trust sold to Treasury 2,540,000 trust preferred securities (TRUPS) issued by the Trust with an aggregate liquidation preference of $2.5 billion. Additionally, we issued and sold to Treasury a ten-year warrant to purchase up to 127,000 additional TRUPS with an aggregate liquidation preference of $127 million, at an initial exercise price of $0.01 per security, which Treasury immediately exercised in full.

On March 1, 2011, the Declaration of Trust and certain other documents related to the TRUPS were amended and all the outstanding TRUPS held by Treasury were designated 8.125% Fixed Rate / Floating Rate Trust Preferred Securities, Series (Series 2 TRUPS). On March 7, 2011, Treasury sold 100% of the Series 2 TRUPS in an offering registered with the SEC. Ally did not receive any proceeds from the sale.

ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

Each Series 2 TRUPS security has a liquidation amount of $25. Distributions are cumulative and are payable until redemption at the applicable coupon rate. Distributions are payable at an annual rate of 8.125% payable quarterly in arrears, beginning August 15, 2011, to but excluding February 15, 2016. From and including February 15, 2016, to but excluding February 15, 2040, distributions will be payable at an annual rate equal to three-month London interbank offer rate plus 5.785% payable quarterly in arrears, beginning May 15, 2016. Ally has the right to defer payments of interest for a period not exceeding 20 consecutive quarters. The Series 2 TRUPS have no stated maturity date, but must be redeemed upon the redemption or maturity of the related debentures (Debentures), which mature on February 15, 2040. The Series 2 TRUPS are generally nonvoting, other than with respect to certain limited matters. During any period in which any Series 2 TRUPS remain outstanding but in which distributions on the Series 2 TRUPS have not been fully paid, none of Ally or its subsidiaries will be permitted to (i) declare or pay dividends on, make any distributions with respect to, or redeem, purchase, acquire or otherwise make a liquidation payment with respect to, any of Ally s capital stock or make any guarantee payment with respect thereto; or (ii) make any payments of principal, interest, or premium on, or repay, repurchase or redeem, any debt securities or guarantees that rank on a parity with or junior in interest to the Debentures with certain specified exceptions in each case.

Covenants and Other Requirements

In secured funding transactions, there are trigger events that could cause the debt to be prepaid at an accelerated rate or could cause our usage of the credit facility to be discontinued. The triggers are generally based on the financial health and performance of the servicer as well as performance criteria for the pool of receivables, such as delinquency ratios, loss ratios, commercial payment rates. During 2012, there were no trigger events that resulted in the repayment of debt at an accelerated rate or impacted the usage of our credit facilities.

When we issue debt securities in private offerings, we may be subject to registration rights agreements. Under these agreements, we generally agree to use reasonable efforts to cause the consummation of a registered exchange offer or to file a shelf registration statement within a prescribed period. In the event that we fail to meet these obligations, we may be required to pay additional penalty interest with respect to the covered debt during the period in which we fail to meet our contractual obligations.

Funding Facilities

We utilize both committed and uncommitted credit facilities. The financial institutions providing the uncommitted facilities are not contractually obligated to advance funds under them. The amounts outstanding under our various funding facilities are included on our Consolidated Balance Sheet.

As of December 31, 2012, Ally Bank had exclusive access to $8.5 billion of funding capacity from committed credit facilities. Ally Bank also has access to a $4.1 billion committed facility that is shared with the parent company. Funding programs supported by the Federal Reserve and the FHLB, together with repurchase agreements, complement Ally Bank s private committed facilities.

The total capacity in our committed funding facilities is provided by banks and other financial institutions through private transactions. The committed secured funding facilities can be revolving in nature and allow for additional funding during the commitment period, or they can be amortizing and do not allow for any further funding after the closing date. At December 31, 2012, $34.3 billion of our $43.0 billion of committed capacity was revolving. Our revolving facilities generally have an original tenor ranging from 364 days to two years. As of December 31, 2012, we had $13.9 billion of committed funding capacity from revolving facilities with a remaining tenor greater than 364 days.

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Notes to Consolidated Financial Statements (Continued)

Committed Funding Facilities

December 31, *($ in billions)*	**Outstanding** **2012**	2011	**Unused capacity (a)** **2012**	2011	**Total capacity** **2012**	2011
Bank funding						
Secured - U.S.	**$ 3.8**	$ 5.8	**$ 4.7**	$ 3.7	**$ 8.5**	$ 9.5
Nonbank funding						
Unsecured						
Automotive Finance U.S.				0.5		0.5
Automotive Finance International	**0.1**	0.3			**0.1**	0.3
Secured						
Automotive Finance U.S. (b) (c)	**12.9**	4.2	**5.4**	10.2	**18.3**	14.4
Automotive Finance International (b)	**9.6**	10.1	**2.4**	3.0	**12.0**	13.1
Mortgage operations		0.7		0.5		1.2
Total nonbank funding	**22.6**	15.3	**7.8**	14.2	**30.4**	29.5
Shared capacity (d)						
U.S.	**1.0**	1.5	**3.0**	2.5	**4.0**	4.0
International	**0.1**	0.1			**0.1**	0.1
Total committed facilities	**$ 27.5**	$ 22.7	**$ 15.5**	$ 20.4	**$ 43.0**	$ 43.1

(a) Funding from committed secured facilities is available on request in the event excess collateral resides in certain facilities or is available to the extent incremental collateral is available and contributed to the facilities.

(b) Total unused capacity includes $2.2 billion as of December 31, 2012, and $4.9 billion as of December 31, 2011, from certain committed funding arrangements that are generally reliant upon the origination of future automotive receivables and that are available in 2013.

(c) Includes the secured facilities of our Commercial Finance Group.

(d) Funding is generally available for assets originated by Ally Bank or the parent company, Ally Financial Inc.

Uncommitted Funding Facilities

December 31, *($ in billions)*	**Outstanding** **2012**	2011	**Unused capacity** **2012**	2011	**Total capacity** **2012**	2011
Bank funding						
Secured U.S.						
Federal Reserve funding programs	**$**	$	**$ 1.8**	$ 3.2	**$ 1.8**	$ 3.2

FHLB advances	**4.8**	5.4	**0.4**		**5.2**	5.4
Total bank funding	**4.8**	5.4	**2.2**	3.2	**7.0**	8.6
Nonbank funding						
Unsecured						
Automotive Finance International	**2.1**	1.9	**0.4**	0.5	**2.5**	2.4
Secured						
Automotive Finance International	**0.1**	0.1	**0.1**	0.1	**0.2**	0.2
Mortgage operations				0.1		0.1
Total nonbank funding	**2.2**	2.0	**0.5**	0.7	**2.7**	2.7
Total uncommitted facilities	**$ 7.0**	$ 7.4	**$ 2.7**	$ 3.9	**$ 9.7**	$ 11.3

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Notes to Consolidated Financial Statements (Continued)

17. Accrued Expenses and Other Liabilities

The components of accrued expenses and other liabilities were as follows.

December 31, *($ in millions)*	**2012**	2011
Fair value of derivative contracts in payable position	**$ 2,468**	$ 5,367
Collateral received from counterparties	**941**	1,410
Accrual related to ResCap Bankruptcy and deconsolidation (a)	**750**	
Accounts payable	**565**	1,178
Employee compensation and benefits	**494**	649
Reserves for insurance losses and loss adjustment expenses	**341**	580
Reserve for mortgage representation and warranty obligation	**105**	825
Deferred revenue	**97**	86
Non-income tax payable	**15**	296
Deferred income tax liability	**6**	111
GM payable, net	**1**	228
Current income tax payable	**1**	200
Loan repurchases liabilities		2,387
Other liabilities	**801**	1,347
Total accrued expenses and other liabilities	**$ 6,585**	$ 14,664

(a) Refer to Note 1 for more information regarding the Debtors bankruptcy, deconsolidation, and this accrual.

18. Equity

Common Stock

Our common stock has a par value of $0.01 and there are 2,021,384 shares authorized for issuance. Our common stock is not registered with the Securities and Exchange Commission, and there is no established trading market for the shares. Treasury holds 73.78% of Ally common stock. The following table presents changes in the number of shares issued and outstanding.

(in shares)	**2012**	2011	2010
Common stock			
January 1,	**1,330,970**	1,330,970	799,120
New issuances			
Conversion of Series F-2 Preferred Stock (a)			531,850
December 31,	**1,330,970**	1,330,970	1,330,970

(a)

On December 30, 2010, 110,000,000 shares of Series F-2 Preferred Stock owned by Treasury were converted into 531,850 shares of Ally common stock.

Preferred Stock

Series F-2 Mandatorily Convertible Preferred Stock held by U.S. Department of Treasury

On December 30, 2009, Ally entered into a Securities Purchase and Exchange Agreement (the Purchase Agreement) with Treasury, pursuant to which a series of transactions occurred resulting in Treasury acquiring 228,750,000 shares of Ally s newly issued Fixed Rate Cumulative Mandatorily Convertible Preferred Stock, Series F-2 (the New MCP), with a total liquidation preference of $11.4 billion. On December 30, 2010, Treasury

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Notes to Consolidated Financial Statements (Continued)

converted 110,000,000 shares of the New MCP into 531,850 shares of Ally common stock. The conversion occurred at an agreed upon rate that exceeded the initial conversion rate as defined in Exhibit H to the Ally Certificate of Incorporation. The fair value of the additional shares was approximately $586 million and represented an inducement. The fair value of the additional common shares issued to Treasury was determined using a combination of valuation techniques consistent with the market approach (Level 3 fair value inputs). The market approach we used to estimate the fair value of our common stock incorporated a combination of the tangible equity and earnings multiples from comparable publicly traded companies deemed similar to Ally (and its operating segments) and by observing comparable transactions in the marketplace. We also considered the implied valuation of our common stock based on the December 30, 2010, conversion with Treasury.

In connection with the conversion, the New MCP Certificate of Designation was amended to require us to deliver additional shares to the New MCP holders upon occurrence of certain specified events. The fair value associated with this provision was $30 million and was reflected in the New MCP balance at December 31, 2010. The fair value of the provision was determined utilizing an option pricing model using inputs and assumptions that management believes a willing market participant would use in estimating fair value (a Level 3 fair value input).

As a result, Treasury now holds 118,750,000 shares of the New MCP, with a total liquidation preference of $5.9 billion. Dividends of the New MCP accrue at 9% per annum. Dividends are payable quarterly, in arrears, only if and when declared by Ally s Board of Directors. The New MCP generally is nonvoting, other than class-voting on certain matters under certain circumstances, including generally, the authorization of senior capital stock, the adverse amendment of the New MCP, and any exchange or reclassification involving the New MCP or merger or consolidation of Ally. Upon conversion of the New MCP into Ally common stock, the holder would have the voting rights associated with the common stock.

The shares of the New MCP are convertible into common stock at the applicable conversion rate (as provided in the Certificate of Designation) either: (i) at Ally s option, at any time or from time to time, with the prior approval of the Federal Reserve provided that Ally is not permitted to convert any shares of the New MCP held by Treasury except (a) with the prior written consent of Treasury (which consent may be granted in the sole discretion of Treasury with respect to each conversion considering such factors as it deems appropriate at such time, which may include seeking to condition the terms on which it may provide such consent, which may include seeking an alteration of the conversion rate) or (b) pursuant to an order of the Federal Reserve compelling such a conversion; or (ii) at the option of the holder, upon the occurrence of certain specified transactions. All shares of the New MCP that remain outstanding on December 30, 2016, will automatically convert into common stock at a conversion rate of 0.00432 common shares per share of the New MCP. Under any conversion of the New MCP, settlement will always occur by issuance of our common stock.

Subject to the approval of the Federal Reserve and the restrictions imposed by the terms of our other preferred stock, we may opt to redeem, in whole or in part, from time to time, the New MCP then outstanding at any time. The New MCP may be redeemed at the greater of the liquidation preference, plus any accrued and unpaid dividends or the as-converted value, as defined in the Certificate of Designation.

Subject to certain exceptions, for so long as any shares of the New MCP are outstanding and owned by Treasury, Ally is generally prohibited from paying certain dividends or distributions on, or redeeming, repurchasing, or acquiring its capital stock or other equity securities without the consent of Treasury. Additionally, Ally is generally prohibited from making any dividends or distributions on, or redeeming, repurchasing, or acquiring its capital stock or other equity securities unless all accrued and unpaid dividends for all past dividend periods on the New MCP are fully paid.

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Notes to Consolidated Financial Statements (Continued)

Series A Preferred Stock

On March 1, 2011, pursuant to a registration rights agreement between Ally and GM, GM notified Ally of its intent to sell shares of Ally s existing Fixed Rate Perpetual Preferred Stock, Series A (Existing Series A Preferred Stock), held by a subsidiary of GM. On March 25, 2011, Ally filed a Certificate of Amendment of Amended and Restated Certificate of Incorporation (the Amendment) with the Secretary of State of the State of Delaware. Pursuant to the Amendment, Ally s Certificate of Incorporation, which included the terms of the Existing Series A Preferred Stock, was amended to modify certain terms of the Existing Series A Preferred Stock. As part of the Amendment, the Existing Series A Preferred Stock was redesignated as Ally s Fixed Rate / Floating Rate Perpetual Preferred Stock, Series A (the Amended Series A Preferred Stock) and the liquidation amount was reduced from $1,000 per share to $25 per share. The Amendment, and a corresponding amendment to Ally s bylaws, also increased the authorized number of shares of Amended Series A Preferred Stock to 160,870,560 shares, which was adjusted to account for the decreased liquidation amount per share. The total number of shares outstanding following the Amendment is 40,870,560 shares.

Immediately following the Amendment, the subsidiary of GM that held all of the outstanding Amended Series A Preferred Stock sold 100% of such stock in an offering registered with the SEC. Ally did not receive any proceeds from the sale.

Holders of the Amended Series A Preferred Stock are entitled to receive, when, and if declared by Ally, noncumulative cash dividends. Beginning March 25, 2011, to but excluding May 15, 2016, dividends accrue at a fixed rate of 8.5% per annum. Beginning on May 15, 2016, dividends will accrue at a rate equal to three-month London interbank offer rate (LIBOR) plus 6.243%, commencing on August 15, 2016, in each case on the 15th day of February, May, August, and November. Dividends will be payable to holders of record at the close of business on the preceding February 1, May 1, August 1, or November 1, as the case may be, or on such other date, not more than seventy calendar days prior to the dividend payment date, as will be fixed by the Ally Board of Directors. In the event that dividends with respect to a dividend period have not been paid in full on the dividend payment date, we will be prohibited, subject to certain specified exceptions, from (i) redeeming, purchasing or otherwise acquiring, any stock that ranks on a parity basis with, or junior in interest to, the Amended Series A Preferred Stock; (ii) paying any dividends or making any distributions with respect to any stock that ranks junior in interest to the Amended Series A Preferred Stock, until such time as Ally has paid the dividends payable on shares of the Amended Series A Preferred Stock with respect to a subsequent dividend period; and (iii) declaring or paying any dividend on any stock ranking on a parity basis with the Amended Series A Preferred Stock, subject to certain exceptions.

The holders of the Amended Series A Preferred Stock do not have voting rights other than those set forth in the certificate of designations for the Amended Series A Preferred Stock included in Ally s Certificate of Incorporation. Ally may not redeem the Amended Series A Preferred Stock before May 15, 2016, and after such time the Amended Series A Preferred Stock may be redeemed in certain circumstances. In the event of any liquidation, dissolution or winding up of the affairs of Ally, holders of the Amended Series A Preferred Stock will be entitled to receive the liquidation amount per share of Amended Series A Preferred Stock and an amount equal to all declared, but unpaid dividends declared prior to the date of payment out of assets available for distribution, before any distribution is made for holders of stock that ranks junior in interest to the Amended Series A Preferred Stock, subject to the rights of Ally s creditors.

The changes to the terms of the Existing Series A Preferred Stock pursuant to the terms of the Amendment were deemed substantive, and as a result, the transaction was accounted for as a redemption of the Existing Series A Preferred Stock and the issuance of the Amended Series A Preferred Stock. The Existing Series A

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Notes to Consolidated Financial Statements (Continued)

Preferred Stock was removed at its carrying value, the Amended Series A Preferred Stock was recognized at its fair value, and the difference of $32 million was recorded as an increase to retained earnings, which impacted the income available to common stockholders used for the earnings per common share calculation.

Series G Preferred Stock

Effective June 30, 2009, we converted (the Conversion) from a Delaware limited liability company into a Delaware corporation in accordance with applicable law. In connection with the Conversion, the 7% Cumulative Perpetual Preferred Stock (the Blocker Preferred) of Preferred Blocker Inc. (PBI), a wholly owned subsidiary, was required to be converted into or exchanged for preferred stock. For this purpose, we had previously authorized for issuance its 7% Fixed Rate Cumulative Perpetual Preferred Stock, Series G (the Series G Preferred Stock). Pursuant to the terms of a Certificate of Merger, effective October 15, 2009, PBI merged with and into Ally with Ally continuing as the surviving entity. At that time, each share of the Blocker Preferred issued and outstanding immediately prior to the effective time of the merger was converted into the right to receive an equal number of newly issued shares of Series G Preferred Stock. In the aggregate, 2,576,601 shares of Series G Preferred Stock were issued to holders of the Blocker Preferred in connection with the merger. The Series G Preferred Stock ranks equally in right of payment with each of our outstanding series of preferred stock in accordance with the terms thereof.

The Series G Preferred Stock accrues dividends at a rate of 7% per annum. Dividends are payable quarterly, in arrears, only if and when declared by Ally s Board of Directors. Subject to any other restrictions contained in the terms of any other series of stock or other agreements that Ally is or may become subject to, at Ally s option and subject to Ally having obtained any required regulatory approvals, Ally may, subject to certain conditions, redeem the Series G Preferred Stock, in whole or in part, at any time or from time to time, upon proper notice given, at a redemption price equal to the liquidation amount plus the amount of any accrued and unpaid dividends thereon through the date of redemption. The Series G Preferred Stock generally is nonvoting other than class-voting on certain matters under certain circumstances including generally, the authorization of senior capital stock or amendments that adversely impact the Series G Preferred Stock. Ally is generally prohibited from making any Restricted Payments on or prior to January 1, 2014, and may only make Restricted Payments after January 1, 2014, if certain conditions are satisfied. For this purpose, Restricted Payments include, subject to certain exceptions, any dividend payment or distribution of assets on any common stock or any redemption, purchase, or other acquisition of any shares of common stock.

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Notes to Consolidated Financial Statements (Continued)

The following table summarizes information about our Series F-2, Series A, and Series G preferred stock.

December 31,	2012	2011
Mandatorily convertible preferred stock held by U.S. Department of Treasury		
Series F-2 preferred stock (a)		
Carrying value *($ in millions)*	**$ 5,685**	$ 5,685
Par value *(per share)*	**0.01**	0.01
Liquidation preference *(per share)*	**50**	50
Number of shares authorized	**228,750,000**	228,750,000
Number of shares issued and outstanding	**118,750,000**	118,750,000
Dividend/coupon	**9%**	9%
Redemption/call feature	**Perpetual(b)**	Perpetual(b)
Preferred stock		
Series A preferred stock		
Carrying value *($ in millions)*	**$ 1,021**	$ 1,021
Par value *(per share)*	**0.01**	0.01
Liquidation preference *(per share)*	**25**	25
Number of shares authorized	**160,870,560**	160,870,560
Number of shares issued and outstanding	**40,870,560**	40,870,560
Dividend/coupon		
Prior to May 15, 2016	**8.5%**	8.5%
On and after May 15, 2016	**three month LIBOR + 6.243%**	three month LIBOR + 6.243%
Redemption/call feature	**Perpetual(c)**	Perpetual(c)
Series G preferred stock (d)		
Carrying value *($ in millions)*	**$ 234**	$ 234
Par value *(per share)*	**0.01**	0.01
Liquidation preference *(per share)*	**1,000**	1,000
Number of shares authorized	**2,576,601**	2,576,601
Number of shares issued and outstanding	**2,576,601**	2,576,601
Dividend/coupon	**7%**	7%
Redemption/call feature	**Perpetual(e)**	Perpetual(e)

(a) Mandatorily convertible to common equity on December 30, 2016.

(b) Convertible prior to mandatory conversion date with consent of Treasury.

(c) Nonredeemable prior to May 15, 2016.

(d) Pursuant to a registration rights agreement, we are required to maintain an effective shelf registration statement. In the event we fail to meet this obligation, we may be required to pay additional interest to the holders of the Series G Preferred Stock.

(e) Redeemable beginning at December 31, 2011.

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Notes to Consolidated Financial Statements (Continued)

19. Accumulated Other Comprehensive Income (Loss)

The following table presents changes, net of tax, in each component of accumulated other comprehensive income (loss).

($ in millions)	Unrealized gains (losses) on investment securities (a)	Translation adjustments and net investment hedges	Cash flow hedges	Defined benefit pension plans	Accumulated other comprehensive income (loss)
Balance at January 1, 2010	$ 151	$ 433	$ (27)	$ (97)	$ 460
2010 net change	(177)	(17)	33	(40)	(201)
Balance at December 31, 2010	(26)	416	6	(137)	259
2011 net change	(88)	(64)		(20)	(172)
Balance at December 31, 2011	(114)	352	6	(157)	87
2012 net change	**190**	**16**	**(4)**	**22**	**224**
Balance at December 31, 2012	**$ 76**	**$ 368**	**$ 2**	**$ (135)**	**$ 311**

(a) Represents the after-tax difference between the fair value and amortized cost of our available-for-sale securities portfolio.

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Notes to Consolidated Financial Statements (Continued)

The following table presents the before- and after-tax changes in each component of accumulated other comprehensive income (loss).

December 31, *($ in millions)*	Before Tax	Tax Effect	After Tax
2012			
Unrealized gains (losses) on investment securities			
Net unrealized gains arising during the period	**$ 377**	**$ (46)**	**$ 331**
Less: Net realized gains reclassified to net income (a)	**174**	**(33)**	**141**
Net change	**203**	**(13)**	**190**
Translation adjustments and net investment hedges			
Translation adjustments	**182**	**2**	**184**
Hedges	**(270)**	**102**	**(168)**
Net change	**(88)**	**104**	**16**
Cash flow hedges			
Net unrealized losses arising during the period	**(7)**	**3**	**(4)**
Defined benefit pension plans			
Net losses, prior service costs, and transition obligation arising during the period	**(55)**	**19**	**(36)**
Less: Net losses, prior service costs, and transition obligations reclassified to net income	**(95)**	**37**	**(58)**
Net change	**40**	**(18)**	**22**
Other comprehensive income	**$ 148**	**$ 76**	**$ 224**
2011			
Unrealized gains (losses) on investment securities			
Net unrealized gains arising during the period	$ 213	$ (17)	$ 196
Less: Net realized gains reclassified to net income (b)	296	(12)	284
Net change	(83)	(5)	(88)
Translation adjustments and net investment hedges			
Translation adjustments	(238)	1	(237)
Hedges	173		173
Net change	(65)	1	(64)
Defined benefit pension plans			
Net losses, prior service costs, and transition obligation arising during the period	(25)	(2)	(27)
Less: Net losses, prior service costs, and transition obligations reclassified to net income	(12)	5	(7)
Net change	(13)	(7)	(20)
Other comprehensive loss	$ (161)	$ (11)	$ (172)
2010			
Unrealized gains on investment securities			
Net unrealized gains arising during the period	$ 317	$ 3	$ 320
Less: Net realized gains reclassified to net income	506	(9)	497

Net change	(189)	12	(177)
Translation adjustments and net investment hedges			
Translation adjustments	178	(13)	165
Hedges	(182)		(182)
Net change	(4)	(13)	(17)
Cash flow hedges			
Net unrealized gains arising during the period	35	(2)	33
Defined benefit pension plans			
Net losses, prior service costs, and transition obligation arising during the period	(45)	(14)	(59)
Less: Net losses, prior service costs, and transition obligations reclassified to net income	(14)	(5)	(19)
Net change	(31)	(9)	(40)
Other comprehensive loss	$ (189)	$ (12)	$ (201)

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Notes to Consolidated Financial Statements (Continued)

(a) Includes gains of $28 million at December 31, 2012, classified as income (loss) from discontinued operations, net of tax, in our Consolidated Statement of Income.

(b) Includes gains of $2 million at December 31, 2011, classified as income (loss) from discontinued operations, net of tax, in our Consolidated Statement of Income.

20. Earnings per Common Share

The following table presents the calculation of basic and diluted earnings per common share.

Year ended December 31, (*$ in millions except per share data*)	**2012**	2011	2010
Net income (loss) from continuing operations	**$ 1,370**	$ (219)	$ (334)
Preferred stock dividends U.S. Department of Treasury	**(535)**	(534)	(963)
Preferred stock dividends	**(267)**	(260)	(282)
Impact of preferred stock conversion or amendment (a)		32	(616)
Net income (loss) from continuing operations attributable to common shareholders (b)	**568**	(981)	(2,195)
(Loss) income from discontinued operations, net of tax	**(174)**	62	1,363
Net income (loss) attributable to common shareholders	**$ 394**	$ (919)	$ (832)
Basic weighted-average common shares outstanding	**1,330,970**	1,330,970	800,597
Diluted weighted-average common shares outstanding (b)	**1,330,970**	1,330,970	800,597
Basic earnings per common share			
Net income (loss) from continuing operations	**$ 427**	$ (738)	$ (2,742)
Loss (income) from discontinued operations, net of tax	**(131)**	47	1,703
Net income (loss)	**$ 296**	$ (691)	$ (1,039)
Diluted earnings per common share (b)			
Net income (loss) from continuing operations	**$ 427**	$ (738)	$ (2,742)
Loss (income) from discontinued operations, net of tax	**(131)**	47	1,703
Net income (loss)	**$ 296**	$ (691)	$ (1,039)

(a) Refer to Note 18 for further detail.

(b) Due to the antidilutive effect of converting the Fixed Rate Cumulative Mandatorily Convertible Preferred Stock into common shares and the net loss from continuing operations attributable to common shareholders for 2011 and 2010, respectively, net income (loss) from continuing operations attributable to common shareholders and basic weighted-average common shares outstanding were used to calculate basic and diluted earnings per share.

The effects of converting the outstanding Fixed Rate Cumulative Mandatorily Convertible Preferred Stock into common shares are not included in the diluted earnings per share calculation for the years ended December 31, 2012, 2011, and 2010, respectively, as the effects would be antidilutive for those periods. As such, 574 thousand of potential common shares were excluded from the diluted earnings per share calculation for the years ended December 31, 2012 and 2011, respectively, and 987 thousand of potential common shares were excluded from the diluted earnings per share calculation for the year ended December 31, 2010.

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Notes to Consolidated Financial Statements (Continued)

21. Regulatory Capital and Other Regulatory Matters

As a bank holding company, we and our wholly owned state-chartered banking subsidiary, Ally Bank, are subject to risk-based capital and leverage guidelines issued by federal and state banking regulators that require that our capital-to-assets ratios meet certain minimum standards. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary action by regulators that, if undertaken, could have a direct material effect on the consolidated financial statements or the results of operations and financial condition of Ally and Ally Bank. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, we must meet specific capital guidelines that involve quantitative measures of our assets and certain off-balance sheet items. Our capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk-weightings, and other factors.

The risk-based capital ratios are determined by allocating assets and specified off-balance sheet financial instruments into several broad risk categories with higher levels of capital being required for the categories that present greater risk. Under the guidelines, total capital is divided into two tiers: Tier 1 capital and Tier 2 capital. Tier 1 capital generally consists of common equity, minority interests, qualifying noncumulative preferred stock, and the fixed rate cumulative preferred stock sold to Treasury under the Troubled Asset Relief Program (TARP), less goodwill and other adjustments. Tier 2 capital generally consists of perpetual preferred stock not qualifying as Tier 1 capital, limited amounts of subordinated debt and the allowance for loan losses, and other adjustments. The amount of Tier 2 capital may not exceed the amount of Tier 1 capital.

Total risk-based capital is the sum of Tier 1 and Tier 2 capital. Under the guidelines, banking organizations are required to maintain a minimum Total risk-based capital ratio (Total capital to risk-weighted assets) of 8% and a Tier 1 risk-based capital ratio (Tier 1 capital to risk-weighted assets) of 4%.

The federal banking regulators also have established minimum leverage ratio guidelines. The leverage ratio is defined as Tier 1 capital divided by adjusted quarterly average total assets (which reflect adjustments for disallowed goodwill and certain intangible assets). The minimum Tier 1 leverage ratio is 3% or 4% depending on factors specified in the regulations.

A banking institution meets the regulatory definition of well-capitalized when its Total risk-based capital ratio equals or exceeds 10% and its Tier 1 risk-based capital ratio equals or exceeds 6%; and for insured depository institutions, when its leverage ratio equals or exceeds 5%, unless subject to a regulatory directive to maintain higher capital levels.

The banking regulators have also developed a measure of capital called Tier 1 common defined as Tier 1 capital less noncommon elements, including qualifying perpetual preferred stock, minority interest in subsidiaries, trust preferred securities, and mandatory convertible preferred securities. Tier 1 common is used by banking regulators, investors and analysts to assess and compare the quality and composition of Ally s capital with the capital of other financial services companies. Also, bank holding companies with assets of $50 billion or more, such as Ally, must develop and maintain a capital plan annually, and among other elements, the capital plan must include a discussion of how we will maintain a pro forma Tier 1 common ratio (Tier 1 common to risk-weighted assets) above 5% under expected conditions and certain stressed scenarios.

On October 29, 2010, Ally, IB Finance Holding Company, LLC, Ally Bank, and the FDIC entered into a Capital and Liquidity Maintenance Agreement (CLMA). The CLMA requires capital at Ally Bank to be maintained at a level such that Ally Bank s leverage ratio is at least 15%. For this purpose, the leverage ratio is determined in accordance with the FDIC s regulations related to capital maintenance.

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Notes to Consolidated Financial Statements (Continued)

The following table summarizes our capital ratios.

	2012		2011				
December 31, (*$ in millions*)	**Amount**	**Ratio**	Amount	Ratio	Required minimum		Well-capitalized minimum
Risk-based capital							
Tier 1 (to risk-weighted assets)							
Ally Financial Inc.	**$ 20,232**	**13.13%**	$ 21,067	13.65%	4.00%		6.00%
Ally Bank	**14,136**	**16.26**	12,953	17.42	4.00		6.00
Total (to risk-weighted assets)							
Ally Financial Inc.	**$ 21,669**	**14.07%**	$ 22,664	14.69%	8.00%		10.00%
Ally Bank	**14,827**	**17.06**	13,675	18.40	8.00		10.00
Tier 1 leverage (to adjusted quarterly average assets) (a)							
Ally Financial Inc.	**$ 20,232**	**11.16%**	$ 21,067	11.45%	3.00 4.00%		(b)
Ally Bank	**14,136**	**15.30**	12,953	15.50	15.00	(c)	5.00%
Tier 1 common (to risk-weighted assets)							
Ally Financial Inc.	**$ 10,749**	**6.98%**	$ 11,585	7.51%	n/a		n/a
Ally Bank	**n/a**	**n/a**	n/a	n/a	n/a		n/a

n/a = not applicable

(a) Federal regulatory reporting guidelines require the calculation of adjusted quarterly average assets using a daily average methodology.

(b) There is no Tier 1 leverage component in the definition of a well-capitalized bank holding company.

(c) Ally Bank, in accordance with the CLMA, is required to maintain a Tier 1 leverage ratio of at least 15%.

At December 31, 2012, Ally and Ally Bank were well-capitalized and met all capital requirements to which each was subject.

Basel Capital Accord and Other Regulatory Matters

In June 2012, the U.S. federal banking agencies released three notices of proposed rulemaking (NPRs) and a Market Risk Final Rule (effective January 1, 2013). The three NPRs represent substantial revisions to the regulatory capital rules for banking organizations. If adopted, as proposed, these NPRs would incorporate the international Basel III capital framework, as well as implement certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). On August 8, 2012, the federal banking agencies extended the public comment period on the NPRs to October 22, 2012.

Highlights of the NPRs include a revised definition of capital in order to implement the Basel III reforms as well as higher minimum capital ratios that will apply to most banking organizations and would be phased in between 2013 and 2019 consistent with the Basel Committee s international implementation time line. The NPRs remove the use of credit ratings from both the standardized and advanced approaches, as required by the Dodd-Frank Act. In addition, the standards in the existing Basel I risk-based capital rules, which the NPRs refer to as the general risk-based capital requirements, would be revised, effective January 1, 2015, to include a more risk-sensitive risk-weighting approach. On November 9, 2012, the federal banking agencies announced that the Basel III proposals would not become effective on January 31, 2013.

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The Market Risk Final Rule, which amends the calculation of market risk capital, only applies to banking organizations with significant trading assets and liabilities. We do not currently meet the minimum requirements for application of the Market Risk Rule; accordingly, this rule is not currently applicable to us.

Compliance with evolving capital requirements is a strategic priority for Ally. We expect to be in compliance with all applicable requirements within the established timeframes.

International Banks, Finance Companies, and Other Foreign Operations

Certain of our foreign subsidiaries operate in local markets as either banks or regulated finance companies and are subject to regulatory restrictions. These regulatory restrictions, among other things, require that our subsidiaries meet certain minimum capital requirements and may restrict dividend distributions and ownership of certain assets. Total assets of our regulated international banks and finance companies were approximately $15.3 billion and $13.6 billion at December 31, 2012 and 2011, respectively. In addition, the Bank Holding Company Act of 1956 imposes restrictions on Ally s ability to invest equity abroad without FRB approval. Many of our other operations are also heavily regulated in many jurisdictions outside the United States.

Depository Institutions

Ally Bank is a state nonmember bank, chartered by the State of Utah, and subject to the supervision of the FDIC and the Utah Department of Financial Institutions. Ally Bank s deposits are insured by the FDIC, and Ally Bank is required to file periodic reports with the FDIC concerning its financial condition. Total assets of Ally Bank were $94.8 billion and $85.3 billion at December 31, 2012 and 2011, respectively. Ally Bank is subject to Utah law (and, in certain instances, federal law) that places restrictions and limitations on the amount of dividends or other distributions. Ally Bank did not make any dividend or other distributions to Ally in 2012 or 2011.

The FRB requires banks to maintain minimum average reserve balances. The amount of the required reserve balance for Ally Bank was $214 million and $205 million at December 31, 2012 and 2011, respectively.

U.S. Mortgage Business

Our U.S. mortgage business is subject to extensive federal, state, and local laws, rules, and regulations, in addition to judicial and administrative decisions that impose requirements and restrictions on this business. As a Federal Housing Administration-approved lender, certain of our U.S. mortgage subsidiaries are required to submit audited financial statements to the Department of Housing and Urban Development on an annual basis. The U.S. mortgage business is also subject to examination by the Federal Housing Commissioner to assure compliance with Federal Housing Administration regulations, policies, and procedures. The federal, state, and local laws, rules, and regulations to which our U.S. mortgage business is subject, among other things, impose licensing obligations and financial requirements; limit the interest rates, finance charges, and other fees that can be charged; regulate the use of credit reports and the reporting of credit information; impose underwriting requirements; regulate marketing techniques and practices; require the safeguarding of nonpublic information about customers; and regulate servicing practices, including the assessment, collection, foreclosure, claims handling, and investment and interest payments on escrow accounts.

Certain of our mortgage subsidiaries are required to satisfy regulatory net worth requirements. Failure to meet minimum capital requirements can initiate certain mandatory actions by federal, state, and foreign agencies that could have a material effect on our results of operations and financial condition. These entities were in compliance with these requirements at December 31, 2012.

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Notes to Consolidated Financial Statements (Continued)

Insurance Companies

Our Insurance operations are subject to certain minimum aggregate capital requirements, net asset and dividend restrictions under applicable state and foreign insurance law, and the rules and regulations promulgated by various U.S. and foreign regulatory agencies. Under various state and foreign insurance regulations, dividend distributions may be made only from statutory unassigned surplus, with approvals required from the regulatory authorities for dividends in excess of certain statutory limitations. At December 31, 2012, the maximum dividend that could be paid by the U.S. insurance subsidiaries over the next twelve months without prior statutory approval was $118 million.

22. Derivative Instruments and Hedging Activities

We enter into interest rate and foreign-currency swaps, futures, forwards, options, and swaptions in connection with our market risk management activities. Derivative instruments are used to manage interest rate risk relating to specific groups of assets and liabilities, including investment securities, MSRs, and debt. In addition, we use foreign exchange contracts to mitigate foreign-currency risk associated with foreign-currency-denominated investment securities, foreign-currency-denominated debt, foreign exchange transactions, and our net investment in foreign subsidiaries. Our primary objective for utilizing derivative financial instruments is to manage market risk volatility associated with interest rate and foreign-currency risks related to the assets and liabilities.

Interest Rate Risk

We execute interest rate swaps to modify our exposure to interest rate risk by converting certain fixed-rate instruments to a variable-rate and certain variable-rate instruments to a fixed rate. We monitor our mix of fixed- and variable-rate debt in relation to the rate profile of our assets. When it is cost-effective to do so, we may enter into interest rate swaps to achieve our desired mix of fixed- and variable-rate debt. Derivatives qualifying for hedge accounting consist of fixed-rate debt obligations in which receive-fixed swaps are designated as hedges of specific fixed-rate debt obligations. Other derivatives qualifying for hedge accounting consist of an existing variable-rate liability in which pay-fixed swaps are designated as hedges of the expected future cash flows in the form of interest payments on the outstanding borrowing associated with Ally Bank s secured floating-rate credit facility.

We enter into economic hedges to mitigate exposure for the following categories.

MSRs Our MSRs are generally subject to loss in value when mortgage rates decline. Declining mortgage rates generally result in an increase in refinancing activity that increases prepayments and results in a decline in the value of MSRs. To mitigate the impact of this risk, we maintain a portfolio of financial instruments, primarily derivative instruments that increase in value when interest rates decline. The primary objective is to minimize the overall risk of loss in the value of MSRs due to the change in fair value caused by interest rate changes.

We may use a multitude of derivative instruments to manage the interest rate risk related to MSRs. They include, but are not limited to, interest rate futures contracts, call or put options on U.S. Treasuries, swaptions, forward sales of MBS, futures, interest rate swaps, interest rate floors, and interest rate caps. We monitor and actively manage our risk on a daily basis.

Mortgage loan commitments and mortgage and automobile loans held-for-sale We are exposed to interest rate risk from the time an interest rate lock commitment (IRLC) is made until the time the mortgage loan is sold. Changes in interest rates impact the market price for our loans; as market interest

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Notes to Consolidated Financial Statements (Continued)

rates decline, the value of existing IRLCs and loans held-for-sale increase and vice versa. Our primary objective in risk management activities related to IRLCs and mortgage loans held-for-sale is to eliminate or greatly reduce any interest rate risk associated with these items.

The primary derivative instrument we use to accomplish the risk management objective for mortgage loans and IRLCs is forward sales of MBS, primarily Fannie Mae or Freddie Mac to-be-announced securities. These instruments typically are entered into at the time the IRLC is made. The value of the forward sales contracts moves in the opposite direction of the value of our IRLCs and mortgage loans held-for-sale. We also use other derivatives, such as interest rate swaps, options, and futures, to economically hedge automobile loans held-for-sale and certain portions of the mortgage portfolio. Nonderivative instruments, such as short positions of U.S. Treasuries, may also be periodically used to economically hedge the mortgage portfolio.

Debt With the exception of a portion of our fixed-rate debt and a portion of our outstanding floating-rate borrowing associated with Ally Bank s secured floating-rate credit facility, we do not apply hedge accounting to our derivative portfolio held to mitigate interest rate risk associated with our debt portfolio. Typically, the significant terms of the interest rate swaps match the significant terms of the underlying debt resulting in an effective conversion of the rate of the related debt.

Other We enter into futures, options, and swaptions to economically hedge our net fixed versus variable interest rate exposure. We also enter into equity options to economically hedge our exposure to the equity markets.

Foreign Currency Risk

We enter into derivative financial instrument contracts to mitigate the risk associated with variability in cash flows related to foreign-currency financial instruments. Currency forwards are used to economically hedge foreign exchange exposure on foreign-currency-denominated debt by converting the funding currency to the same currency of the assets being financed. Similar to our interest rate derivatives, the derivatives are generally entered into or traded concurrent with the debt issuance with the terms of the derivative matching the terms of the underlying debt.

Our foreign subsidiaries maintain both assets and liabilities in local currencies; these local currencies are generally the subsidiaries functional currencies for accounting purposes. Foreign-currency exchange-rate gains and losses arise when the assets or liabilities of our subsidiaries are denominated in currencies that differ from its functional currency. In addition, our equity is impacted by the cumulative translation adjustments resulting from the translation of foreign subsidiary results; this impact is reflected in our accumulated other comprehensive income (loss). We enter into foreign-currency forwards and option-based contracts with external counterparties to hedge foreign exchange exposure on our net investments in foreign subsidiaries. In March 2011, we elected to dedesignate all of our existing net investment hedge relationships and changed our method of measuring hedge effectiveness from the spot method to the forward method for new hedge relationships entered into prospectively. For the net investment hedges that were designated under the spot method up until dedesignation date, the hedges were recorded at fair value with changes recorded to accumulated other comprehensive income (loss) with the exception of the spot to forward difference that was recorded to earnings. For current net investment hedges designated under the forward method, the hedges are recorded at fair value with the changes recorded to accumulated other comprehensive income (loss) including the spot to forward difference. The net derivative gain or loss remains in accumulated other comprehensive income (loss) until earnings are impacted by the sale or the liquidation of the associated foreign operation.

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Notes to Consolidated Financial Statements (Continued)

We also have a centralized-lending program to manage liquidity for all of our subsidiary businesses. Foreign-currency-denominated loan agreements are executed with our foreign subsidiaries in their local currencies. We evaluate our foreign-currency exposure resulting from intercompany lending and manage our currency risk exposure by entering into foreign-currency derivatives with external counterparties. Our foreign-currency derivatives are recorded at fair value with changes recorded as income offsetting the gains and losses on the associated foreign-currency transactions.

We also periodically purchase nonfunctional currency denominated investment securities and enter into foreign-currency forward contracts with external counterparties to hedge against changes in the fair value of the securities, through maturity, due to changes in the related foreign-currency exchange rate. The foreign-currency forward contracts are recorded at fair value with changes recorded to earnings. The changes in value of the securities due to changes in foreign-currency exchange rates are also recorded to earnings. In the case of securities classified as available-for-sale, any changes in fair value due to unhedged risks are recorded to accumulated other comprehensive income.

Except for our net investment hedges and fair value foreign-currency hedges of available-for-sale securities, we generally have not elected to treat any foreign-currency derivatives as hedges for accounting purposes principally because the changes in the fair values of the foreign-currency swaps are substantially offset by the foreign-currency revaluation gains and losses of the underlying assets and liabilities.

Counterparty Credit Risk

Derivative financial instruments contain an element of credit risk if counterparties are unable to meet the terms of the agreements. Credit risk associated with derivative financial instruments is measured as the net replacement cost should the counterparties that owe us under the contract completely fail to perform under the terms of those contracts, assuming no recoveries of underlying collateral as measured by the market value of the derivative financial instrument.

To mitigate the risk of counterparty default, we maintain collateral agreements with certain counterparties. The agreements require both parties to maintain collateral in the event the fair values of the derivative financial instruments meet established thresholds. In the event that either party defaults on the obligation, the secured party may seize the collateral. Generally, our collateral arrangements are bilateral such that we and the counterparty post collateral for the value of our total obligation to each other. Contractual terms provide for standard and customary exchange of collateral based on changes in the market value of the outstanding derivatives. The securing party posts additional collateral when their obligation rises or removes collateral when it falls. We also have unilateral collateral agreements whereby we are the only entity required to post collateral.

Certain derivative instruments contain provisions that require us to either post additional collateral or immediately settle any outstanding liability balances upon the occurrence of a specified credit risk-related event. If a credit risk-related event had been triggered the amount of additional collateral required to be posted by us would have been insignificant.

We placed cash and securities collateral totaling $1.3 billion and $1.4 billion at December 31, 2012 and 2011, respectively, in accounts maintained by counterparties. We received cash collateral from counterparties totaling $941 million and $1.4 billion at December 31, 2012 and 2011, respectively. The receivables for collateral placed and the payables for collateral received are included on our Consolidated Balance Sheet in other assets and accrued expenses and other liabilities, respectively. In certain circumstances, we receive or post securities as collateral with counterparties. We do not record such collateral received on our Consolidated Balance Sheet unless certain conditions are met. At December 31, 2012 and 2011, we received noncash collateral of $0.3 million and $43 million, respectively.

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Notes to Consolidated Financial Statements (Continued)

Balance Sheet Presentation

The following table summarizes the fair value amounts of derivative instruments reported on our Consolidated Balance Sheet. The fair value amounts are presented on a gross basis, are segregated by derivatives that are designated and qualifying as hedging instruments or those that are not, and are further segregated by type of contract within those two categories. At December 31, 2012, $2.3 billion of the derivative contracts in a receivable position were classified as other assets on the Consolidated Balance Sheet. At December 31, 2011, $5.7 billion and $14 million of the derivative contracts in a receivable position were classified as other assets and trading assets, respectively, on the Consolidated Balance Sheet. At December 31, 2012, $2.5 billion of derivative contracts in a liability position were classified as accrued expenses and other liabilities on the Consolidated Balance Sheet. At December 31, 2011, $5.4 billion of derivative contracts in a liability position and $12 million of trading derivatives were both classified as accrued expenses and other liabilities on the Consolidated Balance Sheet.

	2012			2011		
	Derivative contracts in a			Derivative contracts in a		
December 31, (*$ in millions*)	**receivable position (a)**	**payable position (b)**	**Notional amount**	receivable position (a)	payable position (b)	Notional amount
Derivatives qualifying for hedge accounting						
Interest rate risk						
Fair value accounting hedges	**$ 411**	**$**	**$ 7,248**	$ 289	$ 4	$ 8,398
Cash flow accounting hedges		**10**	**2,580**	4		3,000
Total interest rate risk	**411**	**10**	**9,828**	293	4	11,398
Foreign exchange risk						
Net investment accounting hedges	**35**	**53**	**8,693**	123	54	8,208
Total derivatives qualifying for hedge accounting	**446**	**63**	**18,521**	416	58	19,606
Economic hedges and trading derivatives						
Interest rate risk						
MSRs	**1,616**	**2,299**	**146,405**	4,812	5,012	523,037
Mortgage loan commitments and mortgage loans held-for-sale	**49**	**23**	**9,617**	95	107	24,950
Debt	**28**	**29**	**17,716**	81	54	25,934
Other	**154**	**27**	**41,514**	160	101	42,142
Total interest rate risk	**1,847**	**2,378**	**215,252**	5,148	5,274	616,063
Foreign exchange risk	**5**	**27**	**2,464**	137	47	7,569
Total economic hedges and trading derivatives	**1,852**	**2,405**	**217,716**	5,285	5,321	623,632
Total derivatives	**$ 2,298**	**$ 2,468**	**$ 236,237**	$ 5,701	$ 5,379	$ 643,238

(a) Includes accrued interest of $175 million and $459 million at December 31, 2012 and 2011, respectively.

(b) Includes accrued interest of $144 million and $458 million at December 31, 2012 and 2011, respectively.

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Notes to Consolidated Financial Statements (Continued)

Offsetting Assets and Liabilities

Our qualifying master netting agreements are written, legally enforceable bilateral agreements that (1) create a single legal obligation for all individual transactions covered by the agreement to the non-defaulting entity upon an event of default of the counterparty, including bankruptcy, insolvency, or similar proceeding, and (2) provide the non-defaulting entity the right to accelerate, terminate, and close-out on a net basis all transactions under the agreement and to liquidate or set off collateral promptly upon an event of default of the counterparty. As it relates to derivative instruments, in certain instances we have the option to report derivatives the are subject to a qualifying master netting agreement on a net basis, we have elected to report these instruments as gross assets and liabilities on the Condensed Consolidated Balance Sheet.

To further mitigate the risk of counterparty default related to derivative instruments, we maintain collateral agreements with certain counterparties. The agreements require both parties to maintain collateral in the event the fair values of the derivative financial instruments meet established thresholds. In the event that either party defaults on the obligation, the secured party may seize the collateral. Generally, our collateral arrangements are bilateral such that we and the counterparty post collateral for the value of our total obligation to each other. Contractual terms provide for standard and customary exchange of collateral based on changes in the market value of the outstanding derivatives. The securing party posts additional collateral when their obligation rises or removes collateral when it falls, such that the net replacement cost of the non-defaulting party is covered in the event of counterparty defaults.

The composition of offsetting derivative instruments, financial assets, and financial liabilities was as follows.

				Gross Amounts Not Offset in the Condensed Consolidated Balance Sheet		
December 31, 2012 ***($ in millions)***	**Gross Amounts of Recognized Assets/ (Liabilities)**	**Gross Amounts Offset in the Condensed Consolidated Balance Sheet**	**Net Amounts of Assets/ (Liabilities) Presented in the Condensed Consolidated Balance Sheet**	**Financial Instruments**	**Collateral (a)**	**Net Amount**
Assets						
Derivative assets in net asset positions	$ 1,395	$	$ 1,395	$ (503)	$ (841)	$ 51
Derivative assets in net liability positions	788		788	(788)		
Derivative assets with no offsetting arrangements	115		115			115
Total assets	$ 2,298	$	$ 2,298	$(1,291)	$ (841)	$ 166
Liabilities						
Derivative liabilities in net liability positions	$ (1,929)	$	$ (1,929)	$ 788	$ 1,092	$ (49)
Derivative liabilities in net asset positions	(503)		(503)	503		
Derivative liabilities with no offsetting arrangements	(36)		(36)		__	(36)
Total liabilities	$ (2,468)	$	$ (2,468)	$ 1,291	$ 1,092	$ (85)

(a) Financial collateral received/pledged shown as a balance based on the sum of all net asset and liability positions between Ally and each individual derivative counterparty.

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Notes to Consolidated Financial Statements (Continued)

				Gross Amounts Not Offset in the Condensed Consolidated Balance Sheet		
December 31, 2011 ***($ in millions)***	**Gross Amounts of Recognized Assets/ (Liabilities)**	**Gross Amounts Offset in the Condensed Consolidated Balance Sheet**	**Net Amounts of Assets/ (Liabilities) Presented in the Condensed Consolidated Balance Sheet**	**Financial Instruments**	**Collateral (a)**	**Net Amount**
Assets						
Derivative assets in net asset positions	$ 2,492	$	$ 2,492	$ (1,748)	$ (618)	$ 126
Derivative assets in net liability positions	1,337		1,337	(1,337)		
Derivative assets with no offsetting arrangements	1,872		1,872			1,872
Total assets	$ 5,701	$	$ 5,701	$ (3,085)	$ (618)	$ 1,998
Liabilities						
Derivative liabilities in net liability positions	$ (2,616)	$	$ (2,616)	$ 1,337	$ 1,215	$ (64)
Derivative liabilities in net asset positions	(1,748)		(1,748)	1,748		
Derivative liabilities with no offsetting arrangements	(1,015)		(1,015)			(1,015)
Total liabilities	$ (5,379)	$	$ (5,379)	$ 3,085	$ 1,215	$ (1,079)

(a) Financial collateral received/pledged shown as a balance based on the sum of all net asset and liability positions between Ally and each individual derivative counterparty.

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Notes to Consolidated Financial Statements (Continued)

Statement of Income and Other Comprehensive Income Presentation

The following table summarizes the location and amounts of gains and losses on derivative instruments reported in our Consolidated Statement of Income and Other Comprehensive Income.

Year ended December 31, (*$ in millions*)	**2012**	2011	2010
Derivatives qualifying for hedge accounting			
Gain recognized in earnings on derivatives (a)			
Interest rate contracts			
Interest on long-term debt	**$ 164**	$ 895	$ 159
Foreign exchange contracts			
Other income, net of losses		35	
Loss recognized in earnings on hedged items (b)			
Interest rate contracts			
Interest on long-term debt	**(193)**	(851)	(122)
Foreign exchange contracts			
Other income, net of losses		(35)	
Total derivatives qualifying for hedge accounting	**(29)**	44	37
Economic and trading derivatives			
(Loss) gain recognized in earnings on derivatives			
Interest rate contracts			
Servicing asset valuation and hedge activities, net	**556**	359	(470)
(Loss) gain on mortgage and automotive loans, net	**(5)**	(242)	69
Other income, net of losses	**(18)**	(57)	(102)
Total interest rate contracts	**533**	60	(503)
Foreign exchange contracts (c)			
Interest on long-term debt	**(39)**	61	(125)
Other income, net of losses	**(48)**	17	120
Total foreign exchange contracts	**(87)**	78	(5)
Gain (loss) recognized in earnings on derivatives	**$ 417**	$ 182	$ (471)

(a) Amounts exclude gains related to interest for qualifying accounting hedges of debt, which are primarily offset by the fixed coupon payment on the long-term debt. The gains were $119 million, $248 million, and $312 million for the years ended December 31, 2012, 2011, and 2010, respectively.

(b) Amounts exclude gains related to amortization of deferred basis adjustments on the hedged items. The gains were $226 million, $216 million, and $148 million for the years ended December 31, 2012, 2011, and 2010, respectively.

(c) Amounts exclude gains and losses related to the revaluation of the related foreign-denominated debt or receivable. Gains of $87 million, and losses of $103 million and $17 million, were recognized for the years ended December 31, 2012, 2011, and 2010, respectively.

ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

The following table summarizes derivative instruments used in cash flow and net investment hedge accounting relationships.

Year ended December 31, (*$ in millions*)	**2012**	2011	2010
Cash flow hedges			
Interest rate contracts			
Gain reclassified from accumulated other comprehensive income to interest on long-term debt	**$ 1**	$	$
(Loss) gain recorded directly to interest on long-term debt	**(7)**	5	
Total interest on long-term debt	**$ (6)**	$ 5	$
(Loss) gain recognized in other comprehensive income	$ (7)	$ (1)	$ 4
Net investment hedges			
Foreign exchange contracts			
(Loss) gain reclassified from accumulated other comprehensive income to other income, net of losses	**$ (1)**	$ (8)	$ 12
Loss recorded directly to other income, net of losses (a)		(3)	(18)
Total other income, net of losses	$ (1)	$ (11)	$ (6)
(Loss) gain recognized in other comprehensive income (b)	$ (270)	$ 173	$ (183)

(a) The amounts represent the forward points excluded from the assessment of hedge effectiveness.

(b) The amounts represent the effective portion of net investment hedges. There are offsetting amounts recognized in accumulated other comprehensive income related to the revaluation of the related net investment in foreign operations. There were gains of $285 million, losses of $237 million, and gains of $187 million for the years ended December 31, 2012, 2011, and 2010, respectively.

23. Income Taxes

The following table summarizes income (loss) from continuing operations before income tax expense.

Year ended December 31, *($ in millions)*	**2012**	2011	2010
U.S. (loss) income	**$ 544**	$ (157)	$ (186)
Non-U.S. income (loss)	**(30)**	(20)	(51)
(Loss) income from continuing operations before income tax expense	**$ 514**	$ (177)	$ (237)

The significant components of income tax expense from continuing operations were as follows.

Year ended December 31, *($ in millions)*	**2012**	2011	2010
Current income tax (benefit) expense			
U.S. federal	**$**	$ 10	$ 11
Foreign	**(24)**	29	39
State and local	**10**	8	60
Total current (benefit) expense	**(14)**	47	110
Deferred income tax (benefit) expense			
U.S. federal	**(627)**		(6)
Foreign	**25**	(5)	
State and local	**(240)**		(7)
Total deferred benefit	**(842)**	(5)	(13)
Total income tax (benefit) expense from continuing operations	**$ (856)**	$ 42	$ 97

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Notes to Consolidated Financial Statements (Continued)

A reconciliation of the (benefit) provision for income taxes with the amounts at the statutory U.S. federal income tax rate is shown in the following table.

Year ended December 31, *($ in millions)*	**2012**	2011	2010
Statutory U.S. federal tax (benefit) expense	**$ 180**	$ (62)	$ (83)
Change in tax resulting from			
Effect of valuation allowance change	**(1,022)**	49	175
State and local income taxes, net of federal income tax benefit	**(34)**	22	(16)
Tax Credits	**(45)**		
Changes in unrecognized tax benefits	**(6)**	(7)	(15)
Foreign tax differential	**9**	30	(21)
Non-deductible expenses	**12**	9	4
Other, net	**50**	1	53
Tax (benefit) expense	**$ (856)**	$ 42	$ 97

As discussed in Note 1, on May 14, 2012, we deconsolidated ResCap for financial reporting purposes. For U.S. federal tax purposes, however, ResCap will continue to be included in our consolidated return filing until ultimate disposition of our ownership in ResCap. Given that the Debtors are disregarded entities for U.S. tax purposes, there should not be a reduction to our net deferred tax assets as a result of the Bankruptcy filing.

Our income tax (benefit) expense from continuing operations has not naturally corresponded with our (loss) income from continuing operations before income tax for the years ended December 31, 2012, 2011, and 2010, given we had U.S. and foreign valuation allowance movements during those years. For 2012, consolidated income tax benefit from continuing operations is largely driven by a release of a portion of our U.S. valuation allowance.

As of each reporting date, we consider existing evidence, both positive and negative, that could impact our view with regard to future realization of deferred tax assets. As of December 31, 2012, we determined that positive evidence existed to conclude that it is more likely than not that ordinary-in-character deferred tax assets are realizable, and therefore, we reduced the valuation allowance accordingly. Positive evidence in this assessment consisted of forecasts of future taxable income that are sufficient to realize net operating loss carryforwards before their expiration, coupled with our emergence from a cumulative three-year U.S. pretax loss (after removing the effects of non-recurring charges and discontinued operations). Certain U.S. deferred tax assets remain offset with a valuation allowance as discussed below.

We believe it is more likely than not that the benefit for certain U.S. net operating loss, capital loss, and foreign tax credit carryforwards will not be realized. In recognition of this risk, we have provided a valuation allowance of $1.6 billion on the deferred tax assets relating to these carryforwards. In particular, the deferred tax assets and liabilities as of December 31, 2012, reflect the U.S. income tax effects of the anticipated sale of entities held-for-sale at net book value. In concluding to maintain a valuation allowance against our capital loss carryforwards, we considered the positive evidence that we have entered into agreements to sell our held-for-sale entities for amounts in excess of book value. We also considered and ultimately weighted more heavily the negative evidence that we have historically had difficulty generating significant capital gains; capital loss carryforwards have a relatively short carryforward period; the timing of disposal of the held-for-sale entities is uncertain; and the disposal of the held-for-sale entities are subject to various levels of regulatory approval in numerous countries. Successful completion during 2013 of the sales of entities currently held-for-sale may result in capital gains that would allow us to realize capital loss carryforwards. A related reversal of valuation allowance on these deferred tax assets would be recognized as an income tax benefit upon such utilization.

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The significant components of deferred tax assets and liabilities are reflected in the following table.

December 31, *($ in millions)*	**2012**	2011
Deferred tax assets		
Tax credit carryforwards	**$ 1,631**	$ 161
Tax loss carryforwards	**1,025**	1,976
Mark-to-market on consumer finance receivables and loans	**880**	695
Equity investment in ResCap	**486**	
Provision for loan losses	**306**	775
Hedging transactions	**267**	280
State and local taxes	**263**	186
ResCap settlement accrual	**262**	
Sales of finance receivables and loans	**206**	182
Unearned insurance premiums	**142**	158
Contingency reserves	**19**	169
Other	**247**	568
Gross deferred tax assets	**5,734**	5,150
Valuation allowance	**(1,653)**	(2,274)
Net deferred tax assets	**4,081**	2,876
Deferred tax liabilities		
Lease transactions	**1,756**	2,052
Basis difference in subsidiaries	**454**	
Deferred acquisition costs	**333**	328
Debt transactions	**226**	32
Unrealized gains on securities	**16**	180
Other	**112**	157
Gross deferred tax liabilities	**2,897**	2,749
Net deferred tax assets	**$ 1,184**	$ 127

At December 31, 2012, we had U.S. federal and state net operating loss carryforwards and capital loss carryforwards. The federal net operating loss carryforwards of $668 million expire in the years 2025 2031. The federal capital loss carryforwards of $2.2 billion expire in the years 2014 2017. The corresponding expiration periods for the state net operating loss carryforwards of $1.7 billion and capital loss carryforwards of $3.1 billion are 2014 2032 and 2014 2017, respectively. Additionally, U.S. foreign tax credit carryforwards of $1.6 billion are available as of December 31, 2012, and expire in the years 2013 2022.

Foreign pretax income is subject to U.S. taxation when effectively repatriated. Before the third quarter of 2012, we fully provided for federal income taxes on the undistributed earnings of foreign subsidiaries except to the extent those earnings were indefinitely reinvested outside the United States. As of December 31, 2012, however, we no longer assert that any foreign earnings are indefinitely reinvested outside of the United States. This change in assertion is primarily due to the fact that agreements to sell our international operations were signed during the fourth quarter of 2012. These sales will be taxable in the United States in future periods and will result in the effective repatriation of foreign earnings. As a result of this change in assertion, all deferred tax liabilities for incremental U.S. tax that stem from temporary differences related to investments in foreign subsidiaries or foreign corporate joint ventures have been recognized as of December 31, 2012.

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The following table provides a reconciliation of the beginning and ending amount of unrecognized tax benefits.

($ in millions)	**2012**	2011	2010
Balance at January 1,	**$ 198**	$ 214	$ 172
Additions based on tax positions related to the current year	**14**	11	69
Additions for tax positions of prior years	**2**	20	3
Reductions for tax positions of prior years	**(4)**	(3)	(23)
Settlements	**(17)**	(35)	(9)
Expiration of statute of limitations	**(4)**		(2)
Foreign-currency translation adjustments	**(5)**	(9)	4
Deconsolidation of ResCap and discontinued operations	**(82)**		
Balance at December 31,	**$ 102**	$ 198	$ 214

Included in the unrecognized tax benefits balances are some items, the recognition of which would not affect the effective tax rate, such as the tax effect of certain temporary differences and the portion of gross state unrecognized tax benefits that would be offset by the tax benefit of the associated federal deduction. At December 31, 2012, 2011, and 2010, the balance of unrecognized tax benefits that, if recognized, would affect our effective tax rate is $84 million, $179 million, and $199 million, respectively.

We recognize accrued interest and penalties related to uncertain income tax positions in interest expense and other operating expenses, respectively. For the years ended December 31, 2012, 2011, and 2010, $1 million, $1 million, and $1 million, respectively, were accrued for interest and penalties with the cumulative accrued balance totaling $7 million at December 31, 2012, $178 million at December 31, 2011, and $201 million at December 31, 2010.

We anticipate the examination of various U.S. income tax returns along with the examinations by various foreign, state, and local jurisdictions will be completed within the next twelve months. As such, it is reasonably possible that certain tax positions may be settled and the unrecognized tax benefits would decrease by $22 million, which includes interest and penalties.

We file tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. Our most significant operations remaining following our commitment to sell various international operations are the United States and Canada. The oldest tax years that remain subject to examination for those jurisdictions are 2009 and 2004, respectively.

24. Employee Benefit and Compensation Plans

Defined Contribution Plan

A significant number of our employees are covered by defined contribution plans. Employer contributions vary based on criteria specific to each individual plan and amounted to $49 million, $49 million, and $45 million in 2012, 2011, and 2010, respectively. These costs were recorded as compensation and benefits expense in our Consolidated Statement of Income. We expect contributions for 2013 to be similar to contributions made in 2012.

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Defined Benefit Pension Plan

Certain of our employees are eligible to participate in separate retirement plans that provide for pension payments upon retirement based on factors such as length of service and salary. In recent years, we have transferred, frozen, or terminated a significant number of our other defined benefit plans. All income and expense noted for pension accounting was recorded as compensation and benefits expense in our Consolidated Statement of Income.

The following summarizes information related to our pension plans.

Year ended December 31, *($ in millions)*	**2012**	2011
Projected benefit obligation	**$ 355**	$ 528
Fair value of plan assets	**214**	398
Underfunded status	**$ (141)**	$ (130)

The underfunded position is recognized on the Consolidated Balance Sheet and the change in the underfunded position was recorded in other comprehensive income (loss).

Defined Benefit Pension Plan Actions

GMAC Mortgage Group LLC, our wholly owned subsidiary, sponsors a defined benefit pension plan (the GMACM Pension Plan) for which the accrual of additional benefits were previously frozen. The GMACM Pension Plan primarily covers former employees of certain discontinued or non-core businesses of our Mortgage and Insurance operations. In October 2012, we entered into an agreement under which the GMACM Pension Plan purchased a group annuity contract from a third-party insurance company that requires the insurance company to pay and administer all future annuity payments to the current retiree population of the GMACM Pension Plan (retired as of September 1, 2012) beginning on January 1, 2013. Additionally, during the fourth quarter the GMACM Pension Plan completed a program whereby we offered voluntary lump-sum distributions to terminated employees with vested benefits. In connection with these combined actions we recorded a settlement loss of $23 million.

Other Postretirement Benefits

Certain of our subsidiaries participated in various postretirement medical, dental, vision, and life insurance plans. We have provided for certain amounts associated with estimated future postretirement benefits other than pensions and characterized such amounts as other postretirement benefits. Other postretirement benefits expense (income), which is recorded in compensation and benefits expense in our Consolidated Statement of Income, was minimal in 2012, 2011, and 2010. We expect our other postretirement benefit expense to continue to be minimal in future years.

Share-based Compensation Plans

Based on our transactions with Treasury during 2009, we are required to comply with the limitations on executive pay as determined by the Special Master of TARP Compensation (Special Master). We have established Deferred Stock Units (DSUs) and Incentive Restricted Stock Units (IRSUs) as forms of compensation to our senior executives, which have been approved by the Special Master. We also grant Restricted Stock Units (RSUs) to executives under the Long-Term Equity Compensation Incentive Plan (LTIP). Each of our approved compensation plans and awards were designed to provide our executives with an opportunity to share in the future growth in value of Ally, which is necessary to attract and retain key executives.

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Pursuant to the terms of the LTIP plan, the Ally Board of Directors determines a share price valuation for share-based compensation awards not less than annually. The Ally Board of Directors thus determined a share price of $8,500 per share for purposes of the LTIP plan as of December 31, 2011. A share price valuation of $9,000 per share was determined as of March 31, 2012. The valuation remained unchanged at $9,000 per share as of December 31, 2012. The changes in award valuation resulted in an increase to compensation expense for RSU, DSU, and IRSU awards of $5 million, $7 million, and $2 million, respectively, recognized in 2012. The impact was recorded as compensation and benefits expense in our Consolidated Statement of Income.

RSU awards are incentive awards granted to executives as phantom shares of Ally. The majority of awards granted in 2008 and 2009 vest ratably on an annual basis based on continued service on December 31, 2012 with the final tranche vesting on December 31, 2012. Participants had the option at grant date to defer the valuation and payout for awards granted in 2008 and 2009. A majority of the participants who received awards granted in 2010, 2011, and 2012 vest ratably over a three-year period starting on the date the award was issued with the majority of the awards fully vesting in February 2013, February 2014, and February 2015, respectively. The awards require liability treatment and are remeasured quarterly at fair value until they are paid. The compensation costs related to these awards are ratably charged to expense over the applicable service period. Changes in fair value related to the portion of the awards that have vested and have not been paid are recognized in earnings in the period in which the changes occur. At December 31, 2012 there were a total of 17,057 RSU award shares outstanding, composed of 7,420 shares awarded during 2008, 5,956 shares awarded during 2009, 2,648 shares awarded during 2010, 844 shares awarded during 2011, and 189 shares awarded during 2012. At December 31, 2011 there were a total of 26,707 RSU award shares outstanding, composed of 8,421 shares awarded during 2008, 9,281 shares awarded during 2009, 5,199 shares awarded during 2010, and 3,806 shares awarded during 2011. We recognized compensation expense related to RSU awards of $78 million, $50 million and $58 million for the years ended December 31, 2012, 2011 and 2010, respectively. These costs were recorded as compensation and benefits expense in our Consolidated Statement of Income.

DSU awards are granted to senior executives as phantom shares of Ally and are included as part of their base salary. DSU awards are generally granted ratably each pay period throughout the year, vest immediately upon grant, and are paid in cash. DSUs awarded in 2012 will generally be redeemable in three equal installments: the first on the final payroll date of 2012, the second ratably over 2013 and the third ratably over 2014. DSUs awarded in 2011 are generally redeemable in three equal annual installments beginning on the first anniversary of grant. The DSU awards require liability treatment and are remeasured quarterly at fair value until they are paid, with each change in value fully charged to compensation expense in the period in which the change occurs. At December 31, 2012 and 2011 there were a total of 13,190 and 13,743 DSU award shares outstanding, respectively. We recognized compensation expense related to DSU awards of $57 million, $19 million and $68 million for the years ended December 31, 2012, 2011 and 2010, respectively, for the outstanding awards. These costs were recorded as compensation and benefits expense in our Consolidated Statement of Income.

IRSU awards are incentive awards granted to senior executives as phantom shares of Ally. There were no IRSUs granted to senior executives in 2012. IRSU awards from 2009, 2010 and 2011 generally vest in full after two years from the date of grant based on continued service with Ally. After the vesting requirement is met, IRSU payouts will be made only as we repay our TARP obligations. Payouts will be made in 25% increments based on the percentage of TARP obligations that have been repaid, as determined in accordance with the established guidelines for determining repayment .

As of December 31, 2012, Ally had repaid more than 25%, but less than 50%, of its TARP obligations. Payouts are based on the fair value of the phantom shares at the time of the payout. The awards require liability treatment and are remeasured quarterly at fair value until they are paid. The compensation costs related to these

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awards are ratably charged to expense over the requisite service period. Changes in fair value relating to the portion of the awards that have vested and have not been paid are recognized in earnings in the period in which the changes occur. At December 31, 2012 and 2011 there were a total of 6,475 and 7,975 IRSU award shares outstanding, respectively. We recognized compensation expense related to IRSU awards of $23 million, $12 million and $9 million for the years ended December 31, 2012, 2011 and 2010, respectively, for the outstanding awards. These costs were recorded as compensation and benefits expense in our Consolidated Statement of Income.

25. Fair Value

Fair Value Measurements

For purposes of this disclosure, fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (exit price) in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. Fair value is based on the assumptions market participants would use when pricing an asset or liability. Additionally, entities are required to consider all aspects of nonperformance risk, including the entity s own credit standing, when measuring the fair value of a liability.

GAAP specifies a three-level hierarchy that is used when measuring and disclosing fair value. The fair value hierarchy gives the highest priority to quoted prices available in active markets (i.e., observable inputs) and the lowest priority to data lacking transparency (i.e., unobservable inputs). An instrument s categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. The following is a description of the three hierarchy levels.

Level 1	Inputs are quoted prices in active markets for identical assets or liabilities at the measurement date. Additionally, the entity must have the ability to access the active market, and the quoted prices cannot be adjusted by the entity.
Level 2	Inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices in active markets for similar assets or liabilities; quoted prices in inactive markets for identical or similar assets or liabilities; or inputs that are observable or can be corroborated by observable market data by correlation or other means for substantially the full term of the assets or liabilities.
Level 3	Unobservable inputs are supported by little or no market activity. The unobservable inputs represent management s best assumptions of how market participants would price the assets or liabilities. Generally, Level 3 assets and liabilities are valued using pricing models, discounted cash flow methodologies, or similar techniques that require significant judgment or estimation.
Transfers	Transfers into or out of any hierarchy level are recognized at the end of the reporting period in which the transfer occurred. There were no transfers between any levels during the year ended December 31, 2012.

Following are descriptions of the valuation methodologies used to measure material assets and liabilities at fair value and details of the valuation models, key inputs to those models, and significant assumptions utilized.

Trading assets (excluding derivatives) Trading assets were recorded at fair value. Our portfolio included MBS (including senior and subordinated interests) that were either investment-grade, noninvestment grade, or unrated securities. Valuations were primarily based on internally developed discounted cash flow models (an income approach) that used assumptions consistent with current market

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Notes to Consolidated Financial Statements (Continued)

conditions. The valuation considered recent market transactions, experience with similar securities, current business conditions, and analysis of the underlying collateral, as available. To estimate cash flows, we utilized various significant assumptions including market observable inputs (e.g., forward interest rates) and internally developed inputs (e.g., prepayment speeds, delinquency levels, and credit losses).

Available-for-sale securities Available-for-sale securities are carried at fair value based on observable market prices, when available. If observable market prices are not available, our valuations are based on internally developed discounted cash flow models (an income approach) that use a market-based discount rate and consider recent market transactions, experience with similar securities, current business conditions, and analysis of the underlying collateral, as available. To estimate cash flows, we are required to utilize various significant assumptions including market observable inputs (e.g., forward interest rates) and internally developed inputs (including prepayment speeds, delinquency levels, and credit losses).

Mortgage loans held-for-sale, net Our mortgage loans held-for-sale are accounted for at either fair value because of fair value option elections or they were accounted for at the lower-of-cost or fair value. Mortgage loans held-for-sale are typically pooled together and sold into certain exit markets depending on underlying attributes of the loan, such as GSE eligibility, product type, interest rate, and credit quality. Two valuation methodologies are used to determine the fair value of mortgage loans held-for-sale. The methodology used depends on the exit market as described below.

Level 2 mortgage loans This includes all GSE-eligible mortgage loans carried at fair value due to fair value option election, which are valued predominantly using published forward agency prices. It also includes any domestic loans and foreign loans where recently negotiated market prices for the loan pool exist with a counterparty (which approximates fair value) or quoted market prices for similar loans are available.

Level 3 mortgage loans This included all conditional repurchase option loans carried at fair value due to the fair value option election and all GSE-ineligible residential mortgage loans that were accounted for at the lower-of-cost or fair value. The fair value of these residential mortgage loans were determined using internally developed valuation models because observable market prices were not available. The loans were priced on a discounted cash flow basis utilizing cash flow projections from internally developed models that utilized prepayment, default, and discount rate assumptions. To the extent available, we utilized market observable inputs such as interest rates and market spreads. If market observable inputs were not available, we were required to utilize internal inputs, such as prepayment speeds, credit losses, and discount rates.

Refer to the section within this note titled *Fair Value Option for Financial Assets and Financial Liabilities* for further information about the fair value elections.

Consumer mortgage finance receivables and loans, net We elected the fair value option for certain consumer mortgage finance receivables and loans. The elected mortgage loans collateralized on-balance sheet securitization debt in which we estimated credit reserves pertaining to securitized assets that could have exceeded or already had exceeded our economic exposure. We also elected the fair value option for all mortgage securitization trusts required to be consolidated. The elected mortgage loans represented a portion of the consumer finance receivables and loans. The balance for which the fair value option was not elected was reported on the balance sheet at the principal amount outstanding, net of charge-offs, allowance for loan losses, and premiums or discounts.

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The loans were measured at fair value using a portfolio approach. The objective in fair valuing the loans and related securitization debt was to account properly for our retained economic interest in the securitizations. As a result of reduced liquidity in capital markets, values of both these loans and the securitized bonds were expected to be volatile. Since this approach involved the use of significant unobservable inputs, we classified all the mortgage loans elected under the fair value option as Level 3. Refer to the section within this note titled *Fair Value Option of Financial Assets and Financial Liabilities* for additional information.

MSRs MSRs are classified as Level 3 because there are limited MSR market transactions that are directly observable; therefore, we use internally developed discounted cash flow models (an income approach) to estimate the fair value. These internal valuation models estimate net cash flows based on internal operating assumptions that we believe would be used by market participants in orderly transactions combined with market-based assumptions for loan prepayment rates, interest rates, and discount rates that we believe approximate yields required by investors in this asset. Cash flows primarily include servicing fees, float income, and late fees in each case less operating costs to service the loans. The estimated cash flows are discounted using an option-adjusted spread-derived discount rate.

Interests retained in financial asset sales The interests retained are in securitization trusts and deferred purchase prices on the sale of whole-loans. Due to inactivity in the market, valuations are based on internally developed discounted cash flow models (an income approach) that use a market-based discount rate; therefore, we classified these assets as Level 3. The valuation considers recent market transactions, experience with similar assets, current business conditions, and analysis of the underlying collateral, as available. To estimate cash flows, we utilize various significant assumptions, including market observable inputs (e.g., forward interest rates) and internally developed inputs (e.g., prepayment speeds, delinquency levels, and credit losses).

Derivative instruments We enter into a variety of derivative financial instruments as part of our risk management strategies. Certain of these derivatives are exchange traded, such as Eurodollar futures. To determine the fair value of these instruments, we utilize the quoted market prices for the particular derivative contracts; therefore, we classified these contracts as Level 1.

We also execute over-the-counter derivative contracts, such as interest rate swaps, swaptions, forwards, caps, floors, and agency to-be-announced securities. We utilize third-party-developed valuation models that are widely accepted in the market to value these over-the-counter derivative contracts. The specific terms of the contract and market observable inputs (such as interest rate forward curves and interpolated volatility assumptions) are used in the model. We classified these over-the-counter derivative contracts as Level 2 because all significant inputs into these models were market observable.

We also hold certain derivative contracts that are structured specifically to meet a particular hedging objective. These derivative contracts often are utilized to hedge risks inherent within certain on-balance sheet securitizations. To hedge risks on particular bond classes or securitization collateral, the derivative s notional amount is often indexed to the hedged item. As a result, we typically are required to use internally developed prepayment assumptions as an input into the model to forecast future notional amounts on these structured derivative contracts. Accordingly, we classified these derivative contracts as Level 3.

We are required to consider all aspects of nonperformance risk, including our own credit standing, when measuring fair value of a liability. We reduce credit risk on the majority of our derivatives by

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entering into legally enforceable agreements that enable the posting and receiving of collateral associated with the fair value of our derivative positions on an ongoing basis. In the event that we do not enter into legally enforceable agreements that enable the posting and receiving of collateral, we will consider our credit risk and the credit risk of our counterparties in the valuation of derivative instruments through a credit valuation adjustment (CVA), if warranted. The CVA calculation utilizes our credit default swap spreads and the spreads of the counterparty.

On-balance sheet securitization debt We elected the fair value option for certain mortgage loans held-for-investment and the related on-balance sheet securitization debt. We valued securitization debt that was elected pursuant to the fair value option and any economically retained positions using market observable prices whenever possible. The securitization debt was principally in the form of asset- and MBS collateralized by the underlying mortgage loans held-for-investment. Due to the attributes of the underlying collateral and current market conditions, observable prices for these instruments were typically not available. In these situations, we considered observed transactions as Level 2 inputs in our discounted cash flow models. Additionally, the discounted cash flow models utilized other market observable inputs, such as interest rates, and internally derived inputs including prepayment speeds, credit losses, and discount rates. Fair value option-elected financing securitization debt was classified as Level 3 as a result of the reliance on significant assumptions and estimates for model inputs. Refer to the section within this note titled *Fair Value Option for Financial Assets and Financial Liabilities* for further information about the election. The debt that was not elected under the fair value option is reported on the balance sheet at cost, net of premiums or discounts and issuance costs.

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Recurring Fair Value

The following tables display the assets and liabilities measured at fair value on a recurring basis including financial instruments elected for the fair value option. We often economically hedge the fair value change of our assets or liabilities with derivatives and other financial instruments. The tables below display the hedges separately from the hedged items; therefore, they do not directly display the impact of our risk management activities.

	Recurring fair value measurements			
December 31, 2012 *($ in millions)*	Level 1	Level 2	Level 3	Total
Assets				
Investment securities				
Available-for-sale securities				
Debt securities				
U.S. Treasury and federal agencies	**$ 697**	**$ 1,517**	**$**	**$ 2,214**
Foreign government	**3**	**300**		**303**
Mortgage-backed residential		**6,906**		**6,906**
Asset-backed		**2,340**		**2,340**
Corporate debt securities		**1,263**		**1,263**
Total debt securities	**700**	**12,326**		**13,026**
Equity securities (a)	**1,152**			**1,152**
Total available-for-sale securities	**1,852**	**12,326**		**14,178**
Mortgage loans held-for-sale, net (b)		**2,490**		**2,490**
Mortgage servicing rights			**952**	**952**
Other assets				
Interests retained in financial asset sales			**154**	**154**
Derivative contracts in a receivable position				
Interest rate	**40**	**2,170**	**48**	**2,258**
Foreign currency		**40**		**40**
Total derivative contracts in a receivable position	**40**	**2,210**	**48**	**2,298**
Collateral placed with counterparties (c)	**103**	**99**		**202**
Total assets	**$ 1,995**	**$ 17,125**	**$ 1,154**	**$ 20,274**
Liabilities				
Accrued expenses and other liabilities				
Derivative contracts in a payable position				
Interest rate	**$ (13)**	**$ (2,374)**	**$ (1)**	**$ (2,388)**
Foreign currency		**(78)**	**(2)**	**(80)**
Total derivative contracts in a payable position	**(13)**	**(2,452)**	**(3)**	**(2,468)**
Total liabilities	**$ (13)**	**$ (2,452)**	**$ (3)**	**$ (2,468)**

(a) Our investment in any one industry did not exceed 21%.

(b) Carried at fair value due to fair value option elections.

(c) Represents collateral in the form of investment securities. Cash collateral was excluded.

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December 31, 2011 *($ in millions)*	Recurring fair value measurements Level 1	Level 2	Level 3	Total
Assets				
Trading assets (excluding derivatives)				
Mortgage-backed residential securities	$	$ 575	$ 33	$ 608
Total trading assets		575	33	608
Investment securities				
Available-for-sale securities				
Debt securities				
U.S. Treasury and federal agencies	903	643		1,546
States and political subdivisions		1		1
Foreign government	427	357		784
Mortgage-backed residential		7,312		7,312
Asset-backed		2,553	62	2,615
Corporate debt securities		1,491		1,491
Other debt securities		327		327
Total debt securities	1,330	12,684	62	14,076
Equity securities (a)	1,059			1,059
Total available-for-sale securities	2,389	12,684	62	15,135
Mortgage loans held-for-sale, net (b)		3,889	30	3,919
Consumer mortgage finance receivables and loans, net (b)			835	835
Mortgage servicing rights			2,519	2,519
Other assets				
Interests retained in financial asset sales			231	231
Derivative contracts in a receivable position (c)				
Interest rate	79	5,274	88	5,441
Foreign currency		242	18	260
Total derivative contracts in a receivable position	79	5,516	106	5,701
Collateral placed with counterparties (d)	328			328
Total assets	$ 2,796	$ 22,664	$ 3,816	$ 29,276
Liabilities				
Long-term debt				
On-balance sheet securitization debt (b)	$	$	$ (830)	$ (830)
Accrued expenses and other liabilities				
Derivative contracts in a payable position (c)				
Interest rate	(32)	(5,229)	(17)	(5,278)
Foreign currency		(99)	(2)	(101)
Total derivative contracts in a payable position	(32)	(5,328)	(19)	(5,379)
Loan repurchase liabilities (b)			(29)	(29)
Trading liabilities (excluding derivatives)	(61)			(61)
Total liabilities	$ (93)	$ (5,328)	$ (878)	$ (6,299)

(a) Our investment in any one industry did not exceed 18%.

(b) Carried at fair value due to fair value option elections.

(c) Includes derivatives classified as trading.

(d) Represents collateral in the form of investment securities. Cash collateral was excluded.

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The following table presents quantitative information regarding the significant unobservable inputs used in significant Level 3 assets and liabilities measured at fair value on a recurring basis.

December 31, 2012 *($ in millions)*	**Level 3 recurring measurements**	**Valuation technique**	**Unobservable input**	**Range**
Assets				
Mortgage servicing rights	$ 952	(a)	(a)	(a)
Other assets				
Interests retained in financial asset sales	154	Discounted cash flow	Discount rate	5.4-6.1%
			Commercial paper rate	0-0.1%

(a) Refer to Note 11 for information related to MSR valuation assumptions and sensitivities.

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The following tables present the reconciliation for all Level 3 assets and liabilities measured at fair value on a recurring basis. We often economically hedge the fair value change of our assets or liabilities with derivatives and other financial instruments. The Level 3 items presented below may be hedged by derivatives and other financial instruments that are classified as Level 1 or Level 2. Thus, the following tables do not fully reflect the impact of our risk management activities.

	Level 3 recurring fair value measurements									
		Net realized/ unrealized gains (losses)								
($ in millions)	Fair value at Jan. 1, 2012	included in earnings	included in OCI	Purchases	Sales	Issuances	Settlements	Transfers out due to deconsolidation or discontinued operations (a)	Fair value at Dec. 31, 2012	Net unrealized gains (losses) included in earnings still held at Dec. 31, 2012
Assets										
Trading assets (excluding derivatives)										
Mortgage-backed residential securities	**$ 33**	**$ 2 (b)**	**$**	**$**	**$**	**$**	**$ (4)**	**$ (31)**	**$**	**$ 4 (b)**
Investment securities										
Available-for-sale debt securities										
Asset-backed	**62**	**19**	**(12)**		**(69)**					
Mortgage loans held-for-sale, net (c)	**30**			**12**			**(11)**	**(31)**		
Consumer mortgage finance receivables and loans, net (c)	**835**	**121 (c)**			**(245) (d)**		**(124)**	**(587)**		**51 (c)**
Mortgage servicing rights	**2,519**	**(677) (e)**				**240**		**(1,130)**	**952**	**(677) (e)**
Other assets										
Interests retained in financial asset sales	**231**	**46 (f)**					**(123)**		**154**	
Derivative contracts, net (g)										
Interest rate	**71**	**(78) (h)**					**53**	**1**	**47**	**1 (h)**
Foreign currency	**16**	**(32) (h)**						**14**	**(2)**	**(50) (h)**
Total derivative contracts in a receivable position, net	**87**	**(110)**					**53**	**15**	**45**	**(49)**
Total assets	**$ 3,797**	**$ (599)**	**$ (12)**	**$ 12**	**$ (314)**	**$ 240**	**$ (209)**	**$ (1,764)**	**$ 1,151**	**$ (671)**
Liabilities										
Long-term debt										
On-balance sheet securitization debt (c)	**$ (830)**	**$ (115) (c)**	**$**	**$**	**$**	**$**	**$ 389**	**$ 556**	**$**	**$ (62) (c)**
Accrued expenses and other liabilities										
Loan repurchase liabilities (c)	**(29)**			**(11)**			**10**	**30**		
Total liabilities	**$ (859)**	**$ (115)**	**$**	**$ (11)**	**$**	**$**	**$ 399**	**$ 586**	**$**	**$ (62)**

(a) Represents the amounts transferred out of Level 3 due to the deconsolidation of ResCap or discontinued operations. Refer to Note 1 for additional information related to ResCap. Refer to Note 2 for additional information related to discontinued operations.

(b) The fair value adjustment and the related interest were reported as income from discontinued operations, net of tax, in the Consolidated Statement of Income.

(c) Carried at fair value due to fair value option elections. Refer to the next section of this note titled *Fair Value Option for Financial Assets and Liabilities* for the location of the gains and losses in the Consolidated Statement of Income.

(d) Represents the sale of consumer mortgage finance receivable and loans sold as part of the sale of a business line during 2012.

(e) Fair value adjustment was reported as servicing-asset valuation and hedge activities, net, and income from discontinued operations, net of tax, in the Consolidated Statement of Income.

(f) Reported as other income, net of losses, and income from discontinued operations, net of tax, in the Consolidated Statement of Income.

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(g) Includes derivatives classified as trading.

(h) Refer to Note 22 for information related to the location of the gains and losses on derivative instruments in the Consolidated Statement of Income.

	Level 3 recurring fair value measurements									
		Net realized/ unrealized gains (losses)								
($ in millions)	Fair value at Jan. 1, 2011	included in earnings	included in OCI	Purchases	Sales	Issuances	Settlements	Transfers out of level 3	Fair value at Dec. 31, 2011	Net unrealized gains (losses) included in earnings still held at Dec. 31, 2011
Assets										
Trading assets (excluding derivatives)										
Mortgage-backed residential securities	$ 44	$ 5 (a)	$	$	$	$	$ (16)	$	$ 33	$ 14 (a)
Asset-backed securities	94				(94)					
Total trading assets	138	5			(94)		(16)		33	14
Investment securities										
Available-for-sale debt securities										
Mortgage-backed residential	1				(1)					
Asset-backed		18 (b)	14	94	(64)				62	
Total debt securities	1	18	14	94	(65)				62	
Mortgage loans held-for-sale, net (c)	4	(1) (c)		46	(1)		(18)		30	(2) (c)
Consumer mortgage finance receivables and loans, net (c)	1,015	352 (c)	1				(533)		835	136 (c)
Mortgage servicing rights	3,738	(1,606) (d)		31	(266) (e)	622			2,519	(1,605) (d)
Other assets										
Interests retained in financial asset sales	568	180 (f)				3	(520)		231	(15) (f)
Derivative contracts, net (g)										
Interest rate	(13)	148 (h)					(41)	(23) (i)	71	145 (h)
Foreign currency		16 (h)							16	16 (h)
Total derivative contracts in a (payable) receivable position, net	(13)	164					(41)	(23)	87	161
Total assets	$ 5,451	$ (888)	$ 15	$ 171	$ (426)	$ 625	$ (1,128)	$ (23)	$ 3,797	$ (1,311)
Liabilities										
Long-term debt										
On-balance sheet securitization debt (c)	$ (972)	$ (371) (c)	$ 1	$	$	$	$ 512	$	$ (830)	$ (184) (c)
Accrued expenses and other liabilities										
Loan repurchase liabilities (c)		2 (c)		(46)			15		(29)	2 (c)

Total liabilities	$ (972)	$ (369)	$ 1	$ (46)	$	$	$ 527	$	$ (859)	$ (182)

(a) The fair value adjustment and the related interest were reported as income from discontinued operations, net of tax, in the Consolidated Statement of Income.

(b) The fair value adjustment was reported as other income, net of losses, and the related interest was reported as interest and dividends on available-for-sale investment securities in the Consolidated Statement of Income.

(c) Carried at fair value due to fair value option elections. Refer to the next section of this note titled *Fair Value Option for Financial Assets and Liabilities* for the location of the gains and losses in the Consolidated Statement of Income.

(d) Fair value adjustment was reported as servicing-asset valuation and hedge activities, net and income from discontinued operations, net of tax, in the Consolidated Statement of Income.

(e) Represents excess mortgage servicing rights transferred to an agency-controlled trust in exchange for trading securities. These securities were then sold instantaneously to third-party investors for $266 million.

(f) Reported as other income, net of losses, and income from discontinued operations, net of tax, in the Consolidated Statement of Income.

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Notes to Consolidated Financial Statements (Continued)

(g) Includes derivatives classified as trading.

(h) Refer to Note 22 for information related to the location of the gains and losses on derivative instruments in the Consolidated Statement of Income.

(i) The in-house valuations of some derivative contracts classified as Level 3 was replaced with third-party-developed valuation models that are widely accepted in the market to value these over-the-counter derivative contracts. The specific terms of the contract and market observable inputs are entered into the model. We reclassified these over-the-counter derivative contracts as Level 2 because all significant inputs into these models were market observable.

Nonrecurring Fair Value

We may be required to measure certain assets and liabilities at fair value from time to time. These periodic fair value measures typically result from the application of lower-of-cost or fair value accounting or certain impairment measures. These items would constitute nonrecurring fair value measures.

The following tables display the assets and liabilities measured at fair value on a nonrecurring basis.

	Nonrecurring fair value measurements				Lower-of-cost or fair value or valuation reserve allowance	Total loss included in earnings for the year ended
December 31, 2012 *($ in millions)*	Level 1	Level 2	Level 3	Total		
Assets						
Commercial finance receivables and loans, net (a)						
Automotive	$	$	$ 108	$ 108	$ (19)	n/m (b)
Other			23	23	(7)	n/m (b)
Total commercial finance receivables and loans, net			131	131	(26)	n/m (b)
Other assets						
Repossessed and foreclosed assets (c)			3	3	(2)	n/m (b)
Total assets	$	$	$ 134	$ 134	$ (28)	n/m

n/m = not meaningful

(a) Represents the portion of the portfolio specifically impaired during 2012. The related valuation allowance represents the cumulative adjustment to fair value of those specific receivables.

(b) We consider the applicable valuation or loan loss allowance to be the most relevant indicator of the impact on earnings caused by the fair value measurement. Accordingly, the table above excludes total gains and losses included in earnings for these items. The carrying values are inclusive of the respective valuation or loan loss allowance.

(c) The allowance provided for repossessed and foreclosed assets represents any cumulative valuation adjustment recognized to adjust the assets to fair value.

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Notes to Consolidated Financial Statements (Continued)

December 31, 2011 *($ in millions)*	Nonrecurring fair value measurements Level 1	Level 2	Level 3	Total	Lower-of-cost or fair value or valuation reserve allowance	Total loss included in earnings for the year ended
Assets						
Mortgage loans held-for-sale (a)	$	$	$ 479	$ 479	$ (60)	n/m(b)
Commercial finance receivables and loans, net (c)						
Automotive			310	310	(30)	n/m(b)
Mortgage		1	14	15	(10)	n/m(b)
Other			20	20	(10)	n/m(b)
Total commercial finance receivables and loans, net		1	344	345	(50)	n/m(b)
Other assets						
Property and equipment		13		13	n/m(d)	$ (8)
Repossessed and foreclosed assets (e)		32	27	59	(15)	n/m(b)
Total assets	$	$ 46	$ 850	$ 896	$ (125)	$ (8)

n/m = not meaningful

(a) Represents loans held-for-sale that are required to be measured at the lower-of-cost or fair value. The table above includes only loans with fair values below cost during 2011. The related valuation allowance represents the cumulative adjustment to fair value of those specific assets.

(b) We consider the applicable valuation or loan loss allowance to be the most relevant indicator of the impact on earnings caused by the fair value measurement. Accordingly, the table above excludes total gains and losses included in earnings for these items. The carrying values are inclusive of the respective valuation or loan loss allowance.

(c) Represents the portion of the portfolio specifically impaired during 2011. The related valuation allowance represents the cumulative adjustment to fair value of those specific receivables.

(d) The total gain (loss) included in earnings is the most relevant indicator of the impact on earnings.

(e) The allowance provided for repossessed and foreclosed assets represents any cumulative valuation adjustment recognized to adjust the assets to fair value.

The following table presents quantitative information regarding the significant unobservable inputs used in significant Level 3 assets measured at fair value on a nonrecurring basis.

December 31, 2012 *($ in millions)*	**Level 3 nonrecurring measurements**	**Valuation technique**	**Unobservable input**	**Range**
Assets				
Commercial finance receivables and loans, net Automotive	**$ 108**	**Fair value of collateral**	**Adjusted appraisal value**	**65.0-95.0 %**

Fair Value Option for Financial Assets and Financial Liabilities

A description of the financial assets and liabilities elected to be measured at fair value is as follows. Our intent in electing fair value for all these items was to mitigate a divergence between accounting losses and economic exposure for certain assets and liabilities.

On-balance sheet mortgage securitizations We elected to measure at fair value certain domestic consumer mortgage finance receivables and loans and the related debt held in on-balance sheet mortgage

ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

securitization structures. The fair value-elected loans were classified as finance receivable and loans, net, on the Consolidated Balance Sheet. Our policy is to separately record interest income on the fair value-elected loans (unless the loans are placed on nonaccrual status); however, the accrued interest was excluded from the fair value presentation. We classified the fair value adjustment recorded for the loans as other income, net of losses, in the Consolidated Statement of Income.

We continued to record the fair value-elected debt balances as long-term debt on the Consolidated Balance Sheet. Our policy is to separately record interest expense on the fair value-elected debt, which continues to be classified as interest on long-term debt in the Consolidated Statement of Income. We classified the fair value adjustment recorded for this fair value-elected debt as other income, net of losses, in the Consolidated Statement of Income.

Conforming and government-insured mortgage loans held-for-sale We elected the fair value option for conforming and government-insured mortgage loans held-for-sale funded after July 31, 2009. We elected the fair value option to mitigate earnings volatility by better matching the accounting for the assets with the related hedges.

Excluded from the fair value option were conforming and government-insured loans funded on or prior to July 31, 2009, and those repurchased or rerecognized. The loans funded on or prior to July 31, 2009, were ineligible because the election must be made at the time of funding. Repurchased and rerecognized conforming and government-insured loans were not elected because the election would not mitigate earning volatility. We repurchase or rerecognize loans due to representation and warranty obligations or conditional repurchase options. Typically, we will be unable to resell these assets through regular channels due to characteristics of the assets. Since the fair value of these assets is influenced by factors that cannot be hedged, we did not elect the fair value option.

We carry the fair value-elected conforming and government-insured loans as loans held-for-sale, net, on the Consolidated Balance Sheet. Our policy is to separately record interest income on the fair value-elected loans (unless they are placed on nonaccrual status); however, the accrued interest was excluded from the fair value presentation. Upfront fees and costs related to the fair value-elected loans were not deferred or capitalized. The fair value adjustment recorded for these loans is classified as gain (loss) on mortgage loans, net, in the Consolidated Statement of Income. In accordance with GAAP, the fair value option election is irrevocable once the asset is funded even if it is subsequently determined that a particular loan cannot be sold.

Nongovernment-eligible mortgage loans held-for-sale subject to conditional repurchase options We elected the fair value option for both nongovernment-eligible mortgage loans held-for-sale subject to conditional repurchase options and the related liability. These conditional repurchase options within our private label securitizations allowed us to repurchase a transferred financial asset if certain events outside our control were met. The typical conditional repurchase option was a delinquent loan repurchase option that gave us the option to purchase the loan if it exceeded a certain prespecified delinquency level. We had complete discretion regarding when or if we would exercise these options, but generally we would do so only when it is in our best interest. We recorded the asset and the corresponding liability on our balance sheet when the option becomes exercisable. The fair value option election must be made at initial recording. As such, the conditional repurchase option assets and liabilities recorded prior to January 1, 2011, were ineligible for the fair value election.

We carried these fair value-elected optional repurchase loan balance as loans held-for-sale, net, on the Consolidated Balance Sheet. The fair value adjustment recorded for these loans was classified as other

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Notes to Consolidated Financial Statements (Continued)

income, net of losses, in the Consolidated Statement of Income. We carried the fair value-elected corresponding liability as accrued expenses and other liabilities on the Consolidated Balance Sheet. The fair value adjustment recorded for these liabilities were classified as other income, net of losses, in the Consolidated Statement of Income.

The following tables summarize the fair value option elections and information regarding the amounts recorded as earnings for each fair value option-elected item.

			Changes included in the Consolidated Statement of Income				
Year ended December 31, *($ in millions)*	**Interest and fees on finance receivables and loans (a)**	**Interest on loans held-for-sale (a)**	**Interest on long-term debt (b)**	**Gain on mortgage loans, net**	**Other income, net of losses**	**Total included in earnings**	**Change in fair value due to credit risk (c)**
2012							
Assets							
Mortgage loans held-for-sale, net	**$**	**$ 82**	**$**	**$ (32)**	**$**	**$ 50**	**$ (d)**
2011							
Assets							
Mortgage loans held-for-sale, net	$	$ 175	$	$ 148	$	$ 323	$ (d)

(a) Interest income is measured by multiplying the unpaid principal balance on the loans by the coupon rate and the number of days of interest due.

(b) Interest expense is measured by multiplying bond principal by the coupon rate and the number of days of interest due to the investor.

(c) Factors other than credit quality that impact fair value include changes in market interest rates and the illiquidity or marketability in the current marketplace. Lower levels of observable data points in illiquid markets generally result in wide bid/offer spreads.

(d) The credit impact for loans held-for-sale is assumed to be zero because the loans are either suitable for sale or are covered by a government guarantee.

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The following table provides the aggregate fair value and the aggregate unpaid principal balance for the fair value option-elected loans and long-term debt instruments.

	2012		2011	
December 31, *($ in millions)*	**Unpaid principal balance**	**Fair value (a)**	Unpaid principal balance	Fair value (a)
Assets				
Mortgage loans held-for-sale, net				
Total loans	**$ 2,416**	**$ 2,490**	$ 3,766	$ 3,919
Nonaccrual loans	**47**	**25**	54	27
Loans 90+ days past due (b)	**36**	**19**	53	27
Consumer mortgage finance receivables and loans, net				
Total loans			2,436	835
Nonaccrual loans (c)			506	209
Loans 90+ days past due (b) (c)			362	163
Liabilities				
Long-term debt				
On-balance sheet securitization debt	**$**	**$**	$ (2,559)	$ (830)
Accrued expenses and other liabilities				
Loan repurchase liabilities			(57)	(29)

(a) Excludes accrued interest receivable.

(b) Loans 90+ days past due are also presented within the nonaccrual loan balance and the total loan balance; however, excludes government-insured loans that are still accruing interest.

(c) The fair value of consumer mortgage finance receivables and loans is calculated on a pooled basis; therefore, we allocated the fair value of nonaccrual loans and loans 90+ days past due to individual loans based on the unpaid principal balances. For further discussion regarding the pooled basis, refer to the previous section of this note titled *Consumer mortgage finance receivables and loans, net.*

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Notes to Consolidated Financial Statements (Continued)

Fair Value of Financial Instruments

The following table presents the carrying and estimated fair value of financial instruments, except for those recorded at fair value on a recurring basis presented in the previous section of this note titled *Recurring Fair Value.* When possible, we use quoted market prices to determine fair value. Where quoted market prices are not available, the fair value is internally derived based on appropriate valuation methodologies with respect to the amount and timing of future cash flows and estimated discount rates. However, considerable judgment is required in interpreting market data to develop estimates of fair value, so the estimates are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange. The effect of using different market assumptions or estimation methodologies could be material to the estimated fair values. Fair value information presented herein was based on information available at December 31, 2012 and 2011.

	2012					2011	
		Estimated fair value					
December 31, *($ in millions)*	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Total**	Carrying value	Estimated fair value
Financial assets							
Loans held-for-sale, net (a)	**$ 2,576**	**$**	**$ 2,490**	**$ 86**	**$ 2,576**	$ 8,557	$ 8,674
Finance receivables and loans, net (a)	**97,885**			**98,907**	**98,907**	113,252	113,576
Nonmarketable equity investments	**303**		**272**	**34**	**306**	419	423
Financial liabilities							
Deposit liabilities	**$ 47,915**	**$**	**$**	**$ 48,752**	**$ 48,752**	$ 45,050	$ 45,696
Short-term borrowings	**7,461**	**6**		**7,454**	**7,460**	7,680	7,622
Long-term debt (a)(b)	**74,882**		**36,018**	**42,533**	**78,551**	93,525	92,142

(a) Includes financial instruments carried at fair value due to fair value option elections. Refer to the previous section of this note titled *Fair Value Option for Financial Assets and Liabilities* for further information about the fair value elections.

(b) The carrying value includes deferred interest for zero-coupon bonds of $321 million and $640 million at December 31, 2012, and 2011, respectively.

The following describes the methodologies and assumptions used to determine fair value for the significant classes of financial instruments. In addition to the valuation methods discussed below, we also followed guidelines for determining whether a market was not active and a transaction was not distressed. As such, we assumed the price that would be received in an orderly transaction (including a market-based return) and not in forced liquidation or distressed sale.

Loans held-for-sale, net Loans held-for-sale classified as Level 2 include all GSE-eligible mortgage loans valued predominantly using published forward agency prices. It also includes any domestic loans and foreign loans where recently negotiated market prices for the loan pool exist with a counterparty (which approximates fair value) or quoted market prices for similar loans are available. Loans held-for-sale classified as Level 3 include all loans valued using internally developed valuation models because observable market prices were not available. The loans are priced on a discounted cash flow basis utilizing cash flow projections from internally developed models that utilize prepayment, default, and discount rate assumptions. To the extent available, we will utilize market observable inputs such as interest rates and market spreads. If market observable inputs are not available, we are required to utilize internal inputs, such as prepayment speeds, credit losses, and discount rates.

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Finance receivables and loans, net With the exception of mortgage loans held-for-investment, the fair value of finance receivables was based on discounted future cash flows using applicable spreads to approximate current rates applicable to each category of finance receivables (an income approach using Level 3 inputs). The carrying value of commercial receivables in certain markets and certain other automotive- and mortgage-lending receivables for which interest rates reset on a short-term basis with applicable market indices are assumed to approximate fair value either because of the short-term nature or because of the interest rate adjustment feature. The fair value of commercial receivables in other markets was based on discounted future cash flows using applicable spreads to approximate current rates applicable to similar assets in those markets.

For mortgage loans held-for-investment used as collateral for securitization debt, we used a portfolio approach with Level 3 inputs to measure these loans at fair value. The objective in fair valuing these loans (which are legally isolated and beyond the reach of our creditors) and the related collateralized borrowings is to reflect our retained economic position in the securitizations. For mortgage loans held-for-investment that are not securitized, we used valuation methods and assumptions similar to those used for mortgage loans held-for-sale. These valuations consider unique attributes of the loans such as geography, delinquency status, product type, and other factors. Refer to the section above titled *Loans held-for-sale, net*, for a description of methodologies and assumptions used to determine the fair value of mortgage loans held-for-sale.

Deposit liabilities Deposit liabilities represent certain consumer and brokered bank deposits, mortgage escrow deposits, and dealer deposits. The fair value of deposits at Level 3 were estimated by discounting projected cash flows based on discount factors derived from the forward interest rate swap curve.

Debt Level 2 debt was valued using quoted market prices in inactive markets. Debt valued using internally derived inputs, such as prepayment speeds and discount rates, was classified as Level 3.

26. Segment and Geographic Information

Operating segments are defined as components of an enterprise that engage in business activity from which revenues are earned and expenses incurred for which discrete financial information is available that is evaluated regularly by our chief operating decision maker in deciding how to allocate resources and in assessing performance.

We report our results of operations on a line-of-business basis through three operating segments Automotive Finance operations, Insurance operations, and Mortgage operations, with the remaining activity reported in Corporate and Other. The operating segments are determined based on the products and services offered, and reflect the manner in which financial information is currently evaluated by management. The following is a description of each of our reportable operating segments.

Automotive Finance operations Provides automotive financing services to consumers and automotive dealers and includes the automotive activities of Ally Bank. For consumers, we offer retail automotive financing and leasing for new and used vehicles, and through our commercial automotive financing operations, we fund dealer purchases of new and used vehicles through wholesale or floorplan financing.

Insurance operations Offers both consumer finance and insurance products sold primarily through the automotive dealer channel, and commercial insurance products sold to dealers. As part of our focus on offering dealers a broad range of consumer finance and insurance products, we provide vehicle service contracts, maintenance coverage, and GAP products. We also underwrite selected commercial insurance coverages, which primarily insure dealers wholesale vehicle inventory in the United States.

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Notes to Consolidated Financial Statements (Continued)

Mortgage operations Our ongoing Mortgage operations are conducted through Ally Bank. We intend to continue to originate a modest level of jumbo and conventional conforming residential mortgages for our own portfolio through a select group of correspondent lenders. Our Mortgage operations also include noncore business activities that are winding down or were business activities of ResCap, which was deconsolidated on May 14, 2012, including, among other things: portfolios in runoff; and our mortgage reinsurance business.

Corporate and Other primarily consists of our centralized corporate treasury activities, such as management of the cash and corporate investment securities portfolios, short- and long-term debt, retail and brokered deposit liabilities, derivative instruments, the amortization of the discount associated with new debt issuances and bond exchanges, most notably from the December 2008 bond exchange, and the residual impacts of our corporate funds-transfer pricing (FTP) and treasury asset liability management (ALM) activities. Corporate and Other also includes our Commercial Finance Group, certain equity investments, overhead that was previously allocated to operations that have since been sold or classified as discontinued operations, and reclassifications and eliminations between the reportable operating segments.

We utilize an FTP methodology for the majority of our business operations. The FTP methodology assigns charge rates and credit rates to classes of assets and liabilities based on expected duration and the LIBOR swap curve plus an assumed credit spread. Matching duration allocates interest income and interest expense to these reportable segments so their respective results are insulated from interest rate risk. This methodology is consistent with our ALM practices, which includes managing interest rate risk centrally at a corporate level. The net residual impact of the FTP methodology is included within the results of Corporate and Other.

The information presented in our reportable operating segments and geographic areas tables that follow are based in part on internal allocations, which involve management judgment.

Change in Reportable Segment Information

As a result of a change in management s view of our operations, we have changed the presentation of our reportable operating segments during the year ended December 31, 2012. These changes include the following:

During the fourth quarter of 2012, we announced that we had reached agreements to sell substantially all of our International operations. As a result, beginning in the fourth quarter of 2012, we are presenting our continuing Automotive Finance activities under one reportable operating segment, Automotive Finance operations. Previously our Automotive Finance operations were presented as two reportable operating segments, North American Automotive Finance operations and International Automotive Finance operations.

During the fourth quarter of 2012, we began to allocate certain expenses associated with deposit gathering activities and other additional costs of holding liquidity to our Automotive Finance and Mortgage operations. These expenses were previously included within our Corporate and Other activities. Additionally, we began to include overhead that was previously allocated to operations that have since been sold or moved into discontinued operations within our Corporate and Other activities.

On May 14, 2012, the Debtors filed for relief under Chapter 11 of the Bankruptcy Code in the United States. As a result of the bankruptcy filing, ResCap was deconsolidated from our financial statements; and beginning in the second quarter of 2012, we began presenting our mortgage business activities under one reportable operating segment, Mortgage operations. Previously our Mortgage operations had been presented as two reportable operating segments, Origination and Servicing operations and Legacy Portfolio and Other operations. The new presentation is consistent with the organizational alignment of the business and management s current view of the mortgage business.

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Notes to Consolidated Financial Statements (Continued)

Financial information for our reportable operating segments is summarized as follows.

Year ended December 31, ($ in millions)	Automotive Finance operations	Insurance operations	Mortgage operations (a)	Corporate and Other (b)	Consolidated (c)
2012					
Net financing revenue (loss)	**$ 2,827**	**$ 64**	**$ 149**	**$ (1,149)**	**$ 1,891**
Other revenue (loss)	**322**	**1,150**	**1,159**	**(57)**	**2,574**
Total net revenue (loss)	**3,149**	**1,214**	**1,308**	**(1,206)**	**4,465**
Provision for loan losses	**253**		**86**	**(10)**	**329**
Total noninterest expense	**1,507**	**1,054**	**627**	**434**	**3,622**
Income (loss) from continuing operations before income tax expense	**$ 1,389**	**$ 160**	**$ 595**	**$ (1,630)**	**$ 514**
Total assets	**$ 128,411**	**$ 8,439**	**$ 14,744**	**$ 30,753**	**$ 182,347**
2011					
Net financing revenue (loss)	$ 2,530	$ 62	$ 205	$ (1,673)	$ 1,124
Other revenue	422	1,336	354	176	2,288
Total net revenue (loss)	2,952	1,398	559	(1,497)	3,412
Provision for loan losses	89		123	(51)	161
Total noninterest expense	1,530	1,082	344	472	3,428
Income (loss) from continuing operations before income tax expense	$ 1,333	$ 316	$ 92	$ (1,918)	$ (177)
Total assets	$ 112,591	$ 8,036	$ 33,906	$ 29,526	$ 184,059
2010					
Net financing revenue (loss)	$ 2,697	$ 73	$ 308	$ (2,005)	$ 1,073
Other revenue (loss)	724	1,728	257	(37)	2,672
Total net revenue (loss)	3,421	1,801	565	(2,042)	3,745
Provision for loan losses	260		148	(47)	361
Total noninterest expense	1,404	1,244	340	633	3,621
Income (loss) from continuing operations before income tax expense	$ 1,757	$ 557	$ 77	$ (2,628)	$ (237)
Total assets	$ 97,961	$ 8,789	$ 36,786	$ 28,472	$ 172,008

(a) Represents the ResCap legal entity (prior to its deconsolidation from Ally as of May 14, 2012) and the mortgage activities of Ally Bank.

(b) Total assets for the Commercial Finance Group were $1.5 billion, $1.2 billion, and $1.6 billion at December 31, 2012, 2011 and 2010, respectively.

(c) Net financing revenue after the provision for loan losses totaled $1.6 billion, $1.0 billion, and $0.7 billion in 2012, 2011 and 2010, respectively.

ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

Information concerning principal geographic areas were as follows.

Year ended December 31, *($ in millions)*	Revenue (a)	Income (loss) from continuing operations before income tax expense (b)	Net income (loss) (b)	Identifiable assets (c)	Long-lived assets (d)
2012					
Canada	**$ 233**	**$ 48**	**$ 295**	**$ 13,362**	**$ 1**
Europe (e)	**(28)**	**(14)**	**183**	**10,971**	**16**
Latin America	**2**	**(19)**	**219**	**8,050**	**33**
Asia-Pacific	**4**	**3**	**99**	**395**	
Total foreign	**211**	**18**	**796**	**32,778**	**50**
Total domestic (f)	**4,254**	**496**	**400**	**149,542**	**13,831**
Total	**$ 4,465**	**$ 514**	**$ 1,196**	**$ 182,320**	**$ 13,881**
2011					
Canada	$ 174	$ (13)	$ 436	$ 15,156	$ 282
Europe (e)	(42)	(3)	175	9,976	92
Latin America	4	(18)	104	7,647	30
Asia-Pacific	2		69	292	
Total foreign	138	(34)	784	33,071	404
Total domestic (f)	3,274	(143)	(941)	150,470	9,236
Total	$ 3,412	$ (177)	$ (157)	$ 183,541	$ 9,640
2010					
Canada	$ 157	$ (40)	$ 402	$ 17,321	$ 1,522
Europe (e)	(67)	(85)	278	11,321	406
Latin America	12	(7)	164	6,917	35
Asia-Pacific	4	6	7	202	
Total foreign	106	(126)	851	35,761	1,963
Total domestic (f)	3,639	(111)	178	135,722	7,541
Total	$ 3,745	$ (237)	$ 1,029	$ 171,483	$ 9,504

(a) Revenue consists of net financing revenue and total other revenue as presented in our Consolidated Statement of Income.

(b) The domestic amounts include original discount amortization of $349 million, $925 million, and $1.2 billion for the year ended December 31, 2012, 2011, and 2010, respectively.

(c) Identifiable assets consist of total assets excluding goodwill.

(d) Long-lived assets consist of investment in operating leases, net, and net property and equipment.

(e) Amounts include eliminations between our foreign operations.

(f) Amounts include eliminations between our domestic and foreign operations.

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ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

27. Parent and Guarantor Consolidating Financial Statements

Certain of our senior notes are guaranteed by a group of subsidiaries (the Guarantors). The Guarantors, each of which is a 100% directly owned subsidiary of Ally Financial Inc., are Ally US LLC, IB Finance Holding Company, LLC (IB Finance), and GMAC Continental Corporation (GMAC Continental). The Guarantors fully and unconditionally guarantee the senior notes on a joint and several basis. In connection with the purchase and sale agreement with General Motors Financial (GMF) described in Note 2, all of the common stock of GMAC Continental will be sold to GMF. Following the closing of this equity sale transaction, GMAC Continental will cease to be a Guarantor, and the proceeds from the sale of GMAC Continental will be reinvested in IB Finance or a subsidiary of IB Finance. Following the completion of this transaction, IB Finance and Ally US LLC will remain note Guarantors.

The following financial statements present condensed consolidating financial data for (i) Ally Financial Inc. (on a parent company-only basis), (ii) the Guarantors, (iii) the nonguarantor subsidiaries (all other subsidiaries), and (iv) an elimination column for adjustments to arrive at (v) the information for the parent company, Guarantors, and nonguarantors on a consolidated basis.

Investments in subsidiaries are accounted for by the parent company and the Guarantors using the equity-method for this presentation. Results of operations of subsidiaries are therefore classified in the parent company s and Guarantors investment in subsidiaries accounts. The elimination entries set forth in the following condensed consolidating financial statements eliminate distributed and undistributed income of subsidiaries, investments in subsidiaries, and intercompany balances and transactions between the parent, Guarantors, and nonguarantors.

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ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

Condensed Consolidating Statements of Income and Comprehensive Income

Year ended December 31, 2012 *($ in millions)*	**Parent**	**Guarantors**	**Nonguarantors**	**Consolidating adjustments**	**Ally consolidated**
Financing revenue and other interest income					
Interest and fees on finance receivables and loans	$ 852	$	$ 3,687	$	$ 4,539
Interest and fees on finance receivables and loans intercompany	104		22	(126)	
Interest on loans held-for-sale	15		83		98
Interest on trading assets			10		10
Interest and dividends on available-for-sale investment securities			292		292
Interest-bearing cash	16		8		24
Interest-bearing cash intercompany			16	(16)	
Operating leases	232		2,147		2,379
Total financing revenue and other interest income	1,219		6,265	(142)	7,342
Interest expense					
Interest on deposits	58		587		645
Interest on short-term borrowings	60		11		71
Interest on long-term debt	2,676		677	(17)	3,336
Interest on intercompany debt	(1)	1	120	(120)	
Total interest expense	2,793	1	1,395	(137)	4,052
Depreciation expense on operating lease assets	113		1,286		1,399
Net financing (loss) revenue	(1,687)	(1)	3,584	(5)	1,891
Dividends from subsidiaries					
Nonbank subsidiaries	1,074	448		(1,522)	
Other revenue					
Servicing fees	191		218		409
Servicing asset valuation and hedge activities, net			(4)		(4)
Total servicing income, net	191		214		405
Insurance premiums and service revenue earned			1,055		1,055
(Loss) gain on mortgage and automotive loans, net	(2)		381		379
Loss on extinguishment of debt			(148)		(148)
Other gain on investments, net			146		146
Other income, net of losses	173	474	1,280	(1,190)	737
Total other revenue	362	474	2,928	(1,190)	2,574
Total net (loss) revenue	(251)	921	6,512	(2,717)	4,465
Provision for loan losses	81		248		329
Noninterest expense					
Compensation and benefits expense	728	473	381	(476)	1,106
Insurance losses and loss adjustment expenses			454		454
Other operating expenses	1,090	1	1,685	(714)	2,062

Total noninterest expense	**1,818**	**474**	**2,520**	**(1,190)**	**3,622**
(Loss) income from continuing operations before income tax benefit and undistributed income (loss) of subsidiaries	**(2,150)**	**447**	**3,744**	**(1,527)**	**514**
Income tax benefit from continuing operations	**(172)**		**(684)**		**(856)**
Net (loss) income from continuing operations	**(1,978)**	**447**	**4,428**	**(1,527)**	**1,370**
Income (loss) from discontinued operations, net of tax	**49**	**(93)**	**(130)**		**(174)**
Undistributed income (loss) of subsidiaries					
Bank subsidiary	**859**	**859**		**(1,718)**	
Nonbank subsidiaries	**2,266**	**(105)**		**(2,161)**	
Net income	**$ 1,196**	**$ 1,108**	**$ 4,298**	**$ (5,406)**	**$ 1,196**

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ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2012 *($ in millions)*	**Parent**	**Guarantors**	**Nonguarantors**	**Consolidating adjustments**	**Ally consolidated**
Net income	**$ 1,196**	**$ 1,108**	**$ 4,298**	**$ (5,406)**	**$ 1,196**
Other comprehensive income, net of tax					
Unrealized gains on investment securities					
Net unrealized gains arising during the period	**190**	**39**	**329**	**(227)**	**331**
Less: Net realized gains reclassified to net income			**141**		**141**
Net change	**190**	**39**	**188**	**(227)**	**190**
Translation adjustments and net investment hedges					
Translation adjustments	**184**	**114**	**205**	**(319)**	**184**
Hedges	**(168)**				**(168)**
Net change	**16**	**114**	**205**	**(319)**	**16**
Cash flow hedges					
Net unrealized losses arising during the period	**(4)**	**(4)**	**(4)**	**8**	**(4)**
Defined benefit pension plans					
Net gains (losses), prior service costs, and transition obligations arising during the period	**22**		**(36)**	**(22)**	**(36)**
Less: Net losses, prior service costs, and transition obligations reclassified to net income			**(58)**		**(58)**
Net change	**22**		**22**	**(22)**	**22**
Other comprehensive income, net of tax	**224**	**149**	**411**	**(560)**	**224**
Comprehensive income	**$ 1,420**	**$ 1,257**	**$ 4,709**	**$ (5,966)**	**$ 1,420**

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ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 *($ in millions)*	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Financing revenue and other interest income					
Interest and fees on finance receivables and loans	$ 1,071	$	$ 3,128	$ (10)	$ 4,189
Interest and fees on finance receivables and loans intercompany	173		26	(199)	
Interest on loans held-for-sale	5		175		180
Interest on trading assets			8		8
Interest and dividends on available-for-sale investment securities	4		346		350
Interest-bearing cash	5		10		15
Operating leases	713		1,216		1,929
Total financing revenue and other interest income	1,971		4,909	(209)	6,671
Interest expense					
Interest on deposits	65		550		615
Interest on short-term borrowings	56		5		61
Interest on long-term debt	3,365	(1)	587	(21)	3,930
Interest on intercompany debt	(13)	2	196	(185)	
Total interest expense	3,473	1	1,338	(206)	4,606
Depreciation expense on operating lease assets	250		691		941
Net financing (loss) revenue	(1,752)	(1)	2,880	(3)	1,124
Dividends from subsidiaries					
Nonbank subsidiaries	1,383			(1,383)	
Other revenue					
Servicing fees	270		256	(1)	525
Servicing asset valuation and hedge activities, net			(434)		(434)
Total servicing income, net	270		(178)	(1)	91
Insurance premiums and service revenue earned			1,153		1,153
Gain on mortgage and automotive loans, net	22		207		229
Loss on extinguishment of debt	(64)				(64)
Other gain on investments, net	10		248		258
Other income, net of losses	(167)	37	1,415	(664)	621
Total other revenue	71	37	2,845	(665)	2,288
Total net (loss) revenue	(298)	36	5,725	(2,051)	3,412
Provision for loan losses	58		103		161
Noninterest expense					
Compensation and benefits expense	685	37	308	(37)	993
Insurance losses and loss adjustment expenses			452		452
Other operating expenses	541	1	2,069	(628)	1,983
Total noninterest expense	1,226	38	2,829	(665)	3,428
(Loss) income from continuing operations before income tax (benefit) expense and undistributed income (loss) of subsidiaries	(1,582)	(2)	2,793	(1,386)	(177)
Income tax (benefit) expense from continuing operations	(616)	(1)	659		42
Net (loss) income from continuing operations	(966)	(1)	2,134	(1,386)	(219)
Income (loss) from discontinued operations, net of tax	10	(8)	57	3	62

Undistributed income (loss) of subsidiaries					
Bank subsidiary	1,254	1,254		(2,508)	
Nonbank subsidiaries	(455)	477		(22)	
Net (loss) income	$ (157)	$ 1,722	$ 2,191	$ (3,913)	$ (157)

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ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 *($ in millions)*	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Net (loss) income	$ (157)	$ 1,722	$ 2,191	$ (3,913)	$ (157)
Other comprehensive (loss) income, net of tax					
Unrealized (losses) gains on investment securities					
Net unrealized (losses) gains arising during the period	(82)	50	171	57	196
Less: Net realized gains reclassified to net income	6		278		284
Net change	(88)	50	(107)	57	(88)
Translation adjustments and net investment hedges					
Translation adjustments	(237)	(114)	(219)	333	(237)
Hedges	173				173
Net change	(64)	(114)	(219)	333	(64)
Defined benefit pension plans					
Net (losses) gains, prior service costs, and transition obligations arising during the period	(20)	1	(27)	19	(27)
Less: Net losses, prior service costs, and transition obligations reclassified to net income			(7)		(7)
Net change	(20)	1	(20)	19	(20)
Other comprehensive loss, net of tax	(172)	(63)	(346)	409	(172)
Comprehensive (loss) income	$ (329)	$ 1,659	$ 1,845	$ (3,504)	$ (329)

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ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2010 *($ in millions)*	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Financing revenue and other interest income					
Interest and fees on finance receivables and loans	$ 938	$	$ 2,945	$ (1)	$ 3,882
Interest and fees on finance receivables and loans intercompany	367		4	(371)	
Interest on loans held-for-sale	75		265		340
Interest on trading assets			1		1
Interest and dividends on available-for-sale investment securities	4		318	(2)	320
Interest and dividends on available-for-sale investment securities intercompany	112		9	(121)	
Interest-bearing cash	13		17		30
Operating leases	1,063		1,520		2,583
Total financing revenue and other interest income	2,572		5,079	(495)	7,156
Interest expense					
Interest on deposits	52		528		580
Interest on short-term borrowings	43		2		45
Interest on long-term debt	3,691	(1)	537	(20)	4,207
Interest on intercompany debt	(21)	2	373	(354)	
Total interest expense	3,765	1	1,440	(374)	4,832
Depreciation expense on operating lease assets	435		816		1,251
Net financing (loss) revenue	(1,628)	(1)	2,823	(121)	1,073
Dividends from subsidiaries					
Nonbank subsidiaries	182	1		(183)	
Other revenue					
Servicing fees	434		89	(1)	522
Servicing asset valuation and hedge activities, net			(617)		(617)
Total servicing income, net	434		(528)	(1)	(95)
Insurance premiums and service revenue earned			1,342		1,342
Gain on mortgage and automotive loans, net	31		556		587
Loss on extinguishment of debt	(127)		(9)	12	(124)
Other gain on investments, net	6		501	(6)	501
Other income, net of losses	(151)		1,173	(561)	461
Total other revenue	193		3,035	(556)	2,672
Total net (loss) revenue	(1,253)		5,858	(860)	3,745
Provision for loan losses	(200)		561		361
Noninterest expense					
Compensation and benefits expense	785		302		1,087
Insurance losses and loss adjustment expenses			511		511
Other operating expenses	744		1,875	(596)	2,023
Total noninterest expense	1,529		2,688	(596)	3,621
(Loss) income from continuing operations before income tax (benefit) expense and undistributed income of subsidiaries	(2,582)		2,609	(264)	(237)
Income tax (benefit) expense from continuing operations	(574)		671		97

Net (loss) income from continuing operations	(2,008)		1,938	(264)	(334)
Income from discontinued operations, net of tax	150	3	1,214	(4)	1,363
Undistributed income of subsidiaries					
Bank subsidiary	902	902		(1,804)	
Nonbank subsidiaries	1,985	259		(2,244)	
Net income	$ 1,029	$ 1,164	$ 3,152	$ (4,316)	$ 1,029

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ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2010 *($ in millions)*	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Net income	$ 1,029	$ 1,164	$ 3,152	$ (4,316)	$ 1,029
Other comprehensive (loss) income, net of tax					
Unrealized (losses) gains on investment securities					
Net unrealized (losses) gains arising during the period	(174)	(85)	649	(70)	320
Less: Net realized gains reclassified to net income	3		499	(5)	497
Net change	(177)	(85)	150	(65)	(177)
Translation adjustments and net investment hedges					
Translation adjustments	165	442	630	(1,072)	165
Hedges	(182)				(182)
Net change	(17)	442	630	(1,072)	(17)
Cash flow hedges					
Net unrealized gains arising during the period	33				33
Defined benefit pension plans					
Net losses, prior service costs, and transition obligations arising during the period	(40)		(81)	62	(59)
Less: Net losses, prior service costs, and transition obligations reclassified to net income			(19)		(19)
Net change	(40)		(62)	62	(40)
Other comprehensive (loss) income, net of tax	(201)	357	718	(1,075)	(201)
Cumulative effect of change in accounting principle (a)	(4)		(4)	4	(4)
Comprehensive income	$ 824	$ 1,521	$ 3,866	$ (5,387)	$ 824

(a) Relates to the adoption of ASU 2009-17, *Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities.*

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ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

Condensed Consolidating Balance Sheet

December 31, 2012 ($ in millions)	Parent (a)	Guarantors	Nonguarantors (a)	Consolidating adjustments	Ally consolidated
Assets					
Cash and cash equivalents					
Noninterest-bearing	$ 729	$	$ 344	$	$ 1,073
Noninterest-bearing intercompany	39			(39)	
Interest-bearing	3,204		3,236		6,440
Interest-bearing intercompany			452	(452)	
Total cash and cash equivalents	3,972		4,032	(491)	7,513
Investment securities			14,178		14,178
Loans held-for-sale, net			2,576		2,576
Finance receivables and loans, net					
Finance receivables and loans, net	12,486		86,569		99,055
Intercompany loans to					
Bank subsidiary	1,600			(1,600)	
Nonbank subsidiaries	3,514		672	(4,186)	
Allowance for loan losses	(170)		(1,000)		(1,170)
Total finance receivables and loans, net	17,430		86,241	(5,786)	97,885
Investment in operating leases, net	2,003		11,547		13,550
Intercompany receivables from					
Bank subsidiary	677			(677)	
Nonbank subsidiaries	315	334	378	(1,027)	
Investment in subsidiaries					
Bank subsidiary	14,288	14,288		(28,576)	
Nonbank subsidiaries	19,180	3,723		(22,903)	
Mortgage servicing rights			952		952
Premiums receivable and other insurance assets			1,609		1,609
Other assets	2,514		9,968	(574)	11,908
Assets of operations held-for-sale	855	762	30,582	(23)	32,176
Total assets	$ 61,234	$ 19,107	$ 162,063	$ (60,057)	$ 182,347
Liabilities					
Deposit liabilities					
Noninterest-bearing	$	$	$ 1,977	$	$ 1,977
Noninterest-bearing intercompany			39	(39)	
Interest-bearing	983		44,955		45,938
Total deposit liabilities	983		46,971	(39)	47,915
Short-term borrowings	3,094		4,367		7,461
Long-term debt	32,342		42,219		74,561
Intercompany debt to					
Nonbank subsidiaries	530		5,708	(6,238)	
Intercompany payables to					

Bank subsidiary	**752**			**(752)**	
Nonbank subsidiaries	**674**		**278**	**(952)**	
Interest payable	**748**		**184**		**932**
Unearned insurance premiums and service revenue			**2,296**		**2,296**
Accrued expenses and other liabilities	**2,187**	**451**	**4,517**	**(570)**	**6,585**
Liabilities of operations held-for-sale	**26**	**725**	**21,948**		**22,699**
Total liabilities	**41,336**	**1,176**	**128,488**	**(8,551)**	**162,449**
Total equity	**19,898**	**17,931**	**33,575**	**(51,506)**	**19,898**
Total liabilities and equity	**$ 61,234**	**$ 19,107**	**$ 162,063**	**$ (60,057)**	**$ 182,347**

(a) Amounts presented are based upon the legal transfer of the underlying assets to VIEs in order to reflect legal ownership.

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ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2011 *($ in millions)*	Parent (a)	Guarantors	Nonguarantors (a)	Consolidating adjustments	Ally consolidated
Assets					
Cash and cash equivalents					
Noninterest-bearing	$ 1,413	$	$ 1,062	$	$ 2,475
Interest-bearing	4,848	14	5,698		10,560
Interest-bearing intercompany			516	(516)	
Total cash and cash equivalents	6,261	14	7,276	(516)	13,035
Trading assets			622		622
Investment securities			15,135		15,135
Loans held-for-sale, net	425		8,132		8,557
Finance receivables and loans, net					
Finance receivables and loans, net	15,151	476	99,128		114,755
Intercompany loans to					
Bank subsidiary	4,920			(4,920)	
Nonbank subsidiaries	5,397	356	550	(6,303)	
Allowance for loan losses	(245)	(2)	(1,256)		(1,503)
Total finance receivables and loans, net	25,223	830	98,422	(11,223)	113,252
Investment in operating leases, net	928		8,347		9,275
Intercompany receivables from					
Bank subsidiary	82			(82)	
Nonbank subsidiaries	1,070	327	577	(1,974)	
Investment in subsidiaries					
Bank subsidiary	13,094	13,094		(26,188)	
Nonbank subsidiaries	17,433	3,809		(21,242)	
Mortgage servicing rights			2,519		2,519
Premiums receivable and other insurance assets			1,853		1,853
Other assets	2,664	2	16,713	(638)	18,741
Assets of operations held-for-sale	(174)		1,244		1,070
Total assets	$ 67,006	$ 18,076	$ 160,840	$ (61,863)	$ 184,059
Liabilities					
Deposit liabilities					
Noninterest-bearing	$	$	$ 2,029	$	$ 2,029
Interest-bearing	1,768		41,253		43,021
Total deposit liabilities	1,768		43,282		45,050
Short-term borrowings	2,756	136	4,788		7,680
Long-term debt	39,615	214	53,056		92,885
Intercompany debt to					
Nonbank subsidiaries	574	492	10,673	(11,739)	
Intercompany payables to					
Bank subsidiary	39			(39)	
Nonbank subsidiaries	1,266	1	750	(2,017)	
Interest payable	1,167	3	417		1,587
Unearned insurance premiums and service revenue			2,576		2,576
Accrued expenses and other liabilities	541	323	14,438	(638)	14,664
Liabilities of operations held-for-sale			337		337

Total liabilities	47,726	1,169	130,317	(14,433)	164,779
Total equity	19,280	16,907	30,523	(47,430)	19,280
Total liabilities and equity	$ 67,006	$ 18,076	$ 160,840	$ (61,863)	$ 184,059

(a) Amounts presented are based upon the legal transfer of the underlying assets to VIEs in order to reflect legal ownership.

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ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

Condensed Consolidating Statement of Cash Flows

Year ended December 31, 2012 *($ in millions)*	**Parent**	**Guarantors**	**Nonguarantors**	**Consolidating adjustments**	**Ally consolidated**
Operating activities					
Net cash provided by operating activities	$ 102	$ 306	$ 5,862	$ (1,221)	$ 5,049
Investing activities					
Purchases of available-for-sale securities			(12,816)		(12,816)
Proceeds from sales of available-for-sale securities			7,662		7,662
Proceeds from maturities and repayments of available-for-sale securities			5,673		5,673
Net decrease (increase) in finance receivables and loans	3,027	2	(14,972)		(11,943)
Proceeds from sales of finance receivables and loans	352		1,980		2,332
Net decrease in loans intercompany	3,879	105	129	(4,113)	
Net increase in operating lease assets	(2,268)		(3,431)		(5,699)
Capital contributions to subsidiaries	(261)			261	
Returns of contributed capital	2,079			(2,079)	
Net cash effect from deconsolidation of ResCap			(539)		(539)
Proceeds from sale of business units, net	29		487		516
Other, net	(247)	(13)	(1,481)		(1,741)
Net cash provided by (used in) investing activities	6,590	94	(17,308)	(5,931)	(16,555)
Financing activities					
Net change in short-term borrowings third party	338	25	2,331		2,694
Net increase in bank deposits			7,619	(39)	7,580
Proceeds from issuance of long-term debt third party	3,613	70	35,718		39,401
Repayments of long-term debt third party	(11,238)	(73)	(28,598)		(39,909)
Net change in debt intercompany	(44)	(149)	(3,984)	4,177	
Dividends paid third party	(802)				(802)
Dividends paid and returns of contributed capital intercompany		(457)	(2,843)	3,300	
Capital contributions from parent		169	92	(261)	
Other, net	(785)	1	(143)		(927)
Net cash (used in) provided by financing activities	(8,918)	(414)	10,192	7,177	8,037
Effect of exchange-rate changes on cash and cash equivalents	(63)		5		(58)
Net decrease in cash and cash equivalents	(2,289)	(14)	(1,249)	25	(3,527)
Adjustment for change in cash and cash equivalents of operations held-for-sale			(1,995)		(1,995)
Cash and cash equivalents at beginning of year	6,261	14	7,276	(516)	13,035
Cash and cash equivalents at end of year	$ 3,972	$	$ 4,032	$ (491)	$ 7,513

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Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2011 *($ in millions)*	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Operating activities					
Net cash provided by operating activities	$ 2,695	$ 209	$ 3,973	$ (1,384)	$ 5,493
Investing activities					
Purchases of available-for-sale securities			(19,377)		(19,377)
Proceeds from sales of available-for-sale securities	1,494		12,738		14,232
Proceeds from maturities and repayments of available-for-sale securities	1		4,964		4,965
Net increase in finance receivables and loans	(2,933)	(51)	(14,014)		(16,998)
Proceeds from sales of finance receivables and loans	1,346		1,522		2,868
Net decrease (increase) in loans intercompany	2,743	11	(88)	(2,666)	
Net decrease (increase) in operating lease assets	2,890		(3,901)		(1,011)
Capital contributions to subsidiaries	(1,634)	(855)		2,489	
Returns of contributed capital	1,255			(1,255)	
Proceeds from sale of business units, net			50		50
Other, net	124	(1)	1,020		1,143
Net cash provided by (used in) investing activities	5,286	(896)	(17,086)	(1,432)	(14,128)
Financing activities					
Net change in short-term borrowings third party	237	47	230		514
Net increase in bank deposits			5,840		5,840
Proceeds from issuance of long-term debt third party	3,201	200	41,353		44,754
Repayments of long-term debt third party	(9,414)	(226)	(30,833)		(40,473)
Net change in debt intercompany	71	30	(2,755)	2,654	
Dividends paid third party	(819)				(819)
Dividends paid and returns of contributed capital intercompany		(207)	(2,431)	2,638	
Capital contributions from parent		855	1,634	(2,489)	
Other, net	308		(74)		234
Net cash (used in) provided by financing activities	(6,416)	699	12,964	2,803	10,050
Effect of exchange-rate changes on cash and cash equivalents	31		18		49
Net increase (decrease) in cash and cash equivalents	1,596	12	(131)	(13)	1,464
Adjustment for change in cash and cash equivalents of operations held-for-sale			(99)		(99)
Cash and cash equivalents at beginning of year	4,665	2	7,506	(503)	11,670
Cash and cash equivalents at end of year	$ 6,261	$ 14	$ 7,276	$ (516)	$ 13,035

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ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2010 *($ in millions)*	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Operating activities					
Net cash provided by operating activities	$ 4,552	$ 13	$ 7,230	$ (188)	$ 11,607
Investing activities					
Purchases of available-for-sale securities	(1,485)		(22,631)		(24,116)
Proceeds from sales of available-for-sale securities	41		17,872	(41)	17,872
Proceeds from maturities and repayments of available-for-sale securities			4,527		4,527
Net decrease in investment securities intercompany	323		260	(583)	
Net (increase) decrease in finance receivables and loans	(5,177)	96	(12,263)		(17,344)
Proceeds from sales of finance receivables and loans	6		3,132		3,138
Net decrease (increase) in loans intercompany	7,736	(283)	(302)	(7,151)	
Net (increase) decrease in operating lease assets	(2,770)		7,846		5,076
Capital contributions to subsidiaries	(2,036)	(1,737)		3,773	
Returns of contributed capital	880			(880)	
Proceeds from sale of business unit, net	59		102		161
Other, net	104	(1)	3,016		3,119
Net cash (used in) provided by investing activities	(2,319)	(1,925)	1,559	(4,882)	(7,567)
Financing activities					
Net change in short-term borrowings third party	735	50	(4,414)		(3,629)
Net increase in bank deposits			6,556		6,556
Proceeds from issuance of long-term debt third party	5,824	90	33,047	41	39,002
Repayments of long-term debt third party	(4,292)	(256)	(44,982)		(49,530)
Net change in debt intercompany	243	300	(7,774)	7,231	
Dividends paid third party	(1,253)				(1,253)
Dividends paid and returns of contributed capital intercompany			(1,068)	1,068	
Capital contributions from parent		1,725	2,048	(3,773)	
Other, net	418		451		869
Net cash provided by (used in) financing activities	1,675	1,909	(16,136)	4,567	(7,985)
Effect of exchange-rate changes on cash and cash equivalents			102		102
Net increase (decrease) in cash and cash equivalents	3,908	(3)	(7,245)	(503)	(3,843)
Adjustment for change in cash and cash equivalents of operations held-for-sale			725		725
Cash and cash equivalents at beginning of year	757	5	14,026		14,788
Cash and cash equivalents at end of year	$ 4,665	$ 2	$ 7,506	$ (503)	$ 11,670

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Notes to Consolidated Financial Statements (Continued)

28. Guarantees and Commitments

Guarantees

Guarantees are defined as contracts or indemnification agreements that contingently require us to make payments to third parties based on changes in the underlying agreements with the guaranteed parties. The following summarizes our outstanding guarantees, including those of our discontinued operations, made to third parties on our Consolidated Balance Sheet, for the periods shown.

	2012		2011	
December 31, *($ in millions)*	**Maximum liability**	**Carrying value of liability**	Maximum liability	Carrying value of liability
Default automotive repurchases	**$ 1,897**	**$**	$ 1,600	$
Standby letters of credit and other guarantees	**274**	**44**	333	88

Default Automotive Repurchases

Certain of our discontinued international automotive financing businesses provide certain investors in our on-balance sheet arrangements (securitizations) and whole-loan transactions with repurchase commitments for loans that become contractually delinquent within a specified time from their date of origination or purchase. The maximum obligation represents the principal balance for loans sold that are covered by these stipulations. Refer to Note 10 for further information regarding our securitization trusts.

Standby Letters of Credit

Our Commercial Finance Group issues standby letters of credit to customers that represent irrevocable guarantees of payment of specified financial obligations. Third-party beneficiaries primarily utilize standby letters of credit as insurance in the event of nonperformance by our customers. Assets of the customers (e.g., trade receivables, inventory, and cash deposits) generally collateralize letters of credit. Expiration dates on letters of credit range from certain ongoing commitments that will expire during the upcoming year to terms of several years for certain letters of credit.

If nonperformance by a customer occurs for letters of credit, we can be liable for payment of the letter of credit to the beneficiary with our likely recourse being a charge back to the customer or liquidation of the collateral. The majority of customers with whom we have letter of credit exposure fall into the acceptable risk-rating category of our Commercial Finance Group s internal risk-rating system. This category is essentially at the midpoint of our risk rating classifications.

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Notes to Consolidated Financial Statements (Continued)

Commitments

Financing Commitments

The contractual commitments were as follows.

December 31, *($ in millions)*	**2012**	2011
Commitments to		
Sell mortgages or securities (a)	**$ 6,282**	$ 12,632
Originate/purchase mortgages or securities (a)	**4,249**	6,741
Provide capital to investees (b)	**86**	56
Provide retail automotive receivables to third-parties (c)	**425**	1,779
Warehouse and construction-lending commitments (d)	**100**	1,018
Home equity lines of credit (e)	**411**	2,234
Unused revolving credit line commitments (f)	**668**	1,304

(a) Amounts primarily include commitments accounted for as derivatives.

(b) We are committed to contribute capital to certain private equity funds. The fair value of these commitments is considered in the overall valuation of the underlying assets with which they are associated.

(c) Certain of our discontinued international automotive financing businesses are committed to provide retail automotive receivables to third-party banks in exchange for secured debt. The transaction does not meet the definition of a sale.

(d) The fair value of these commitments is considered in the overall valuation of the related assets.

(e) We are committed to fund the remaining unused balances on home equity lines of credit for certain home equity loans sold into securitization structures (both on- and off-balance sheet structures) if certain deal-specific triggers are met. At December 31, 2012, the commitments to fund home equity lines of credit in off-balance sheet securitizations represented $0 million of the total unfunded commitments.

(f) The unused portion of revolving lines of credit reset at prevailing market rates and, as such, approximate market value.

The mortgage-lending and revolving credit line commitments contain an element of credit risk. Management reduces its credit risk for unused mortgage-lending and unused revolving credit line commitments by applying the same credit policies in making commitments as it does for extending loans. We typically require collateral as these commitments are drawn.

Lease Commitments

Future minimum rental payments required under operating leases, primarily for real property, with noncancelable lease terms expiring after December 31, 2012, are as follows.

Year ended December 31, *($ in millions)*	
2013	$ 70
2014	62
2015	50
2016	29
2017	18
2018 and thereafter	23
Total minimum payment required	$ 252

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Notes to Consolidated Financial Statements (Continued)

Certain of the leases contain escalation clauses and renewal or purchase options. Rental expenses under operating leases were $63 million, $79 million, and $84 million in 2012, 2011, and 2010, respectively.

Contractual Commitments

We have entered into multiple agreements for information technology, marketing and advertising, and voice and communication technology and maintenance. Many of the agreements are subject to variable price provisions, fixed or minimum price provisions, and termination or renewal provisions.

Year ended December 31, *($ in millions)*	
2013	$ 253
2014 and 2015	159
2016 and 2017	74
2018 and thereafter	25
Total future payment obligations	$ 511

29. Contingencies and Other Risks

In the normal course of business, we enter into transactions that expose us to varying degrees of risk.

Concentration with GM and Chrysler

The profitability and financial condition of our operations are heavily dependent upon the performance, operations, and prospects of GM, Chrysler, and their dealers. We have preferred provider agreements that provide for limited exclusivity privileges with respect to subvention programs offered by GM and Chrysler. These agreements do not provide us with any benefits relating to standard rate financing or lease products. Our preferred provider agreements with GM and Chrysler terminate on December 31, 2013, and April 30, 2013, respectively.

Mortgage-Related Matters

ResCap Bankruptcy Filing

On May 14, 2012, Residential Capital, LLC (ResCap) and certain of its wholly owned direct and indirect subsidiaries (collectively, the Debtors) filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (Bankruptcy Court). In connection with the filings, Ally Financial Inc. and its direct and indirect subsidiaries and affiliates (excluding the Debtors) (collectively, AFI) had reached an agreement with the Debtors and certain creditor constituencies on a prearranged Chapter 11 plan (the Plan). The Plan included a proposed settlement (the Settlement) between AFI and the Debtors, which included, among other things, an obligation of AFI to make a $750 million cash contribution to the Debtors estate, and a release of all existing or potential causes of action between AFI and the Debtors, as well as a release of all existing or potential ResCap-related causes of action against AFI held by third parties.

The Settlement contemplated certain milestone requirements that the Debtors failed to satisfy, including the Bankruptcy Court s confirmation of the Plan on or before October 31, 2012. While the failure to meet this October 31 milestone would have resulted in the Settlement s automatic termination, AFI and the Debtors agreed

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Notes to Consolidated Financial Statements (Continued)

to monthly temporary waivers of this automatic termination through February 28, 2013. This waiver was not extended beyond this date, and therefore the Settlement has terminated.

As a result of the termination of the Settlement, AFI is no longer obligated to make the $750 million cash contribution and neither party is bound by the Settlement. Further, AFI is not entitled to receive any releases from either the Debtors or any third party claimants, as was contemplated under the Plan and Settlement. However, AFI has not withdrawn its offer to provide a $750 million cash contribution to the Debtors estate if an acceptable settlement can be reached. As a result of the termination of the Settlement, substantial claims could be brought against us, which could have a material adverse impact on our results of operations, financial position or cash flows. For further information with respect to the bankruptcy, refer to Note 1.

Based on our assessment of the effect of the deconsolidation of ResCap, potential obligations as a result of the ResCap bankruptcy, and other impacts related to the bankruptcy filing, we recorded a charge of $1.2 billion during the year ended December 31, 2012. This charge primarily consisted of the impairment of Ally s $442 million equity investment in ResCap and an additional $750 million, which is the amount AFI has offered to contribute to the Debtors estate. Given the inherent uncertainty of the bankruptcy process, it is possible that the $750 million estimate could be increased or decreased in the future, but we are unable to estimate the amount of any potential modification.

Mortgage Settlements and Consent Order

On February 9, 2012, we announced that we had reached an agreement with respect to investigations into procedures followed by mortgage servicing companies and banks in connection with mortgage origination and servicing activities and foreclosure home sales and evictions (the Mortgage Settlement). Further, as a result of an examination conducted by the FRB and FDIC, on April 13, 2011, we entered into a consent order (the Consent Order) with the FRB and the FDIC, that required, among other things, GMAC Mortgage, LLC to retain independent consultants to conduct a risk assessment related to mortgage servicing activities and, separately, to conduct a review of certain past residential mortgage foreclosure actions (the Foreclosure Review). The Debtors are primarily liable for all remaining obligations under both the Mortgage Settlement and Consent Order. AFI is secondarily liable for the specific performance of required actions, and is jointly and severally liable for certain financial obligations. On September 19, 2012, the official committee of unsecured creditors appointed in the Debtors bankruptcy cases (the Creditors Committee) filed an objection to the Debtors motions to compensate the independent consultants for their Foreclosure Review services. In its objection, the Creditors Committee alleged, among other things, that AFI should be responsible for the costs of the Foreclosure Review. On October 11, 2012, the Bankruptcy Court entered an interim order allowing the Debtors to continue paying the independent consultants on an interim 90 day basis, while reserving all parties rights with respect to the allocation of costs between the Debtors and AFI for the Foreclosure Review. On January 14, 2013, the bankruptcy court entered an interim order authorizing the Debtors to continue paying the independent consultants for their Foreclosure Review services until February 28, 2013, and then on February 28, 2013, the bankruptcy court entered an interim order authorizing the Debtors to continue paying the independent consultants until March 21, 2013, reserving all parties rights until that time. On February 27, 2013, the Debtors filed a motion with the Bankruptcy Court seeking, for purposes of any proposed chapter 11 plan, that GMAC Mortgage s obligation to conduct and pay for independent file review regarding certain residential foreclosure actions and foreclosure sales prosecuted by GMAC Mortgage and its subsidiaries, as required under the Consent Order, be classified as a general unsecured claim in an amount to be determined, and that the automatic stay under the Bankruptcy Code be applied to prevent the FRB, the FDIC, and other governmental entities from taking any action to enforce the obligation against the Debtors. If the Bankruptcy Court approves the motion, such governmental entities are likely to seek to enforce the obligation against AFI, and any such obligations ultimately borne by AFI could be material. The Debtors have requested that the motion be heard at a hearing on March 21, 2013.

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Notes to Consolidated Financial Statements (Continued)

Legal Proceedings

We are subject to potential liability under various governmental proceedings, claims, and legal actions that are pending or otherwise asserted against us. We are named as defendants in a number of legal actions, and we are involved in governmental proceedings arising in connection with our respective businesses. Some of the pending actions purport to be class actions, and certain legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. We establish reserves for legal claims when payments associated with the claims become probable and the payments can be reasonably estimated. Given the inherent difficulty of predicting the outcome of litigation and regulatory matters, it is generally very difficult to predict what the eventual outcome will be, and when the matter will be resolved. The actual costs of resolving legal claims may be higher or lower than any amounts reserved for the claims.

Mortgage-backed Securities Litigation

We have previously disclosed various litigation matters where the Debtors (as defined above) were named as defendants in cases relating to mortgage-backed securities and certain other mortgage-related matters. As a result of the bankruptcy filings, all litigation against the Debtors has been automatically stayed and will be resolved in the bankruptcy litigation out of the assets of the estate. Ally believes that it has no potential future liability with respect to any litigation claims pending solely against the Debtors.

Ally Financial Inc. and certain of its subsidiaries (excluding the Debtors) (collectively, the AFI Entities) are named as defendants in various cases relating to ResCap mortgage-backed securities (MBS) and certain other mortgage-related matters, which are described in more detail below (collectively, the Mortgage Cases). In the private-label securities litigation, the plaintiffs generally allege that misstatements and omissions occurred in registration statements, prospectuses, prospectus supplements, and other documents related to MBS offerings. The alleged misstatements and omissions typically concern underwriting standards. The plaintiffs generally claim that such misstatements and omissions constitute violations of state and/or federal securities law and common law including negligent misrepresentation and fraud. Plaintiffs seek monetary damages and rescission. In these cases, the claims against Ally Financial Inc. are all indirect or vicarious in nature, which generally requires proof of direct liability against the underlying Debtor entities before the litigants can seek to hold Ally Financial Inc. responsible for such underlying conduct. With respect to the private-label monoline bond insurer claims, certain monoline bond insurers generally allege breach of contract and fraud, as described more specifically below.

As described earlier, the proposed bankruptcy Plan, which provided for a release of all existing and potential causes of action against the AFI Entities held by ResCap (including the Mortgage Cases), has been terminated. As a result, the Mortgage Cases are expected to proceed against us. We intend to vigorously defend these cases.

Other than the Cambridge Place I and II, New Jersey Carpenters, FHFA and FDIC matters, all of the private-label securities matters are currently subject to orders entered by the Bankruptcy Court staying the matter through April 30, 2013 in connection with the Debtors bankruptcy. The Cambridge Place I and II and New Jersey Carpenters matters are currently subject to stay orders through March 31, 2013, and the FHFA and FDIC matters are currently proceeding against the applicable Ally defendants. Other than the MBIA matter, all of the private-label monoline bond insurer claims are currently subject to orders entered by the Bankruptcy Court staying the matter through April 30, 2013 in connection with the Debtors bankruptcy. The MBIA matter is currently proceeding against the applicable Ally defendants. All of the stay orders permit motion to dismiss practice and limited discovery to proceed for and against the non-Debtor Ally defendants.

Set forth below are descriptions of these proceedings.

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Notes to Consolidated Financial Statements (Continued)

Private-label Securities Litigation

Allstate Litigation

On February 14, 2011, the Allstate Insurance Company and various of its subsidiaries and affiliates (collectively, Allstate) filed a complaint in Hennepin County District Court, Minnesota, against Ally Securities LLC (Ally Securities) and a number of ResCap entities. The complaint alleges that the defendants misrepresented in the offering materials the riskiness and credit quality of, and omitted material information related to, residential mortgage-backed securities (MBS) Allstate purchased. The complaint asserts claims for fraud and negligent misrepresentation and seeks money damages and costs, including attorneys fees. A motion to dismiss the amended complaint was granted in part and denied in part on November 28, 2011, pursuant to which the court dismissed the negligent misrepresentation claim and allowed the fraud and Consumer Fraud Act claims to proceed.

Cambridge Place I and II Litigation

On February 11, 2011, Cambridge Place Investments filed two complaints against Ally Securities and a number of ResCap entities alleging violations of state securities laws and seeks, in both cases, recovery of money damages, together with statutory interest from the date of payment, costs, and attorneys fees. Plaintiff dismissed the Debtor entities in March 2012 and the case remains pending against Ally Securities only.

FDIC Litigation

The Federal Deposit Insurance Corporation filed four complaints against Ally Securities between May 2012 and August 2012 alleging violations of federal and state securities laws, in each alleging that Ally Securities made misleading statements in a registration statement. Plaintiff seeks rescission and money damages in all cases including pre- and post-judgment interest, attorney s fees and costs of court. Ally Securities has filed motions to dismiss in three of the four cases, and expects to file a motion to dismiss in the fourth case as well.

FHFA Litigation

FHFA, as conservator for Freddie Mac, filed a complaint on September 2, 2011, against Ally Financial Inc., Ally Securities, GMAC Mortgage Group (GMACMG), and a number of ResCap entities, in New York County Supreme Court. The case was removed to Federal District Court, Southern District of New York. Subsequent to the ResCap bankruptcy filing, the FHFA amended its complaint to remove all Debtor entities. The complaint alleges that Ally Financial Inc., GMACMG and Ally Securities violated federal and state securities laws and engaged in aiding and abetting a fraud, asserts control person liability against Ally Financial. The plaintiff seeks rescission and recovery of money damages, with interest, as well as consequential and punitive damages, attorney s fees and costs and judgment interest. Motions to dismiss were filed by defendants on July 13, 2012, and were granted in part and denied in part on December 19, 2012. The dismissed portions of the complaint did not substantially alter the original allegations, entities involved, or securities offerings at issue in the case.

FHLB Litigation

Federal Home Loan Bank (FHLB) of Indianapolis filed an Amended Complaint in Marion County Superior Court for rescission and damages on July 14, 2011, asserting claims for common law negligence and violations of state and federal securities laws, and names Ally Securities, and GMACMG, and a number of ResCap entities. The complaint alleges that the offering documents for the securities underwritten and issued by the defendants

ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

contained material misrepresentations of fact, evidenced by high default and foreclosure rates, and seeks damages or statutory recovery upon tender, plus interest, attorneys fees, and costs, including expert witness fees and an order voiding the transactions at issue. The defendants filed a motion to dismiss, which was granted in part and denied in part. The negligent misrepresentation claim remains against Ally Securities only.

FHLB of Boston filed a complaint on April 20, 2011, in Suffolk County Superior Court, naming numerous defendants including Ally Financial Inc.; GMACMG, and a number of ResCap entities. The complaint alleges that the defendants collectively packaged, marketed, offered, and sold private-label MBS, and FHLB of Boston purchased such securities in reliance upon misstatements and omissions of material facts in the offering documents. The complaint alleges negligent misrepresentation and violations of the Massachusetts Uniform Securities Act. Plaintiffs seek damages, plus interest, attorneys fees, and costs, including expert witness fees. The defendants removed this case to federal court. The AFI Entities filed a Motion to Dismiss on October 11, 2012.

FHLB of Chicago filed a Corrected Amended Complaint for Rescission and Damages on October 15, 2011, in Cook County Circuit Court, which names, among other defendants, Ally Financial Inc., Ally Securities, GMACMG, and a number of ResCap entities. The complaint alleges that the offering documents for the securities underwritten and issued by defendants contained material misrepresentations of fact and asserts claims for violations of state securities law and negligent misrepresentation. The complaint seeks rescission of the transactions at issue, money damages, and attorney s fees and costs, including expert witness fees. The defendants motion to dismiss was denied September 12, 2012.

John Hancock Litigation

John Hancock Life Insurance Company filed a complaint in Hennepin County, Minnesota on July 27, 2012 against Ally Financial Inc., Ally Bank, Ally Securities, GMACMG and a number of ResCap individual directors and officers. The complaint alleges fraud, aiding and abetting fraud, negligent misrepresentation, and violations of federal and state securities laws. The plaintiff seeks rescission and money damages, including costs, reasonable attorneys fees and expert fees, and prejudgment interest relating to forty-nine securities offerings.

Huntington Bancshares Litigation

Huntington Bancshares, Inc. (Huntington), commenced a lawsuit on October 11, 2011, against Ally Financial Inc., Ally Securities, and a number of ResCap entities and individual directors and officers. The complaint alleges that the defendants made misrepresentations and omissions of material facts related to the originator s loan underwriting guidelines in the offering materials for five residential mortgage-backed securities. The complaint asserts claims for fraud, aiding and abetting fraud, negligent misrepresentation, and violation of the Minnesota Securities Act and seeks rescission, money damages, and certain costs. The defendants motion to dismiss was granted and all parties and claims were dismissed with prejudice on December 11, 2012. The plaintiff filed a timely notice of appeal on February 8, 2013. No appeal dates have been set.

Massachusetts Mutual Life Insurance Company Litigation

On February 9, 2011, the Massachusetts Mutual Life Insurance Company (MassMutual) filed a complaint in the United States District Court for the District of Massachusetts against numerous defendants, including Ally Securities and a former director of ResCap. The complaint alleges that the defendants public filings and offering documents associated with MBS that MassMutual purchased contained false statements and omissions of material facts. MassMutual asserts claims for violations of the Massachusetts Uniform Securities Act and seeks both compensatory and statutory damages. The defendants motion to dismiss was granted in part and denied in part in February 2012, although claims against Ally Securities remain.

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Notes to Consolidated Financial Statements (Continued)

New Jersey Carpenters Litigation

On January 3, 2011, New Jersey Carpenters Health Fund, New Jersey Carpenters Vacation Fund, and Boilermaker Blacksmith National Pension Trust, on behalf of themselves and a putative class (collectively, New Jersey Carpenters), filed a Consolidated Second Amended Securities Class Action Complaint against numerous defendants including Ally Securities, and a number of ResCap entities and individual directors and officers. The complaint alleges that the plaintiffs and the class purchased MBS between June 28, 2006, and May 30, 2007, and asserts that the offering documents associated with these transactions contained misrepresentations and omitted material information in violation of the federal securities laws. The complaint seeks compensatory damages, rescission or a rescissory measure of damages, and attorneys fees and costs, among other relief. New Jersey Carpenters moved for class certification. The court denied the plaintiffs motion for class certification, and the Plaintiffs appealed and 2nd Circuit affirmed the District Court s ruling. Plaintiffs were then allowed limited discovery to re-attempt class certification and the District Court certified a modified class and allowed claims to be reinstated by certain intervenors. The defendants have filed a motion for reconsideration of class certification.

Stichting Pensioenfonds Litigation

On October 11, 2011 Stichting filed a complaint in District Court of Minnesota against Ally Financial Inc., Ally Securities, and a number of ResCap entities and individual directors and officers. The complaint alleges fraud, aiding and abetting fraud, negligent misrepresentation and violation of state securities laws and seeks money damages, including attorney s fees, court costs and expert fees, and judgment interest. The Defendants filed a motion to dismiss on July 30, 2012. The plaintiffs subsequently were granted leave to amend their complaint which added Ally Bank, IB Finance Holding Co., and two securities offerings. The Defendants anticipate filing a motion to dismiss.

Union Central Life Litigation

Union Central filed a complaint on April 28, 2011 against Ally Financial Inc., Ally Securities and a number of ResCap entities and a former ResCap director alleging violation of the federal securities laws, state common law fraud, negligent misrepresentation and unjust enrichment. The plaintiff seeks compensatory and statutory damages, and attorneys fees and costs, including expert witness fees. A motion to dismiss was filed on July 27, 2012.

Western & Southern Litigation

Western & Southern filed a complaint on June 30, 2011 in Hamilton County, Ohio against Ally Securities and a number of ResCap entities alleging violation of state securities laws and negligent misrepresentation and seeks rescission and money damages, including compensatory and punitive damages, interest, and attorney s fees and costs. A motion to dismiss was granted for all parties except Ally Securities.

Private-label Monoline Bond Insurer Claims

Assured Guaranty Litigation

Assured Guaranty filed a complaint on May 11, 2012 in Federal District Court, the Southern District of New York, against Ally Financial, Ally Bank and a number of ResCap entities alleging claims for breach of contract, reimbursement and indemnification under New York law and seeks monetary damages in connection with 2004 and 2006 mortgage securitizations.

ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

MBIA Litigation

MBIA Insurance Corporation (MBIA) filed complaints on December 4, 2008, and April 1, 2010, in the New York County Supreme Court against GMAC Mortgage and RFC. The complaints allege that defendants breached their contractual representations and warranties relating to the characteristics of mortgage loans contained in certain insured MBS offerings and includes claims for fraud, improper servicing and failure to notify the insurer of the alleged breach. Both cases were automatically stayed on May 14, 2012 in connection with the Debtors bankruptcy filings. MBIA subsequently filed a complaint on September 17, 2012 against Ally Financial Inc., IB Finance Holding Company LLC, Ally Bank, Ally Securities, and GMACMG, alleging aiding and abetting common law fraud, and against Ally Bank, breach of contract relating to the characteristics of the mortgage loans contained in certain insured offerings and seeks damages relating to all claims. The Defendants filed a motion to dismiss on February 15, 2013.

FGIC Litigation

FGIC filed twelve complaints in New York state court against Ally Financial Inc. (ten of the twelve), Ally Bank (four of the twelve) and a number of ResCap entities between November 29, 2011 and March 13, 2012, alleging that the Debtor defendants breached their contractual representations and warranties relating to the characteristics of mortgage loans contained in certain insured MBS offerings. FGIC also alleges that Ally Financial Inc. is liable under alter ego and fraudulent inducement theories and that Ally Bank aided and abetted such fraudulent inducement and seeks damages relating to all claims. All of the FGIC cases were removed to the U.S. District Court for the Southern District of New York, and the defendants have asked the Court for leave to file motions to dismiss each case.

Regulatory Matters

We continue to respond to subpoenas and document requests from the SEC, seeking information covering a wide range of mortgage-related matters, including, among other things, various aspects surrounding securitizations of residential mortgages. We are also responding to subpoenas received from the U.S. Department of Justice, which include broad requests for documentation and other information in connection with its investigation of potential fraud and other potential legal violations related to mortgage backed securities, as well as the origination and/or underwriting of mortgage loans. In addition, the CFPB has recently advised us that they are investigating certain of our retail financing practices. It is possible that this could result in actions against us.

Loan Repurchases and Obligations Related to Loan Sales

Representation and Warranty Obligation Reserve Methodology

A significant portion of our representation and warranty obligations were eliminated as a result of the deconsolidation of ResCap. Representation and warranty reserve was $105 million at December 31, 2012 with respect to Ally Bank s sold and serviced loans. The current liability for representation and warranty obligations reflects management s best estimate of probable losses with respect to Ally Bank s mortgage loans sold to Freddie Mac and Fannie Mae. We considered historical and recent demand trends in establishing the reserve. The methodology used to estimate the reserve considers a variety of assumptions including borrower performance (both actual and estimated future defaults), repurchase demand behavior, historical loan defect experience, historical mortgage insurance rescission experience, and historical and estimated future loss experience, which includes projections of future home price changes as well as other qualitative factors including investor behavior. It is difficult to predict and estimate the level and timing of any potential future demands. In cases where we may

ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

not be able to reasonably estimate losses, a liability is not recognized. Management monitors the adequacy of the overall reserve and makes adjustments to the level of reserve, as necessary, after consideration of other qualitative factors including ongoing dialogue and experience with counterparties.

At the time a loan is sold, an estimate of the fair value of the liability is recorded and classified in accrued expenses and other liabilities on our Consolidated Balance Sheet and recorded as a component of gain (loss) on mortgage and automotive loans, net, in our Consolidated Statement of Income. We recognize changes in the liability when additional relevant information becomes available. Changes in the estimate are recorded as other operating expenses in our Consolidated Statement of Income. The repurchase reserve at December 31, 2012, relates exclusively to GSE exposure.

The following table summarizes the changes in our reserve for representation and warranty obligations.

Year ended December 31, *($ in millions)*	**2012 (a)**	2011
Balance at January 1,	**$ 825**	$ 830
Provision for mortgage representation and warranty expenses		
Loan sales	**16**	19
Change in estimate continuing operations	**67**	324
Total additions	**83**	343
Resolved claims (b)	**(146)**	(360)
Recoveries	**8**	12
Deconsolidation of ResCap	**(665)**	
Balance at December 31,	**$ 105**	$ 825

(a) The remaining balance is at Ally Bank as a result of the deconsolidation of ResCap. Refer to Note 1 for more information regarding the Debtors Bankruptcy and the deconsolidation of ResCap.

(b) Includes principal losses and accrued interest on repurchased loans, indemnification payments, and settlements with counterparties.

Other Contingencies

We are subject to potential liability under various other exposures including tax, nonrecourse loans, self-insurance, and other miscellaneous contingencies. We establish reserves for these contingencies when the loss becomes probable and the amount can be reasonably estimated. The actual costs of resolving these items may be substantially higher or lower than the amounts reserved for any one item. Based on information currently available, it is the opinion of management that the eventual outcome of these items will not have a material adverse impact on our results of operations, financial position, or cash flows.

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ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

30. Quarterly Financial Statements (unaudited)

2012 *($ in millions)*	**First quarter**	**Second quarter**	**Third quarter**	**Fourth quarter**
Net financing revenue	**$ 351**	**$ 457**	**$ 472**	**$ 611**
Other revenue	**605**	**714**	**775**	**480**
Total net revenue	**956**	**1,171**	**1,247**	**1,091**
Provision for loan losses	**98**	**33**	**105**	**93**
Total noninterest expense	**855**	**971**	**845**	**951**
Income from continuing operations before income tax expense (benefit)	**3**	**167**	**297**	**47**
Income tax expense (benefit) from continuing operations	**1**	**(16)**	**46**	**(887)**
Net income from continuing operations	**2**	**183**	**251**	**934**
Income (loss) from discontinued operations, net of tax	**308**	**(1,081)**	**133**	**466**
Net income (loss)	**$ 310**	**$ (898)**	**$ 384**	**$ 1,400**
Basic earnings per common share				
Net (loss) income from continuing operations	**$ (149)**	**$ (13)**	**$ 38**	**$ 551**
Net income (loss)	**82**	**(825)**	**137**	**901**
Diluted earnings per common share				
Net (loss) income from continuing operations	**(149)**	**(13)**	**38**	**455**
Net income (loss)	**82**	**(825)**	**137**	**700**
2011				
Net financing revenue	$ 212	$ 340	$ 254	$ 318
Other revenue	536	611	550	591
Total net revenue	748	951	804	909
Provision for loan losses	79	57	55	(30)
Total noninterest expense	842	920	745	921
(Loss) income from continuing operations before income tax expense	(173)	(26)	4	18
Income tax expense from continuing operations	10	8	10	14
Net (loss) income from continuing operations	(183)	(34)	(6)	4
Income (loss) from discontinued operations, net of tax	329	147	(204)	(210)
Net income (loss)	$ 146	$ 113	$ (210)	$ (206)
Basic and diluted earnings per common share				
Net loss from continuing operations	$ (266)	$ (170)	$ (154)	$ (147)
Net loss	(19)	(58)	(308)	(305)

31. Subsequent Events

Declaration of Quarterly Dividend Payments

On January 3, 2013, the Ally Board of Directors declared quarterly dividend payments on certain outstanding preferred stock. This included a cash dividend of $1.125 per share, or a total of $134 million, on Fixed Rate Cumulative Mandatorily Convertible Preferred Stock, Series F-2; a cash dividend of $17.50 per share, or a total of $45 million, on Fixed Rate Cumulative Perpetual Preferred Stock, Series G; and a cash dividend of $0.53 per share, or a total of $22 million, on Fixed Rate/Floating Rate Perpetual Preferred Stock, Series A. The dividends were paid on February 15, 2013.

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ALLY FINANCIAL INC.

Notes to Consolidated Financial Statements (Continued)

Canadian Automotive Finance Operation Sale

On February 1, 2013, we completed the sale of our Canadian automotive finance operation, Ally Credit Canada Limited, and ResMor Trust (Ally Canada) to Royal Bank of Canada. Ally received $4.1 billion USD for the business in the form of a $3.7 billion payment at closing and $400 million of dividends from Ally Canada following the announcement of the transaction.

Discontinued Operations

During the three months ended March 31, 2013, the operations of Residential Capital, LLC (ResCap) were classified as discontinued. Refer to Note 2 for further details.

The previously issued Consolidated Financial Statements, for all years presented, have been recast, such that all the operating results for ResCap were removed from continuing operations and are presented separately as discontinued. The Notes to the Consolidated Financial Statements were adjusted to exclude discontinued operations unless otherwise noted. This reclassification has no effect on our reported net income for any of the years presented.

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Shares

Common Stock

Preliminary Prospectus

, 2013

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The information in this preliminary prospectus is not complete and may be changed. The selling stockholder may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

[Alternate Pages for Units Prospectus]

Subject to Completion, Dated July 9, 2013

Preliminary Prospectus

% Tangible Equity Units

Ally Financial Inc.

The United States Department of the Treasury (Treasury) is offering tangible equity units, or Units, of Ally Financial Inc. (Ally). See Principal and Selling Stockholders. Ally will not receive any of the proceeds from the sale of Units by Treasury.

Each Unit has a stated amount of $ and is composed of a prepaid stock purchase contract and a junior subordinated amortizing note due , 2016. Each amortizing note has an initial principal amount of $ and a scheduled final installment payment date of , 2016.

On , 2016 (subject to postponement in certain limited circumstances), each purchase contract will automatically settle, unless settled earlier as described herein, and we will deliver a number of shares of our common stock based on the applicable market value of our common stock. The applicable market value is the average of the daily volume weighted average prices, or daily VWAPs, of our common stock on each of the 20 consecutive trading days beginning on, and including, the 23rd scheduled trading day immediately preceding , 2016.

On the mandatory settlement date, each purchase contract will settle, unless settled earlier, as follows (subject to adjustment):

- if the applicable market value equals or exceeds the threshold appreciation price, which is $, you will receive shares of our common stock;

- if the applicable market value is greater than $ but less than the threshold appreciation price, you will receive a number of shares of our common stock having a value, based on the applicable market value, equal to $; and

- if the applicable market value is less than or equal to $, you will receive shares of our common stock.

At any time prior to the close of business on the third scheduled trading day immediately preceding , 2016, you may settle your purchase contract early, and we will deliver shares of our common stock per purchase contract (subject to adjustment). In addition, if a fundamental change (as defined herein) occurs and you elect to settle your purchase contracts early in connection with such fundamental change, you will receive a number of shares of our common stock based on the fundamental change early settlement rate, as described herein. We may elect to settle all, but not less than all, outstanding purchase contracts prior to , 2016 at the early mandatory settlement rate (as defined herein), upon a date fixed by us upon not less than 10 business days notice. Except for cash in lieu of fractional shares, the purchase contract holders will not receive any cash distributions under the purchase contracts.

The amortizing notes will pay you equal quarterly cash installments of $ per amortizing note, which in the aggregate will be equivalent to % per year with respect to each $ stated amount of Units. So long as no event of default has occurred and is continuing, we have the right, at any time and from time to time, to defer installment payments by extending the installment payment period, so long as such period does not extend beyond , 2019, which we refer to as an extension period. At the end of any extension period, we will pay all installment payments for which the related installment payment date occurred during such extension period, together with interest on the full amount of such installment payments compounded quarterly at the rate specified for the interest

component of the amortizing notes. The amortizing notes will be our junior subordinated obligations, and will rank (i) junior both in liquidation and right of payment, to the extent set forth in the junior subordinated debt indenture, to all of our Senior Indebtedness (as defined herein) and (ii) equally with all of our unsecured, junior subordinated indebtedness, whether currently existing or hereinafter created, other than junior subordinated indebtedness that is designated as junior to the amortizing notes. If we elect to settle the purchase contracts early, you will have the right to require us to repurchase your amortizing notes, except in certain circumstances as described herein.

Each Unit may be separated into its constituent purchase contract and amortizing note after the initial issuance date of the Units, and the separate components may be combined to create a Unit.

Concurrently with this offering, Treasury is also making a public offering of shares of our common stock. Treasury has granted the underwriters of that offering an option to purchase up to an additional shares of our common stock to cover over-allotments. The closing of the offering of Units is conditioned upon the closing of the offering of our common stock, and the closing of the offering of our common stock is conditioned upon the closing of the offering of Units.

Prior to this offering, there has been no public market for the Units or our common stock. We have applied to list the Units and our common stock on the New York Stock Exchange, subject to satisfaction of its minimum listing standards with respect to the Units and our common stock. If the Units are approved for listing, we expect trading to begin within 30 calendar days after the date on which the Units are first issued. However, we do not intend to apply to list the separate purchase contracts or the separate amortizing notes on any securities exchange or automated inter-dealer quotation system.

Treasury has granted the underwriters the right to purchase up to additional Units to cover over-allotments, if any, at the public offering price less the underwriters discount, within 30 days from the date of this prospectus.

Investing in the Units involves risks. See Risk Factors beginning on page 10.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Neither the Units, the purchase contracts nor the amortizing notes are deposits or savings accounts. These securities are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality.

	Per Unit	Total
Public Offering Price and Proceeds to Treasury	$	$
Underwriting Discount, and Commissions (1)	$	$

(1) Ally has agreed to pay all underwriting discounts and commissions, transfer taxes and transaction fees, if any, applicable to the sale of the Units and the fees and disbursement of counsel for Treasury incurred in connection with the sale.

The underwriters expect to deliver the Units to purchasers on or about , 2013 through the book-entry facilities of The Depository Trust Company.

Citigroup **Goldman, Sachs & Co.**

Morgan Stanley **Barclays**

Deutsche Bank Securities

The date of this prospectus is , 2013

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The Offering

The summary below describes the principal terms of the Units, the purchase contracts and the amortizing notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of the Units, Description of the Purchase Contracts and Description of the Amortizing Notes sections of this prospectus contain a more detailed description of the terms and conditions of the Units, the purchase contracts and the amortizing notes. As used in this section, each of the terms we, us, our, and Ally means Ally Financial Inc. and does not include any subsidiary of Ally Financial Inc.

Treasury currently holds 118,750,000 shares of our Fixed Rate Cumulative Mandatorily Convertible Preferred Stock, Series F-2 (the Series F-2 preferred stock), having an aggregate liquidation amount of $5,937,500,000. In connection with this offering and the concurrent common stock offering, Treasury intends (i) to convert (the conversion) 58,750,000 shares of Series F-2 preferred stock into shares of our common stock based on a conversion price equal to the public offering price of our common stock in the concurrent common stock offering (the common stock public offering price), which, based on the midpoint of the price range set forth on the cover of the prospectus for the concurrent common stock offering, would result in the conversion of the Series F-2 preferred stock into shares of common stock and additional shares of our common stock pursuant to the modified terms of the Series F-2 preferred stock, and (ii) to exchange (the exchange) the remaining 60,000,000 shares of Series F-2 preferred stock having an aggregate liquidation amount of $3 billion, for a number of Units having an aggregate stated amount of $3 billion. See Concurrent Transactions. The closing of each of this Units offering, the concurrent common stock offering, the conversion and the exchange is conditioned upon the closing of each such other transaction. Unless the context otherwise requires, the following description of us and the Units assumes the successful completion of each of this Units offering, the concurrent common stock offering, the conversion and the exchange.

The Units

Issuer	Ally Financial Inc., a Delaware corporation.
Number of Units offered by Treasury	Units. Treasury has granted the underwriters the right to purchase up to additional Units to cover over-allotments, if any, at the public offering price less the underwriters discount, within 30 days from the date of this prospectus.
Stated amount and initial offering price of each Unit	$ for each Unit.
Components of each Unit	Each Unit is composed of two parts: a prepaid stock purchase contract (a purchase contract); and a junior subordinated amortizing note (an amortizing note). Unless settled earlier at the holder s option or our option, each purchase contract will automatically settle, subject to postponement in certain limited circumstances, on , 2016 (such date, as so postponed, if applicable, the mandatory settlement date), and we will deliver not more than shares and not less than shares of our common stock per purchase contract, subject to adjustment, based upon the applicable settlement rate and applicable market value of our common stock, as described below under Description of the Purchase Contracts Delivery of Common Stock.

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No fractional shares of our common stock will be issued to holders upon settlement of purchase contracts. In lieu of fractional shares, holders will be entitled to receive a cash payment of equivalent value calculated as described herein. Other than cash payments in lieu of fractional shares, the purchase contract holders will not receive any cash distributions under the purchase contracts.

Each amortizing note will have an initial principal amount of $, will bear interest at the rate of % per annum and will have a scheduled final installment payment date of , 2016. On , , and of each year, commencing on , 2013, we will pay equal quarterly cash installments of $ per amortizing note (except for the , 2013 installment payment, which will be $ per amortizing note), which in the aggregate will be equivalent to % per year with respect to each $ stated amount of Units. Each installment payment will constitute a payment of interest and a partial repayment of principal, allocated as set forth on the amortization schedule set forth under Description of the Amortizing Notes Amortization Schedule. We will have the right to defer installment payments at any time and from time to time under the circumstances, and subject to the conditions, described opposite the caption Option to extend installment payment period below, so long as such deferral period does not extend beyond , 2019.

The return to an investor on a Unit will depend upon the return provided by each component. The overall return will consist of the value of the shares of our common stock delivered upon settlement of the purchase contracts and the cash installments paid on the amortizing notes.

Each Unit may be separated into, and recreated from, its components

Each Unit may be separated by a holder into its constituent purchase contract and amortizing note on any business day during the period beginning on, and including, the business day immediately following the date of initial issuance of the Units to, but excluding, the third scheduled trading day immediately preceding , 2016 or any early mandatory settlement date, as defined below. Prior to separation, the purchase contracts and amortizing notes may only be purchased and transferred together as Units. If you hold a separate purchase contract and a separate amortizing note, you may combine the two components to recreate a Unit. See Description of the Units Separating and Recreating Units.

Trading

Prior to this offering, there has been no public market for the Units or our common stock. We have applied to list the Units and our common stock being offered concurrently with this offering on the New York Stock Exchange, subject to satisfaction of its minimum listing standards with respect to the Units and our common stock. If the Units are approved for listing, we expect trading to begin within 30 calendar days after the Units are first issued. However, we do not

	intend to apply to list the separate purchase contracts or the separate amortizing notes on any securities exchange or automated inter-dealer quotation system. See Description of the Units Listing of Securities.
Use of proceeds	We will not receive any proceeds from the sale of Units in this offering.
United States federal income tax considerations	Although there is no authority directly on point and therefore the issue is not entirely free from doubt, each Unit will be treated as an investment unit composed of two separate instruments for U.S. federal income tax purposes: (i) a purchase contract and (ii) an amortizing note. Under this treatment, a holder of Units will be treated as if it held each component of the Units for U.S. federal income tax purposes. By acquiring a Unit, you will agree to treat (i) a Unit as an investment unit composed of two separate instruments in accordance with its form and (ii) the amortizing notes as indebtedness of Ally for U.S. federal income tax purposes. If, however, the components of a Unit were treated as a single instrument, the U.S. federal income tax consequences could differ from the consequences described herein.
	Holders should read the discussion in Certain U.S. Federal Income Tax Considerations and consult their tax advisers regarding the tax treatment of an investment in Units and whether a purchase of a Unit is advisable in light of the investor s particular tax situation.

The Purchase Contracts

Mandatory settlement date	, 2016, subject to postponement in limited circumstances.
Mandatory settlement	On the mandatory settlement date, unless a purchase contract has been settled earlier, each purchase contract will automatically settle, and we will deliver a number of shares of our common stock, based on the applicable settlement rate.
Settlement rate for the mandatory settlement date	The settlement rate for each purchase contract will be not more than shares and not less than shares of our common stock (each subject to adjustment as described herein) depending on the applicable market value of our common stock, calculated as described below.
	If the applicable market value is equal to or greater than the threshold appreciation price (as defined below), you will receive shares of common stock per purchase contract (the minimum settlement rate).
	If the applicable market value is greater than $ (the reference price) but less than the threshold appreciation price,

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you will receive a number of shares per purchase contract equal to $, *divided by* the applicable market value.

If the applicable market value is less than or equal to the reference price, you will receive shares of common stock per purchase contract (the maximum settlement rate).

Each of the maximum settlement rate and the minimum settlement rate is subject to adjustment as described below under Description of the Purchase Contracts Adjustments to the Fixed Settlement Rates.

The applicable market value means the average of the daily VWAPs (as defined below) of our common stock on each of the 20 consecutive trading days beginning on, and including, the 23rd scheduled trading day immediately preceding , 2016.

The reference price is the public offering price of our common stock in the concurrent common stock offering described above.

The threshold appreciation price is equal to $, *divided by* the minimum settlement rate (rounded to the nearest $0.01). The threshold appreciation price, which is initially $, represents an appreciation of approximately % over the reference price.

No fractional shares of our common stock will be issued to holders upon settlement of purchase contracts. In lieu of fractional shares, holders will be entitled to receive a cash payment of equivalent value calculated as described herein. Other than cash payments in lieu of fractional shares, the purchase contract holders will not receive any cash distributions under the purchase contracts.

The following table illustrates the settlement rate per purchase contract and the value of our common stock issuable upon settlement on the mandatory settlement date, determined using the applicable market value shown, subject to adjustment.

Applicable Market Value of Our Common Stock	**Settlement Rate**	**Value of Common Stock Delivered (Based on the Applicable Market Value Thereof)**
Less than or equal to $	shares of our common stock	Less than $
Greater than $ but less than the threshold appreciation price	A number of shares of our common stock equal to $, *divided by* the applicable market value	$
Equal to or greater than the threshold appreciation price	shares of our common stock	Greater than $

Early settlement at your election

At any time prior to the close of business on the third scheduled trading day immediately preceding , 2016, you may settle any or all of your purchase

contracts early, and we will deliver to you a number of shares of our common stock per purchase contract equal

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to the minimum settlement rate, which is subject to adjustment as described below under Description of the Purchase Contracts Adjustments to the Fixed Settlement Rates. That is, the market value of our common stock on the early settlement date will not affect the early settlement rate.

However, if you settle your purchase contracts early in connection with a fundamental change (as defined herein), you will receive a number of shares of our common stock based on the fundamental change early settlement rate, as described under Description of the Purchase Contracts Early Settlement Upon a Fundamental Change.

Your right to settle a purchase contract prior to the close of business on the third scheduled trading day immediately preceding , 2016 is subject to delivery of your purchase contract.

Upon early settlement at your election of a purchase contract that is a component of a Unit (whether or not in connection with a fundamental change), the corresponding amortizing note will remain outstanding and registered in the name of the holder who elected to settle the related purchase contract early.

Early mandatory settlement at our election	We may elect to settle all, but not fewer than all, outstanding purchase contracts early at the early mandatory settlement rate (as described under Description of the Purchase Contracts Early Settlement at Our Election) upon a date fixed by us upon not less than 10 business days notice (the early mandatory settlement date).

The early mandatory settlement rate will be the maximum settlement rate, unless the daily VWAP of our common stock for 20 or more trading days in a period of 30 consecutive trading days ending on the trading day immediately preceding the notice date (as defined under Description of the Purchase Contracts Early Settlement at Our Election) exceeds 130% of the threshold appreciation price in effect on each such trading day, in which case the early mandatory settlement rate will be the fundamental change early settlement rate with the effective date for this purpose being deemed to be the early mandatory settlement date and the stock price for this purpose being deemed to be the average of the daily VWAPs of our common stock over the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the early mandatory settlement date.

If we elect to settle the purchase contracts early, holders will have the right to require us to repurchase their amortizing notes for cash at the repurchase price, except in the certain circumstances, and subject to the conditions, described under Description of the Amortizing Notes Repurchase of Amortizing Notes at the Option of the Holder.

The Amortizing Notes

Initial principal amount of each amortizing note	$

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Installment payments	Each installment payment of $ per amortizing note (except for the , 2013 installment payment, which will be $ per amortizing note) will be paid in cash and will constitute a partial repayment of principal and a payment of interest, computed at an annual rate of %. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Payments will be applied first to the interest due and payable and then to the reduction of the unpaid principal amount, allocated as set forth on the amortization schedule set forth under Description of the Amortizing Notes Amortization Schedule.
Installment payment dates	, , and of each year, commencing on , 2013, with a scheduled final installment payment date of , 2016.
Option to extend installment payment period	So long as no event of default has occurred and is continuing, we have the right, at any time and from time to time, to defer installment payments by extending the installment payment period, so long as such period of time does not extend beyond , 2019 (the extension period). At the end of any extension period, we will pay all installment payments for which the related installment payment date occurred during such extension period, together with, to the extent permitted by law, interest on the full amount of such installment payments compounded quarterly at the rate specified for the interest component of the amortizing notes. We will give the holders of Units and separate amortizing notes at least 10 business days notice of the end of an extension period.
	Prior to the termination of any extension period, we may further defer installment payments by extending such extension period. Such extension period, including all such previous and further extensions, may not extend beyond , 2019. Upon the termination of any extension period and the payment of all amounts then due, we may commence a new extension period, if consistent with the terms described under Description of the Amortizing Notes Option to Extend Installment Payment Period. No installment payment (or interest thereon) shall be due and payable during an extension period, except at the end of such period.
	We have no present intention of exercising our right to defer installment payments by extending the installment payment period on the amortizing notes.
Ranking of the amortizing notes	The amortizing notes will be our junior subordinated obligations and will rank:
	junior both in liquidation and right of payment to all Senior Indebtedness (as defined under Description of the Amortizing Notes Subordination);

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- effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness;

- structurally junior to all existing and future indebtedness (including trade payables) incurred by our subsidiaries; and

- equal with all of our junior subordinated indebtedness, whether currently existing or hereinafter created, other than junior subordinated indebtedness that is designated as junior to the amortizing notes, to which the amortizing notes will rank senior.

At March 31, 2013, we had approximately $76.1 billion in principal amount of total debt outstanding, consisting of $37.3 billion and $38.8 billion in principal amount of unsecured and secured debt, respectively. At March 31, 2013, Ally on a standalone basis had approximately $36.0 billion in aggregate principal amount of total debt outstanding, all of which was unsecured. At March 31, 2013, we had aggregate principal amount of $2.6 billion of trust preferred securities outstanding.

The indenture governing the amortizing notes does not limit the amount of debt that we or our subsidiaries may incur.

Repurchase of amortizing notes at the option of the holder

If we elect to settle the purchase contracts early, holders will have the right to require us to repurchase their amortizing notes for cash at the repurchase price, except in the circumstances, and subject to the conditions, described under Description of the Amortizing Notes Repurchase of Amortizing Notes at the Option of the Holder.

Concurrent transactions

Treasury currently holds 118,750,000 shares of our Series F-2 preferred stock, having an aggregate liquidation amount of $5,937,500,000. In connection with this offering and the concurrent common stock offering, Treasury intends (i) to convert 58,750,000 shares of Series F-2 preferred stock into shares of our common stock based on a conversion price equal to the common stock public offering price, and (ii) to exchange the remaining 60,000,000 shares of Series F-2 preferred stock having an aggregate liquidation amount of $3 billion, for a number of our tangible equity units (the Units) having an aggregate stated amount of $3 billion.

The number of shares of common stock we will issue to Treasury in connection with the conversion will depend upon the common stock public offering price. The higher the common stock public offering price is, the fewer the number of shares of common stock Treasury will receive and the lower the common stock public offering price is, the greater the number of shares of common stock Treasury will receive. The following table sets forth the number of shares we will

issue to Treasury in connection with the conversion for each common stock public offering price set forth below:

Public Offering Price	Number of Shares Issued to Treasury
$	
$	
$	
$	

In addition, we and Treasury intend to modify certain terms of the Series F-2 preferred stock relating to the anti-dilution provisions applicable to the common stock received by Treasury from its partial conversion of Series F-2 preferred stock in December 2010, so that Treasury will receive additional shares of our common stock in connection with the offering.

Concurrently with this offering, Treasury is also making a public offering of shares of our common stock. Treasury has granted the underwriters of that offering an option to purchase up to an additional shares of our common stock to cover over-allotments.

The closing of each of this offering, the concurrent common stock offering, the conversion and the exchange is conditioned upon the closing of each such other transaction.

Certain Accounting Treatment of Treasury s Conversion and Receipt of Additional Shares

In connection with Treasury s intention to convert shares of Series F-2 preferred stock it holds into common stock as part of this offering and at the common stock public offering price, Treasury will receive a number of shares of our common stock in excess of the amount it would have received pursuant to the stated conversion rate in the Series F-2 preferred stock. In addition, as stated above, Treasury will also receive additional shares of our common stock as a result of an agreed upon modification to the terms of the Series F-2 preferred stock. The value of these additional shares received by Treasury will be treated as a dividend or equivalent for financial reporting purposes.

The issuance of these additional shares will be a one-time non-cash transaction, which will not affect the amount of our total equity. It will increase our accumulated deficit with an offsetting increase to common stock and paid-in capital, and the value of the non-cash dividend will reduce our net income attributable to common shareholders and therefore will substantially affect the calculation of earnings per share in the quarter in which this offering closes and the full year.

Assuming that the public offering price of our common stock in the concurrent offering will be $ per share (the midpoint of the range set forth on the cover of the prospectus for the concurrent common stock offering), net income attributable to common stock will be reduced by $ in the quarter in which this offering closes and earnings per share will be reduced by $ per share due to this one time, non-cash transaction.

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RISK FACTORS

You should carefully consider the following risk factors that may affect our business, future operating results and financial condition, as well as the other information set forth in this prospectus before making a decision to invest in the Units. Any of the following risks could materially and adversely affect our business, financial condition or results of operations. In such case, the trading price of the Units would likely decline due to any of these risks, and you may lose all or part of your investment.[1]

Risks Related to Ownership of the Units, Separate Purchase Contracts, Separate Amortizing Notes and Common Stock

You will bear the risk that the market value of our common stock may decline.

The purchase contracts, pursuant to which we will deliver to you shares of our common stock, are components of the Units. The number of shares of common stock that you will receive upon settlement of a purchase contract on the mandatory settlement date, whether as a component of a Unit or a separate purchase contract, will depend upon the applicable market value, which is equal to the average of the daily VWAPs of our common stock on each of the 20 consecutive trading days beginning on, and including, the 23rd scheduled trading day immediately preceding , 2016. There can be no assurance that the market value of the common stock received by you will be equal to or greater than the reference price of $. If the applicable market value of our common stock is less than the reference price, then the market value of the common stock issued to you on the mandatory settlement date (assuming that the market value is the same as the applicable market value of the common stock) will be less than the effective price per share paid by you for such common stock on the date of issuance of the Units. Furthermore, because we will in no event deliver more than shares (subject to adjustment as described herein) upon settlement of a purchase contact, the market value of the common stock delivered to you upon any early settlement may be less than the effective price per share paid by you for such common stock on the date of the issuance of the Units. Therefore, you assume the entire risk that the market value of our common stock may decline before the mandatory settlement date, early settlement date, fundamental change early settlement date or early mandatory settlement date, as applicable. Any decline in the market value of our common stock may be substantial.

The opportunity for equity appreciation provided by an investment in the Units is less than that provided by a direct investment in our common stock.

The aggregate market value of our common stock delivered to you upon settlement of a purchase contract on the mandatory settlement date generally will exceed the $ stated amount of each Unit only if the applicable market value of our common stock exceeds the threshold appreciation price. Therefore, during the period prior to the mandatory settlement date, an investment in a Unit affords less opportunity for equity appreciation than a direct investment in our common stock. If the applicable market value exceeds the reference price but is less than the threshold appreciation price, you will realize no equity appreciation on our common stock above the reference price. Furthermore, if the applicable market value exceeds the threshold appreciation price, you would receive only a portion of the appreciation in the market value of the shares of our common stock you would have received had you purchased shares of common stock with $ at the public offering price in the concurrent common stock offering. See Description of the Purchase Contracts Delivery of Common Stock for a table showing the number of shares of common stock that you would receive at various applicable market values.

We may not be able to settle your purchase contracts and deliver shares of our common stock, or make payments on the amortizing notes, in the event that we file for bankruptcy.

Pursuant to the terms of the purchase contract agreement, your purchase contracts will automatically accelerate upon the occurrence of specified events of bankruptcy, insolvency or reorganization with respect to

[1] To replace the first paragraph under Risk Factors in the prospectus for the common stock offering.

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Ally. However, a bankruptcy court may prevent us from delivering our common stock to you in settlement of your purchase contracts. In such circumstances, we expect that your resulting claim for damages will rank equally with the claims of our common stockholders, in which case you will only be able to recover damages to the extent holders of our common stock receive any recovery. See Description of the Purchase Contracts Consequences of Bankruptcy.

In addition, with respect to the amortizing notes, bankruptcy law generally prohibits the payment of pre-bankruptcy debt by a company that has commenced a bankruptcy case while the case is pending. If Ally becomes a debtor in a bankruptcy case, so long as the case was pending, you would likely not receive timely payments of principal or interest due under the amortizing note component of the Units and the subordination provisions of the notes would give the holders of Senior Indebtedness (as defined under Description of the Amortizing Notes Subordination) a prior right to receive any distributions on account of your claim until they were paid in full.

The trading prices for the Units, the purchase contracts and the amortizing notes will be directly affected by the trading prices for our common stock, the general level of interest rates and our credit quality, each of which is impossible to predict.

It is impossible to predict whether the prices of our common stock, interest rates or our credit quality will rise or fall. Trading prices of the common stock will be influenced by general stock market conditions and our operating results and business prospects and other factors described elsewhere in these Risk Factors.

The market for our common stock likely will influence, and be influenced by, any market that develops for the Units or the separate purchase contracts. For example, investors anticipation of the distribution into the market of the additional shares of common stock issuable upon settlement of the purchase contracts could depress the price of our common stock and increase the volatility of the common stock price, which could in turn depress the price of the Units or the separate purchase contracts. The price of our common stock also could be affected by possible sales of such common stock by investors who view the Units as a more attractive means of equity participation in Ally and by hedging or arbitrage trading activity that is likely to develop involving the Units, separate purchase contracts and the common stock. The arbitrage activity could, in turn, affect the trading prices of the Units, the separate purchase contracts and the common stock.

Developments in the equity-linked and convertible securities markets may adversely affect the market value of the Units.

Governmental actions that interfere with the ability of equity-linked and convertible securities investors to effect short sales of the underlying shares of common stock could significantly affect the market value of the Units. Such government actions would make the convertible arbitrage strategy that many equity-linked and convertible securities investors employ difficult to execute for outstanding equity-linked or convertible securities of any company whose shares of common stock are subject to such actions.

At an open meeting on February 24, 2010, the SEC adopted a new short sale price test through an amendment to Rule 201 of Regulation SHO. The amendments to Rule 201 became effective on May 10, 2010 and restrict short selling when the price of a covered security has triggered a circuit breaker by falling at least 10% in one day, at which point short sale orders can be displayed or executed only if the order price is above the current national best bid, subject to certain limited exceptions. Compliance with the amendments to Rule 201 was required by November 10, 2010. The new restrictions may interfere with the ability of investors in, and potential purchasers of, the Units, to effect short sales in our common stock and conduct the convertible arbitrage strategy that we believe some of them will employ, or seek to employ, with respect to the Units.

In addition, on June 10, 2010, the SEC approved a six-month pilot (the circuit breaker pilot) pursuant to which several national securities exchanges and the Financial Industry Regulatory Authority, Inc. (FINRA)

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adopted rules to halt trading in securities included in the S&P 500 Index if the price of any such security moves 10% or more from a sale in a five-minute period. On September 10, 2010, the SEC approved an expansion of the circuit breaker pilot to include component securities of the Russell 1000 Index and over 300 exchange traded funds. Our common stock is not included in either the S&P 500 Index or the Russell 1000 Index and therefore is not subject to the circuit breaker pilot at this time. However, our common stock may in the future be included in either the S&P 500 Index or the Russell 1000 Index or the SEC could further expand the circuit breaker pilot in the future or adopt other rules that limit trading in response to market volatility. Any such additional regulatory actions may decrease or prevent an increase in the market price and/or liquidity of our common stock and/or interfere with the ability of investors in, and potential purchasers of, the Units, to effect hedging transactions in or relating to our common stock and conduct the convertible arbitrage strategy that we believe some of them will employ, or will seek to employ, with respect to the Units and/or separate purchase contracts.

Although the direction and magnitude of the effect that the amendments to Regulation SHO, the circuit breaker pilot and any additional regulations may have on the trading price and the liquidity of the Units will depend on a variety of factors, many of which cannot be determined at this time, past regulatory actions have had a significant impact on the trading prices and liquidity of convertible debt instruments. For example, in September 2008, the SEC issued emergency orders generally prohibiting short sales in the common stock of a variety of financial services companies while Congress worked to provide a comprehensive legislative plan to stabilize the credit and capital markets. The orders made the convertible arbitrage strategy that many convertible debt investors employ difficult to execute and adversely affected both the liquidity and trading price of convertible notes issued by many of the financial services companies subject to the prohibition. Any governmental actions that restrict the ability of investors in, or potential purchasers of, the Units to effect short sales in our common stock or to implement hedging strategies, including the recently adopted amendments to Regulation SHO, could similarly adversely affect the trading price and the liquidity of the Units and/or separate purchase contracts.

You may receive shares of common stock upon settlement of the purchase contracts that are lower in value than the price of the common stock just prior to the mandatory settlement date.

Because the applicable market value of the common stock is determined over the 20 consecutive trading days beginning on, and including, the 23rd scheduled trading day immediately preceding , 2016, the number of shares of common stock delivered for each purchase contract may, on the mandatory settlement date, be greater than or less than the number that would have been delivered based on the daily VWAP of the common stock on the last trading day in such 20 trading day period. In addition, you will bear the risk of fluctuations in the market price of the shares of common stock deliverable upon settlement of the purchase contracts between the end of such period and the date such shares are delivered.

If you elect to settle your purchase contracts prior to the mandatory settlement date, you may not receive the same return on your investment as purchasers whose purchase contracts are settled on the mandatory settlement date.

Holders of the Units or separate purchase contracts have the option to settle their purchase contracts early at any time beginning on, and including, the business day immediately following the date of initial issuance of the Units until the close of business on the third scheduled trading day immediately preceding , 2016. However, if you settle your purchase contracts prior to the close of business on the third scheduled trading day immediately preceding , 2016, you will receive for each purchase contract a number of shares of common stock equal to the minimum settlement rate, regardless of the current market value of our common stock, unless you elect to settle your purchase contracts early in connection with a fundamental change, in which case you will be entitled to settle your purchase contracts at the fundamental change early settlement rate, which may be greater than the minimum settlement rate. In either case, you may not receive the same return on your investment as purchasers whose purchase contracts are settled on the mandatory settlement date.

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Upon issuance of the Units, our common stock will incur immediate dilution.

Upon issuance of the Units, which includes a purchase contract component, our common stock will incur immediate and substantial net tangible book value dilution on a per share basis.

We may issue additional shares of our common stock, which may dilute the value of our common stock but may not trigger an anti-dilution adjustment under the terms of the purchase contracts.

The trading price of our common stock may be adversely affected if we issue additional shares of our common stock. The number of shares of common stock issuable upon settlement of the purchase contracts is subject to adjustment only for certain events, including, but not limited to, the issuance of stock dividends on our common stock, the issuance of certain rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness or assets, certain cash dividends and certain issuer tender or exchange offers. The number of shares of common stock deliverable upon settlement is not subject to adjustment for other events that may adversely affect the value of our common stock, such as employee stock options grants, offerings of our common stock for cash, certain exchanges of our common stock for other Ally securities or in connection with acquisitions and other transactions. The terms of the Units do not restrict our ability to offer our common stock in the future or to engage in other transactions that could dilute our common stock, which may adversely affect the value of the Units and separate purchase contracts.

If we exercise our right to defer installment payments on the amortizing notes, the market price of the Units and separate amortizing notes is likely to be adversely affected.

We will have the right to defer installment payments at any time and from time to time under the circumstances, and subject to the conditions, described under Description of the Amortizing Notes Option to Extend Installment Payment Period so long as such deferral period does not extend beyond , 2019. During any such deferral period, holders of the Units and separate amortizing notes will have no remedies against us for nonpayment unless we fail to pay all previously deferred installment payments (including interest thereon) in cash within 30 days of the last day of such deferral period. If we exercise our right to defer installment payments, the market price of the Units and separate amortizing notes may be more volatile than the market prices of other securities that are not subject to optional payment deferral features.

The fundamental change early settlement rate may not adequately compensate you.

If a fundamental change occurs and you elect to exercise your fundamental change early settlement right, you will be entitled to settle your purchase contracts at the fundamental change early settlement rate. Although the fundamental change early settlement rate is designed to compensate you for the lost option value of your purchase contracts as a result of the early settlement of the purchase contracts, this feature may not adequately compensate you for such loss. In addition, if the stock price in the fundamental change is greater than $ per share (subject to adjustment), this feature of the purchase contracts will not compensate you for any loss suffered in connection with a fundamental change. See Description of the Purchase Contracts Early Settlement Upon a Fundamental Change.

Our obligation to settle the purchase contracts at the fundamental change early settlement rate could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

The amortizing notes will not provide holders with the right to require us to repurchase them upon a fundamental change.

The terms of the indenture governing the amortizing notes do not provide holders of amortizing notes with the right to require us to repurchase their amortizing notes upon the occurrence of a fundamental change.

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Accordingly, holders of our amortizing notes will bear the risk that any such fundamental change occurs and adversely affects our capital structure, credit ratings or the value of the amortizing notes.

Until you acquire our common stock, you are not entitled to any rights with respect to our common stock, but you are subject to all changes made with respect to our common stock.

Until you acquire our common stock upon settlement on the mandatory settlement date or any early settlement, you are not entitled to any rights with respect to our common stock, including voting rights and rights to receive any dividends or other distributions on our common stock, but you are subject to all changes affecting the common stock. You will have the rights with respect to shares of our common stock only when you become the holder of record of such shares. You will be deemed to be the holder of record of shares of our common stock issuable upon settlement of the purchase contracts as follows:

- in the case of settlement of purchase contracts on the mandatory settlement date, as of the close of business on the last trading day of the 20 trading day period during which the applicable market value is determined;

- in the case of settlement of purchase contracts in connection with any early settlement at the holder s option, as of the close of business on the early settlement date;

- in the case of settlement of purchase contracts following exercise of a holder s fundamental change early settlement right, as of the close of business on the date such right is exercised; and

- in the case of settlement of purchase contracts following exercise by us of our early mandatory settlement right, as of the close of business on the notice date.

For example, in the event that an amendment is proposed to our certificate of incorporation or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the date you are deemed the owner of the shares of our common stock, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock once you become a stockholder.

The secondary market for the Units, the purchase contracts and the amortizing notes may be illiquid.

We have applied to list the Units and our common stock on the New York Stock Exchange, subject to satisfaction of its minimum listing standards with respect to the Units and our common stock. However, we can give you no assurance that the Units and our common stock will be so listed. If the Units are approved for listing, we expect that the Units will begin trading on the New York Stock Exchange within 30 calendar days after the date on which the Units are first issued. In addition, the underwriters have advised us that they intend to make a market in the Units. Listing on the New York Stock Exchange does not guarantee that a trading market will develop, and the underwriters may discontinue market making at any time in their sole discretion without prior notice to Unit holders. Accordingly we cannot assure you that a liquid trading market will develop for the Units (or, if developed, that a liquid trading market will be maintained), that you will be able to sell Units at a particular time or that the prices you receive when you sell will be favorable.

Beginning on the business day immediately succeeding the date of initial issuance of the Units, purchasers of Units will be able to separate each Unit into a purchase contract and an amortizing note. We are unable to predict how the separate purchase contracts or the separate amortizing notes will trade in the secondary market, or whether that market will be liquid or illiquid. We do not intend to apply to list the separate purchase contracts or the separate amortizing notes on any securities exchange or automated inter-dealer quotation system.

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The purchase contract agreement will not be qualified under the Trust Indenture Act, and the obligations of the purchase contract agent are limited.

The purchase contract agreement between us and the purchase contract agent will not be qualified as an indenture under the Trust Indenture Act of 1939, and the purchase contract agent will not be required to qualify as a trustee under the Trust Indenture Act. Thus, you will not have the benefit of the protection of the Trust Indenture Act with respect to the purchase contract agreement or the purchase contract agent. The amortizing notes constituting a part of the Units will be issued pursuant to an indenture, which will be qualified under the Trust Indenture Act. Accordingly, if you hold Units, you will have the benefit of the protections of the Trust Indenture Act only to the extent applicable to the amortizing notes. The protections generally afforded the holder of a security issued under an indenture that has been qualified under the Trust Indenture Act include:

- disqualification of the indenture trustee for conflicting interests, as defined under the Trust Indenture Act;

- provisions preventing a trustee that is also a creditor of the issuer from improving its own credit position at the expense of the security holders immediately prior to or after a default under such indenture; and

- the requirement that the indenture trustee deliver reports at least annually with respect to certain matters concerning the indenture trustee and the securities.

Our obligations to make payments on the amortizing notes are subordinate to our payment obligations under our Senior Indebtedness.

Our obligations under the amortizing notes rank junior in right of payment to all of its existing and future Senior Indebtedness, as defined under the caption Description of the Amortizing Notes Subordination. In addition, the amortizing notes will not be guaranteed by any of our subsidiaries, which are separate legal entities that have no obligation to pay, or make funds available to pay, any amounts due on the amortizing notes. The amortizing notes will therefore be effectively subordinated to all indebtedness and other obligations, including trade payables and preferred stock, if any, of our subsidiaries. This means that, unless all Senior Indebtedness is repaid in full, we cannot make any payments on the amortizing notes if our unsecured indebtedness for borrowed money is accelerated in the event of our bankruptcy, insolvency or liquidation or if the amortizing notes are accelerated.

The terms of the indenture under which the amortizing notes will be issued do not limit our ability to incur additional debt, including secured or unsecured debt that will rank senior to the amortizing notes and purchase contracts.

We may not have the ability to raise the funds necessary to repurchase the amortizing notes following the exercise of our early mandatory settlement right, and our debt outstanding at that time may contain limitations on our ability to repurchase the amortizing notes.

If we elect to exercise our early mandatory settlement right, holders of the amortizing notes will have the right to require Ally to repurchase the amortizing notes on the repurchase date at the repurchase price described under Description of the Amortizing Notes Repurchase of Amortizing Notes at the Option of the Holder. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of amortizing notes surrendered for repurchase. In addition, our ability to pay the repurchase price for the amortizing notes may be limited by agreements governing our current and future indebtedness. Our failure to repurchase amortizing notes at a time when the repurchase is required by the indenture would constitute a default under the indenture. A default under the indenture could also lead to a default under agreements governing our indebtedness outstanding at that time. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and the repurchase price for the amortizing notes.

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You have limited remedies for defaults under the indenture.

Although various events may constitute defaults under the indenture, a default that is not an event of default will not trigger the acceleration of installment payments due on the amortizing notes. Such acceleration will occur only upon our failure to pay in full all installment payments within 30 days of , 2018 or as a result of specified events of bankruptcy, insolvency or reorganization of us. See Description of the Amortizing Notes Events of Default.

The U.S. federal income tax consequences relating to the Units are uncertain.

Although there is no authority directly on point and the issue is not entirely free from doubt, each Unit will be treated in accordance with its form as an investment unit composed of two separate instruments for U.S. federal income tax purposes, and the amortizing notes will be treated as indebtedness for U.S. federal income tax purposes. Under this treatment, you will be treated as if you acquired each component of a Unit for U.S. federal income tax purposes. By acquiring a Unit, you will agree to treat (i) a Unit as an investment unit composed of two separate instruments in accordance with its form and (ii) the amortizing notes as indebtedness, in each case for U.S. federal income tax purposes.

No statutory, judicial or administrative authority directly addresses the characterization of the Units or instruments similar to the Units for U.S. federal income tax purposes. As a result, some aspects of the U.S. federal income tax consequences of an investment in the Units are not certain. Specifically, even though in form separate instruments, the amortizing notes and the purchase contracts could be recharacterized as a single instrument for U.S. federal income tax purposes, in which case (i) you could be required to recognize as income the entire amount of each payment on the amortizing notes (rather than treating a portion as a tax-free return of principal) and (ii) payments made to you, if you are a Non-U.S. Holder (as defined below under Certain U.S. Federal Income Tax Considerations), on the amortizing notes, including payments denominated as principal, could be subject to U.S. federal withholding tax as dividend income.

If U.S. federal withholding were imposed or withheld in respect of payments made on or with respect to the Units, the purchase contracts, the amortizing notes or common stock, we would not be required to pay a gross up for such taxes.

No ruling is being requested from the Internal Revenue Service (the IRS) with respect to the Units (or the components thereof), and no assurance can be given that the IRS will agree with the conclusions expressed below under Certain U.S. Federal Income Tax Considerations. You should consult your tax adviser regarding potential alternative tax characterizations of the Units.

You may be subject to tax upon an adjustment to the settlement rate of the purchase contracts even though you do not receive a corresponding cash distribution.

The settlement rate of the purchase contracts is subject to adjustment in certain circumstances, including the payment of cash dividends to our stockholders or upon a fundamental change. If the settlement rate is adjusted as a result of a distribution that is taxable to our common stockholders, such as a cash dividend, you will be deemed, for U.S. federal income tax purposes, to have received a taxable dividend to the extent of our earnings and profits, without the receipt of any cash. If you are a Non-U.S. Holder (as defined in Certain U.S. Federal Income Tax Considerations), this deemed dividend may be subject to U.S. federal withholding tax (currently at a 30% rate, or any lower rate that may be specified by an applicable treaty), which may be withheld from shares of common stock or sales proceeds subsequently paid or credited to you. See Certain U.S. Federal Income Tax Considerations.

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The sale or availability for sale of substantial amounts of our common stock could cause our common stock price to decline or impair our ability to raise capital.

Sales of a substantial number of shares of our common stock in the public market following this offering, or the perception that large sales could occur, or the settlement of the purchase contracts that are components of the Units or the perception that settlement could occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of equity and equity-related securities. Upon completion of this offering and the concurrent common stock offering, there will be shares of common stock issued and outstanding, assuming the common stock public offering price is the midpoint of the price range set forth on the cover of the prospectus for the common stock offering.

Of the outstanding shares of common stock, the shares of common stock to be sold in the concurrent common stock offering (shares if the underwriters for that offering exercise their over-allotment option in full) will be freely tradable without restriction or further registration under the Securities Act, unless those shares are held by any of our affiliates, as that term is defined under Rule 144 of the Securities Act. Following the expiration of any applicable lock-up periods referred to in the section of this prospectus entitled Shares Eligible for Future Sale, the remaining outstanding shares of common stock may be eligible for resale under Rule 144 under the Securities Act subject to applicable restrictions under Rule 144. In addition, pursuant to Exhibit F of the Bylaws of Ally Financial Inc. (the Registration Rights Agreement), we have granted our existing common stockholders the right to require us in certain circumstances to file registration statements under the Securities Act covering additional resales of our common stock held by them and the right to participate in other registered offerings in certain circumstances. As restrictions on resale end or if these stockholders exercise their registration rights or otherwise sell their shares, the market price of our common stock could decline.

In particular, following this offering, Treasury or GMAC Common Equity Trust I might sell a large number of the shares of our common stock that they hold. Such sales of a substantial number of shares of our common stock could adversely affect the market price of our common stock.

The number of shares of our common stock Treasury will receive upon conversion of our Series F-2 preferred stock will depend upon the public offering price of the common stock in the concurrent offering.

Treasury currently holds 118,750,000 shares of our Series F-2 preferred stock, having an aggregate liquidation amount of $5,937,500,000. In connection with this offering and the concurrent common stock offering, Treasury intends to convert 58,750,000 shares of Series F-2 preferred stock into shares of our common stock based on a conversion price equal to the common stock public offering price, which, based on the midpoint of the price range set forth on the cover of the prospectus for the concurrent common stock offering, would result in the conversion of the Series F-2 preferred stock into shares of common stock. See Concurrent Transactions.

Accordingly, the number of shares of our common stock we will issue to Treasury in connection with the conversion will depend upon the common stock public offering price. For example, if the common stock public offering price is $ (the midpoint of the price range set forth on the cover of the prospectus for the common stock offering), then we will issue shares of our common stock to Treasury upon conversion. By contrast, if the common stock public offering price were to increase by $1.00, then we will issue shares of our common stock to Treasury upon conversion and if the common stock public offering price were to decrease by $1.00, then we will issue shares of our common stock to Treasury upon conversion.

We have no current plans to pay dividends on our common stock, and our ability to pay dividends on our common stock may be limited.

We have no current plans to commence payment of a dividend on our common stock. Our payment of dividends on our common stock in the future will be determined by our Board of Directors in its sole discretion and will depend on business conditions, our financial condition, earnings and liquidity, and other factors.

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Our Series G preferred stock prohibits us from making dividend payments on our common stock before January 1, 2014 and allows dividend payments thereafter only if 1) our senior guaranteed notes issued on December 31, 2008 are rated investment grade and 2) the payment, together with other dividend payments we made since December 31, 2008, is less than 25% of the excess of our cumulative consolidated net income from January 1, 2014 to the most recently ended fiscal quarter for which financial statements are available at the time of such dividend payment. In addition, so long as any share of our Series A preferred stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on such series of preferred stock.

Any indentures and other financing agreements that we enter into in the future may limit our ability to pay cash dividends on our capital stock, including our common stock. In the event that any of our indentures or other financing agreements in the future restrict our ability to pay dividends in cash on our common stock, we may be unable to pay dividends in cash on our common stock unless we can refinance the amounts outstanding under those agreements.

In addition, under Delaware law, our Board of Directors may declare dividends on our capital stock only to the extent of our statutory surplus (which is defined as the amount equal to total assets minus total liabilities, in each case at fair market value, minus statutory capital), or if there is no such surplus, out of our net profits for the then current and/or immediately preceding fiscal year. Further, even if we are permitted under our contractual obligations and Delaware law to pay cash dividends on our common stock, we may not have sufficient cash to pay dividends in cash on our common stock.

Any plans to commence payment of dividends on our common stock in the future would be subject to the FRB s review and absence of objection. See Business Certain Regulatory Matters Bank Holding Company Status . There is no assurance that, upon the FRB s review of our future capital plans, we would be permitted to make any planned payments of dividends on our common stock.

Anti-takeover provisions contained in our organizational documents and Delaware law could delay or prevent a takeover attempt or change in control of our company, which could adversely affect the price of our common stock.

Our amended and restated certificate of incorporation, our amended and restated bylaws, and Delaware law contain provisions that could have the effect of rendering more difficult or discouraging an acquisition deemed undesirable by our Board of Directors. Our organizational documents include provisions:

Limiting the liability of our directors, and providing indemnification to our directors and officers; and

Limiting the ability of our stockholders to call and bring business before special meetings.

These provisions, alone or together, could delay hostile takeovers and changes in control of the company or changes in management.

In addition, after the completion of this offering, we will be subject to Section 203 of the General Corporation Law of the State of Delaware (the DGCL), which generally prohibits a corporation from engaging in various business combination transactions with any interested stockholder (generally defined as a stockholder who owns 15% or more of a corporation s voting stock) for a period of three years following the time that such stockholder became an interested stockholder, except under certain circumstances including receipt of prior board approval.

Any provision of our Certificate of Incorporation or our Bylaws or Delaware law that has the effect of delaying or deterring a hostile takeover or change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock.

See Description of Capital Stock for a further discussion of these provisions.

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Because there has not been any public market for our common stock, the market price and trading volume of our common stock may be volatile.

You should consider an investment in our common stock to be risky and you should invest in our common stock only if you can withstand a significant loss and wide fluctuations in the market value of your investment. The price of our common stock after the closing of this offering may fluctuate widely, depending upon many factors, including, but not limited to:

- the perceived prospects for the auto finance and mortgage industries in general or for our company;
- differences between our actual financial and operating results and those expected by investors;
- changes in the share price of public companies with which we compete;
- news about our new products or services, enhancements, significant contracts, acquisitions or strategic investments;
- changes in our capital structure, such as future issuances of securities, repurchases of our common stock or our incurrence of debt;
- changes in general economic or market conditions;
- broad market fluctuations;
- regulatory actions or changes in applicable laws, rules or regulations;
- unfavorable or lack of published research by securities or industry analysts; and
- departure of key personnel.

In addition, the market price of our common stock is likely to be influenced by the purchase contracts that are components of the Units. For example, the market price of our common stock could become more volatile and could be depressed by investors anticipation of the potential resale in the market of a substantial number of additional shares of our common stock, including shares of common stock received upon settlement of the purchase contracts that are components of the Units, possible sales of our common stock by investors who view the Units as a more attractive means of equity participation in us than owning shares of our common stock, and hedging or arbitrage trading activity that may develop involving the Units and our common stock.

Our common stock may trade at prices significantly below the initial public offering price in the concurrent offering. In addition, when the market price of a company s common equity drops significantly, stockholders often institute securities class action lawsuits against the company. A lawsuit against us could cause us to incur substantial costs and could divert the time and attention of our management and other resources.

Treasury, which is the selling securityholder, is a federal agency and your ability to bring a claim against Treasury under the federal securities laws may be limited.

The doctrine of sovereign immunity, as limited by the Federal Tort Claims Act (the FTCA), provides that claims may not be brought against the United States of America or any agency or instrumentality thereof unless specifically permitted by act of Congress. The FTCA bars claims for

fraud or misrepresentation. At least one federal court, in a case involving a federal agency, has held that the United States may assert its sovereign immunity to claims brought under the federal securities laws. In addition, Treasury and its officers, agents, and employees are exempt from liability for any violation or alleged violation of the anti-fraud provisions of Section 10(b) of the Exchange Act by virtue of Section 3(c) thereof. The underwriters are not claiming to be agents of Treasury in this offering. Accordingly, any attempt to assert such a claim against the officers, agents or employees of Treasury for a violation of the Securities Act of 1933, as amended (the Securities Act) or the Exchange Act resulting from an alleged material misstatement in or material omission from this prospectus or the registration statement of which this prospectus is a part or resulting from any other act or omission in connection with this offering by Treasury would likely be barred.

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RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The following table sets forth our ratio of earnings to combined fixed charges and preferred dividend requirements for the periods presented:

	Three months ended March 31, 2013 (a)	Year ended December 31,				
		2012 (a)	2011 (a)	2010 (a) ($ in millions)	2009 (a)	2008
Ratio of earnings to combined fixed charges and preferred dividend requirements (b)(c)	0.76	0.94	0.83	0.69	0.24	2.04

(a) During 2013, 2012, 2011, 2010 and 2009, we committed to dispose certain operations of our Automotive Finance operations, Insurance operations, Mortgage operations, and Commercial Finance Group. We report these businesses separately as discontinued operations in the Consolidated Financial Statements. Refer to Note 2 to our Consolidated Financial Statements for further discussion of our discontinued operations. All reported periods of the calculation of the ratio of earnings to fixed charges and preferred dividend requirements exclude discontinued operations.

(b) Amount for 2010 includes a $616 million reduction to retained earnings (accumulated deficit) related to a conversion of preferred stock and related amendment that occurred on December 30, 2010, as described in Note 20 to our Consolidated Financial Statements.

(c) The ratio indicates a less than one-to-one coverage for the three months ended March 31, 2013 and years ended December 31, 2012, 2011, 2010, and 2009. Earnings for the three months ended March 31, 2013 and the years ended December 31, 2012, 2011, 2010, and 2009 were inadequate to cover total fixed charges and preferred dividend requirements. The deficient amounts for the ratio were $266 million, for the three months ended March 31, 2013, and $292 million, $946 million, $2,104 million, and $4,575 million for the years ended December 31, 2012, 2011, 2010, and 2009, respectively.

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DESCRIPTION OF THE UNITS

Treasury is offering Units (or Units if the underwriters exercise their over-allotment option in full), each with a stated amount of $. Each Unit is composed of a prepaid stock purchase contract (a purchase contract) and a junior subordinated amortizing note (an amortizing note). The following summary of the terms of the Units, the summary of the terms of the purchase contracts set forth under the caption Description of the Purchase Contracts and the summary of the terms of the amortizing notes set forth under the caption Description of the Amortizing Notes in this prospectus contain a description of all of the material terms of the Units and their components but are not complete. We refer you to:

- the form of purchase contract agreement to be entered into between Ally and The Bank of New York Mellon, as purchase contract agent (the purchase contract agreement), to be dated the date of first issuance of the Units, under which the purchase contracts and Units will be issued; and

- the amended and restated junior subordinated debt indenture, dated as of March 1, 2011 (the base indenture), and a related supplemental indenture for such amortizing notes to be dated the date of first issuance of the amortizing notes (the supplemental indenture and, together with the base indenture, the indenture), between Ally, as issuer, and The Bank of New York Mellon, as trustee, under which the amortizing notes will be issued.

The base indenture and the form of purchase contract agreement have been filed, and the supplemental indenture will be filed, as exhibits to the registration statement of which this prospectus forms a part. Whenever particular sections or defined terms are referred to, such sections or defined terms are incorporated herein by reference.

As used in this section, each of the terms we, us, our, and Ally means Ally Financial Inc. and does not include any subsidiary of Ally Financial Inc.

Components of the Units

Each Unit offered is composed of:

- a prepaid stock purchase contract pursuant to which we will deliver to the holder, not later than , 2016 (subject to postponement in certain limited circumstances, the mandatory settlement date), a number of shares of our common stock per purchase contract equal to the settlement rate described below under Description of the Purchase Contracts Delivery of Common Stock, subject to adjustment; and

- a junior subordinated amortizing note with an initial principal amount of $ that pays equal quarterly installments of $ per amortizing note (except for the , 2013 installment payment, which will be $ per amortizing note), which in the aggregate will be equivalent to % per year with respect to the $ stated amount per Unit.

Unless previously settled at your option as described in Description of the Purchase Contracts Early Settlement or Description of the Purchase Contracts Early Settlement Upon a Fundamental Change or unless previously settled at our option as described in Description of the Purchase Contracts Early Settlement at Our Election, we will deliver to you not more than shares and not less than shares of our common stock, par value $0.01 (the common stock) on the mandatory settlement date, based upon the applicable settlement rate (as defined below), which is subject to adjustment as described herein, and the applicable market value (as defined below) of our common stock, as described below under Description of the Purchase Contracts Delivery of Common Stock.

Each amortizing note will have an initial principal amount of $. On , , and of each year, commencing on , 2013, we will pay equal quarterly installments of $ on each amortizing note (except for the , 2013 installment payment, which will be $ per amortizing note). Each installment will be composed of a payment of interest (at a rate of % per annum) and a partial repayment of principal on the amortizing note, allocated as set forth on the amortization schedule set forth under Description of the Amortizing Notes Amortization Schedule. We will have the right to defer installment payments at any time and from time to time under the circumstances, and subject to the conditions, described under Description of the Amortizing Notes Option to Extend Installment Payment Period so long as such deferral period does not extend beyond , 2019.

The stated amount of each Unit must be allocated between the amortizing note and the purchase contract based upon their relative fair market values for U.S. federal income tax purposes. We have determined that the fair market value of each amortizing note is $ and the fair market value of each purchase contract is $. Each holder agrees to this allocation and this position will be binding on each holder (but not on the IRS).

Separating and Recreating Units

Subject to the conditions and under the circumstances described below, a holder of a Unit will have the right to separate a Unit into its component parts, and a holder of a separate purchase contract and a separate amortizing note will have the right to combine the two components to recreate a Unit.

Separating Units

At initial issuance, the purchase contracts and amortizing notes may be purchased and transferred only as Units and will trade under the CUSIP number for the Units.

On any business day during the period beginning on, and including, the business day immediately following the date of initial issuance of the Units to, but excluding, the third scheduled trading day immediately preceding , 2016 or any early mandatory settlement date (as defined below), you will have the right to separate your Unit into its constituent purchase contract and amortizing note (which we refer to as a separate purchase contract and a separate amortizing note, respectively, and which will thereafter trade under their respective CUSIP numbers), in which case that Unit will cease to exist.

Business day means any day other than a Saturday, Sunday or any day on which banking institutions in New York, New York are authorized or obligated by applicable law or executive order to close or be closed.

Your Unit, purchase contract and amortizing note will be represented by global securities registered in the name of a nominee of The Depository Trust Company (DTC). You will not be entitled to receive a definitive physical certificate for your Units, purchase contracts or amortizing notes, except under the limited circumstances described under Book-Entry Procedures and Settlement. Beneficial interests in a Unit and, after separation, the separate purchase contract and separate amortizing note will be shown on and transfers will be effected through direct or indirect participants in DTC. In order to separate your Unit into its component parts, you must deliver written instructions to the broker or other direct or indirect participant through which you hold an interest in your Unit (your participant) to notify DTC through DTC s Deposit/ Withdrawal at Custodian (DWAC) System of your election to separate the Unit.

Separate purchase contracts and separate amortizing notes will be transferable independently from each other.

Recreating Units

If you beneficially own a separate purchase contract and a separate amortizing note, you may combine the two components to recreate a Unit by delivering written instructions to your participant to notify DTC through its

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DWAC System of your desire to recreate the Unit on any business day during the period beginning on, and including, the business day immediately following the date of initial issuance of the Units to, but excluding, the third scheduled trading day immediately preceding , 2016 or any early mandatory settlement date.

Listing of Securities

We have applied to list the Units and our common stock being offered concurrently with this offering on the New York Stock Exchange, subject to satisfaction of its minimum listing standards with respect to the Units and our common stock. However, we can give no assurance that the Units will be so listed. If the Units are approved for listing, we expect that the Units will begin trading on the New York Stock Exchange within 30 calendar days after the Units are first issued. In addition, the underwriters have advised us that they intend to make a market in the Units. Listing on the New York Stock Exchange does not guarantee that a trading market will develop, and the underwriters may discontinue market making at any time in their sole discretion without notice. Accordingly, we cannot assure you that a liquid trading market will develop for the Units (or, if developed, that a liquid trading market will be maintained), that you will be able to sell Units or our common stock issued upon settlement of the purchase contracts at a particular time or that the prices you receive when you sell will be favorable.

We do not intend to apply to list the separate purchase contracts or the separate amortizing notes on any securities exchange or automated inter-dealer quotation system.

If our common stock is approved for listing on the New York Stock Exchange, we will also apply to have the shares of our common stock deliverable upon settlement of the purchase contracts approved for listing on such exchange.

Title

We and the purchase contract agent will treat the registered owner of any Unit or separate purchase contract or separate amortizing note as the absolute owner of the Unit or separate purchase contract or separate amortizing note for all purposes.

Replacement of Unit Certificates

In the event that physical certificates evidencing the Units have been issued, any mutilated Unit certificate will be replaced by us at the expense of the holder upon surrender of the certificate to the purchase contract agent. Unit certificates that become destroyed, lost or stolen will be replaced by us at the expense of the holder upon delivery to us and the purchase contract agent of evidence of their destruction, loss or theft satisfactory to us and the purchase contract agent. In the case of a destroyed, lost or stolen Unit certificate, an indemnity satisfactory to us and the purchase contract agent may be required at the expense of the registered holder of the Units before a replacement will be issued.

Notwithstanding the foregoing, we will not be obligated to replace any Unit certificates on or after the business day immediately preceding the earliest of , 2016, any early settlement date, any early mandatory settlement date and any fundamental change early settlement date with respect to such Unit. In those circumstances, the purchase contract agreement will provide that, in lieu of the delivery of a replacement Unit certificate, the purchase contract agent, upon delivery of the evidence and indemnity described above, will deliver or arrange for delivery of the shares of common stock issuable pursuant to the purchase contracts included in the Units evidenced by the certificate.

Miscellaneous

The purchase contract agreement will provide that we will pay all fees and expenses related to the enforcement by the purchase contract agent of the rights of the holders of the Units or the separate purchase contracts.

Should you elect to separate or recreate Units, you will be responsible for any fees or expenses payable in connection with that separation or recreation, and we will have no liability therefor.

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DESCRIPTION OF THE PURCHASE CONTRACTS

Each purchase contract, which initially forms a part of a Unit and which, at the holder s option after the date of initial issuance of the Units, can be separated and transferred separately from the amortizing note also forming a part of a Unit, will be issued pursuant to the terms and provisions of the purchase contract agreement.

The following summary of the terms of the purchase contracts contains a description of all of the material terms of the purchase contracts but is not complete and is subject to, and is qualified in its entirety reference to, all of the provisions of the purchase contract agreement, including the definitions in the purchase contract agreement of certain terms. We refer you to the form of purchase contract agreement to be filed as an exhibit to the registration statement of which this prospectus forms a part.

As used in this section, each of the terms we, us, our and Ally means Ally Financial Inc. and does not include any subsidiary of Ally Financial Inc.

Delivery of Common Stock

Unless previously settled early at your or our option, for each purchase contract we will deliver to you on , 2016 (subject to postponement in certain limited circumstances described below, the mandatory settlement date) a number of shares of our common stock. The settlement of the purchase contracts on the mandatory settlement date is not deferrable. The number of shares of our common stock issuable upon settlement of each purchase contract on the mandatory settlement date (the settlement rate) will be determined as follows:

- if the applicable market value of our common stock is equal to or greater than the threshold appreciation price, then you will receive shares of our common stock for each purchase contract (the minimum settlement rate);

- if the applicable market value of our common stock is greater than $ (the reference price) but less than the threshold appreciation price, then you will receive a number of shares of our common stock for each purchase contract equal to the Unit stated amount of $, *divided by* the applicable market value; and

- if the applicable market value of our common stock is less than or equal to the reference price of $, then you will receive shares of our common stock for each purchase contract (the maximum settlement rate).

The maximum settlement rate and the minimum settlement rate are each subject to adjustment as described under Adjustments to the Fixed Settlement Rates below. Each of the minimum settlement rate and the maximum settlement rate is referred to as a fixed settlement rate.

Prior to this offering, there has been no public market for our purchase contracts. Consequently, the reference price will be the initial public offering price of our common stock in the concurrent common stock offering, which was determined by negotiations among us, Treasury and the representatives. Among the factors considered in determining the initial public offering price of our common stock in the concurrent offering were our results of operations, our current financial condition, our future prospects, our markets, the economic conditions in and future prospects for the industry in which we compete, our management, and currently prevailing general conditions in the equity securities markets, including current market valuations of publicly traded companies considered comparable to our company. We cannot assure you, however, that the price at which the Units will sell in the public market will not be lower than their initial public offering price or that an active trading market in the Units will develop and continue after this offering.

The threshold appreciation price will be equal to $, *divided by* the minimum settlement rate (rounded to the nearest $0.01). The threshold appreciation price, which is initially $, represents an appreciation of approximately % over the reference price.

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For illustrative purposes only, the following table shows the number of shares of common stock issuable upon settlement of a purchase contract at the assumed applicable market values, based on a reference price of $ and a threshold appreciation price of $. The table assumes that there will be no adjustments to the fixed settlement rates described as under Adjustments to the Fixed Settlement Rates below and that neither we nor holders elect to settle early as described under Early Settlement, Early Settlement Upon a Fundamental Change or Early Settlement at Our Election below. We cannot assure you that the actual applicable market value will be within the assumed range set forth below.

A holder of a Unit or a separate purchase contract, as applicable, will receive on the mandatory settlement date the following number of shares of common stock at the following assumed applicable market values:

Assumed Applicable Market Value	Number of Shares of Our Common Stock
$	
$	
$	
$	
$	
$	
$	
$	
$	
$	
$	

As the above table illustrates, if, on the mandatory settlement date, the applicable market value is greater than or equal to the threshold appreciation price, we would be obligated to deliver shares of our common stock for each purchase contract. As a result, you would receive only approximately % of the appreciation in market value of the shares of our common stock that you would have received had you purchased $ worth of shares of our common stock at the public offering price in the concurrent common stock offering.

If, on the mandatory settlement date, the applicable market value is less than the threshold appreciation price but greater than the reference price of $, we would be obligated to deliver a number of shares of our common stock on the mandatory settlement date equal to $, *divided by* the applicable market value. As a result, we would retain all appreciation in the market value of our common stock underlying each purchase contract between the reference price and the threshold appreciation price.

If, on the mandatory settlement date, the applicable market value is less than or equal to the reference price of $, we would be obligated to deliver upon settlement of the purchase contract shares of our common stock for each purchase contract, regardless of the market price of our common stock. As a result, the holder would realize the entire loss on the decline in market value of the common stock underlying each purchase contract since the initial issuance date of the Units.

Because the applicable market value of the common stock is determined over the 20 trading days (as defined below) beginning on, and including, the 23rd scheduled trading day immediately preceding , 2016, the number of shares of common stock delivered for each purchase contract may be greater than or less than the number that would have been delivered based on the daily VWAP of our common stock on the last trading day in such 20 trading day period. In addition, you will bear the risk of fluctuations in the market price of the shares of our common stock deliverable upon settlement of the purchase contracts between the end of such 20 trading day period and the date such shares are delivered.

The term applicable market value means the average of the daily VWAPs of our common stock on each of the 20 consecutive trading days beginning on, and including, the 23rd scheduled trading day immediately preceding , 2016.

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The daily VWAP of our common stock (or any other security for which a daily VWAP must be determined) means, on any trading day, the per share volume-weighted average price as displayed under the heading Bloomberg VWAP on Bloomberg page US <equity> AQR (or, if applicable, the relevant Bloomberg page for such other security) (or, in either case, its equivalent successor if such page is not available) in respect of the period from the scheduled open of trading on such trading day until the scheduled close of trading on such trading day, or, if such volume-weighted average price is unavailable, the market price of one share of our common stock (or, if applicable, such other security) on such trading day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained by us for this purpose.

A trading day is a day on which shares of our common stock (or, in the case of any other security for which a daily VWAP must be determined, shares of such other security):

- are not suspended from trading on any U.S. national or regional securities exchange or association or over-the-counter market at the close of business; and

- have traded at least once on the U.S. national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of our common stock (or, if applicable, such other security).

If our common stock (or, if applicable, such other security) is not listed or admitted for trading on any U.S. national or regional securities exchange or association or over-the-counter market, trading day means a business day.

A scheduled trading day is a day that is scheduled to be a trading day on the U.S. national or regional securities exchange or association or over-the-counter market on which our common stock (or, if applicable, such other security) is listed or admitted for trading. If our common stock (or, if applicable, such other security) is not so listed or admitted for trading, scheduled trading day means a business day.

On the mandatory settlement date, our common stock will be issued and delivered to you or your designee, upon (i) surrender of certificates representing the purchase contracts, if such purchase contracts are held in certificated form, and (ii) payment by you of any transfer or similar taxes payable in connection with the issuance of our common stock to any person other than you. As long as the purchase contracts are evidenced by one or more global purchase contract certificates deposited with DTC, the procedures for settlement will be governed by standing arrangements between DTC and the purchase contract agent.

If one or more of the 20 scheduled trading days beginning on, and including, the 23rd scheduled trading day immediately preceding , 2016 is not a trading day, the mandatory settlement date will be postponed until the third scheduled trading day immediately following the last trading day of the 20 trading day period during which the applicable market value is determined.

Prior to the close of business on the last trading day of the 20 trading day period during which the applicable market value is determined, the shares of our common stock underlying each purchase contract will not be outstanding, and the holder of such purchase contract will not have any voting rights, rights to dividends or other distributions or other rights of a holder of our common stock by virtue of holding such purchase contract. The person in whose name any shares of our common stock to be issued upon settlement of the purchase contract on the mandatory settlement date will become the holder of record of such shares as of the close of business on the last trading day of the 20 trading day period during which the applicable market value is determined.

We will pay any documentary, stamp or similar issue or transfer taxes due on the issue of any shares of our common stock upon settlement of the purchase contracts, unless the tax is due because the holder requests any shares to be issued in a name other than the holder s name, in which case the holder will pay that tax.

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Early Settlement

On any trading day prior to the close of business on the third scheduled trading day immediately preceding , 2016, you, as a holder of Units or a holder of a separate purchase contract, may elect to settle your purchase contracts early, in whole or in part, and receive shares of common stock at the early settlement rate. The early settlement rate is equal to the minimum settlement rate, subject to adjustment as described below under Adjustments to the Fixed Settlement Rates, unless you elect to settle your purchase contracts early in connection with a fundamental change, in which case you will receive upon settlement of your purchase contracts a number of shares of our common stock based on the fundamental change early settlement rate as described under Early Settlement Upon a Fundamental Change.

Your right to receive common stock upon early settlement of your purchase contract is subject to (i) delivery of a written and signed notice of election (an early settlement notice) to the purchase contract agent electing early settlement of your purchase contract, (ii) if such purchase contract or the Unit that includes such purchase contract is held in certificated form, surrendering the certificates representing the purchase contract and (iii) payment by you of any transfer or similar taxes payable in connection with the issuance of our common stock to any person other than you. As long as the purchase contracts or the Units are evidenced by one or more global certificates deposited with DTC, the procedures for early settlement will be governed by standing arrangements between DTC and the purchase contract agent.

Upon surrender of the purchase contract or the related Unit and payment of any applicable transfer or similar taxes due because of any issuance of the underlying shares in a name of a person other than the holder, you will receive the applicable number of shares of common stock (and a cash payment for any fractional share) as promptly as practicable, but no later than the third business day, following the early settlement date (as defined below).

If you comply with the requirements for effecting early settlement of your purchase contracts earlier than the close of business on any business day, then that day will be considered the early settlement date. If you comply with such requirements at or after the close of business on any business day or at any time on a day that is not a business day, then the next business day will be considered the early settlement date. The person in whose name any shares of our common stock to be issued upon such early settlement of the purchase contract will become the holder of record of such shares as of the close of business on the relevant early settlement date.

Upon early settlement of the purchase contract component of a Unit, the corresponding amortizing note will remain outstanding and registered in the name of the holder who elected to settle the related purchase contract early.

Early Settlement Upon A Fundamental Change

If a fundamental change occurs and you elect to settle your purchase contracts early in connection with such fundamental change in accordance with the procedures described under Early Settlement above, you will receive a number of shares of our common stock based on the fundamental change early settlement rate, as described below. An early settlement will be deemed for these purposes to be in connection with such fundamental change if you deliver your early settlement notice to the purchase contract agent, and otherwise satisfy the requirements for effecting early settlement of your purchase contracts, during the period beginning on, and including, the effective date of the fundamental change and ending at the close of business on the 30th business day thereafter (or, if earlier, the third scheduled trading day immediately preceding , 2016) (the fundamental change early settlement period). We refer to this right as the fundamental change early settlement right.

If you comply with the requirements for effecting early settlement upon a fundamental change earlier than the close of business on any business day during the fundamental change early settlement period, then that day will be considered the fundamental change early settlement date. If you comply with such requirements at or

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after the close of business on any business day during the fundamental change early settlement period or at any time on a day during the fundamental change early settlement period that is not a business day, then the next business day will be considered the fundamental change early settlement date if such business day is during the fundamental change early settlement period.

We will provide the purchase contract agent and the holders of Units and separate purchase contracts with a notice of a fundamental change within five business days after its occurrence, issue a press release announcing the effective date and post such press release on our website. The notice will also set forth, among other things, (i) the applicable fundamental change early settlement rate, (ii) if not our common stock, the kind and amount of cash, securities and other property receivable by the holder upon settlement and (iii) the deadline by which each holder s fundamental change early settlement right must be exercised.

A fundamental change will be deemed to have occurred upon the occurrence of any of the following:

(a) a person or group within the meaning of Section 13(d) of the Exchange Act, other than us, our subsidiaries, our and our subsidiaries employee benefit plans and permitted holders (as defined below), has become the direct or indirect beneficial owner, as defined in Rule 13d-3 under the Exchange Act, of our common equity representing more than 50% of the voting power of our common equity;

(b) any permitted holder has, or any permitted holders have, become the direct or indirect beneficial owners of our common equity representing more than %, in the aggregate, of the voting power of our common equity; or

(c) consummation of any consolidation or merger of us or similar transaction or any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the property and assets of us to any person other than one of our subsidiaries, in each case pursuant to which our common stock will be converted into cash, securities or other property;

provided, *however*, that a fundamental change will not be deemed to have occurred if at least 90% of the consideration received by holders of our common stock in the transaction or transactions consists of shares of common stock or depositary receipts in respect of common stock that are traded on a U.S. national securities exchange or that will be so traded when issued or exchanged in connection with such transaction or transactions.

A permitted holder means the United States Department of the Treasury or any other agent or instrumentality of the United States.

The fundamental change early settlement rate will be determined by us by reference to the table below, based on the date on which the fundamental change occurs or becomes effective (the effective date) and the stock price in the fundamental change, which will be:

in the case of a fundamental change described in clause (c) of the definition of fundamental change in which holders of shares of our common stock receive only cash in the fundamental change, the stock price will be the cash amount paid per share of our common stock; and

in all other cases, the stock price will be the average of the daily VWAPs of our common stock over the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the effective date.

The stock prices set forth in the first column of the table below will be adjusted as of any date on which any fixed settlement rate is otherwise adjusted. The adjusted stock prices will equal the stock prices applicable immediately prior to such adjustment, *multiplied by* a fraction, the numerator of which is the maximum settlement rate immediately prior to the adjustment giving rise to the stock price adjustment and the denominator of which is the maximum settlement rate as so adjusted. The number of shares in the table below will be adjusted in the same manner as the fixed settlement rates as set forth under Adjustments to the Fixed Settlement Rates.

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The following table sets forth the fundamental change early settlement rate per purchase contract for each stock price and effective date set forth below:

	Effective Date
Stock Price	
$	
$	
$	
$	
$	
$	
$	

The exact stock prices and effective dates may not be set forth in the table above, in which case:

- if the stock price is between two stock prices in the table or the effective date is between two effective dates in the table, the fundamental change early settlement rate will be determined by straight line interpolation between the fundamental change early settlement rates set forth for the higher and lower stock prices and the earlier and later effective dates, as applicable, based on a 365-day year;

- if the stock price is greater than $ per share (subject to adjustment in the same manner as the stock prices set forth in the column headings of the table above), then the fundamental change early settlement rate will be the minimum settlement rate; or

- if the stock price is less than $ per share (subject to adjustment in the same manner as the stock prices set forth in the column headings of the table above, the minimum stock price), the fundamental change early settlement rate will be determined as if the stock price equaled the minimum stock price, and using straight line interpolation, as described in the first bullet of this paragraph, if the effective date is between two effective dates in the table.

The maximum number of shares of our common stock deliverable under a purchase contract is , subject to adjustment in the same manner as the fixed settlement rates as set forth under Adjustments to the Fixed Settlement Rates.

Upon early settlement of the purchase contract component of a Unit upon a fundamental change, the corresponding amortizing note will remain outstanding and registered in the name of the holder who elected to settle the related purchase contract early upon the fundamental change.

If you do not elect to exercise your fundamental change early settlement right, your purchase contracts will remain outstanding and will be subject to normal settlement on any subsequent early settlement date, any early mandatory settlement date, fundamental change early settlement date or the mandatory settlement date, including, if applicable, the provisions set forth under Adjustments to the Fixed Settlement Rates.

Early Mandatory Settlement at Our Election

We have the right to settle the purchase contracts early, in whole but not in part, on a date fixed by us as described below at the early mandatory settlement rate described below. We refer to this right as our early mandatory settlement right.

The early mandatory settlement rate will be the maximum settlement rate on the notice date (as defined below), unless the daily VWAP of our common stock for 20 or more trading days in a period of 30 consecutive

trading days ending on, and including, the trading day immediately preceding the notice date (as defined below) exceeds 130% of the threshold appreciation price in effect on each such trading day, in which case the early mandatory settlement rate will be the fundamental change early settlement rate with the effective date for this purpose being deemed to be the early mandatory settlement date specified in the early mandatory settlement notice and the stock price for this purpose being deemed to be the average of the daily VWAPs of our common stock over the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the early mandatory settlement date.

If we elect to settle the purchase contracts early, you will have the right to require us to repurchase your amortizing notes, except in the circumstances, and subject to the conditions, described under Description of the Amortizing Notes Repurchase of Amortizing Notes at the Option of the Holder.

If we elect to exercise our early mandatory settlement right, we will provide the purchase contract agent and the holders of Units, separate purchase contracts and separate amortizing notes with a notice of our election (the early mandatory settlement notice), issue a press release announcing our election and post such press release on our website. The early mandatory settlement notice will specify, among other things:

- the early mandatory settlement rate;
- the date on which we will deliver shares of our common stock following exercise of our early mandatory settlement right (the early mandatory settlement date), which will be at least 10 but not more than 30 business days following the date of our notice (the notice date);
- that holders of Units and separate amortizing notes will have the right to require us to repurchase their amortizing notes that are a component of the Units or their separate amortizing notes, as the case may be (subject to certain exceptions described under Description of the Amortizing Notes Repurchase of Amortizing Notes at the Option of the Holder);
- if applicable, the repurchase price and repurchase date (each as defined below under Description of the Amortizing Notes Repurchase of Amortizing Notes at the Option of the Holder);
- if applicable, the last date on which holders may exercise their repurchase right; and
- if applicable, the procedures that holders must follow to require us to repurchase their amortizing notes.

We will deliver the shares of our common stock and any cash payable for fractional shares to you on the early mandatory settlement date. The person in whose name any shares of our common stock to be issued following exercise of our early mandatory settlement right will become the holder of record of such shares as of the close of business on the notice date.

Adjustments to the Fixed Settlement Rates

Each fixed settlement rate will be adjusted as described below, except that no adjustment to the fixed settlement rates will be made if holders of Units or any separate purchase contracts may participate in the transaction (at a level based on the maximum settlement rate) that would otherwise give rise to such adjustment at the same time and on the same terms as holders of our common stock without having to settle such holders purchase contracts.

(1) If we exclusively issue shares of our common stock as a dividend or distribution on shares of our common stock, or if we effect a share split or share combination, each fixed settlement rate will be adjusted based on the following formula:

$$SR_1 = SR_0 \times \frac{OS_1}{OS_0}$$

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where,

SR_0 = the fixed settlement rate in effect immediately prior to the close of business on the record date of such dividend or distribution, or immediately prior to the open of business on the effective date of such share split or combination, as applicable;

SR_1 = the fixed settlement rate in effect immediately after the close of business on such record date or immediately after the open of business on such effective date;

OS_0 = the number of shares of our common stock outstanding immediately prior to the close of business on such record date or immediately prior to the open of business on such effective date; and

OS_1 = the number of shares of our common stock outstanding immediately after giving effect to such dividend, distribution, share split or share combination.

Any adjustment made under this clause (1) shall become effective immediately after the close of business on the record date for such dividend or distribution, or immediately after the open of business on the effective date for such share split or share combination, as applicable. If any dividend or distribution of the type described in this clause (1) is declared but not so paid or made, each fixed settlement rate shall be immediately readjusted, effective as of the date our board of directors or a committee thereof determines not to pay such dividend or distribution, to the fixed settlement rates that would then be in effect if such dividend or distribution had not been declared.

(2) If we issue to all or substantially all holders of our common stock any rights, options or warrants entitling them, for a period of not more than 60 calendar days after the announcement date of such issuance, to subscribe for or purchase shares of our common stock at a price per share that is less than the average of the daily VWAPs of our common stock for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such issuance, each fixed settlement rate will be increased based on the following formula:

$$SR_1 = SR_0 \text{ x } \frac{OS_0 + X}{OS^0 + Y}$$

where,

SR_0 = the fixed settlement rate in effect immediately prior to the close of business on the record date for such issuance;

SR_1 = the fixed settlement rate in effect immediately after the close of business on such record date;

OS_0 = the number of shares of our common stock outstanding immediately prior to the close of business on such record date;

X = the total number of shares of our common stock issuable pursuant to such rights, options or warrants; and

Y =

the number of shares of our common stock equal to the aggregate price payable to exercise such rights, options or warrants, *divided by* the average of the daily VWAPs of our common stock over the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of the issuance of such rights, options or warrants.

Any increase made under this clause (2) will be made successively whenever any such rights, options or warrants are issued and shall become effective immediately after the close of business on the record date for such

issuance. To the extent that shares of common stock are not delivered after the expiration of such rights, options or warrants, each fixed settlement rate shall be decreased to the fixed settlement rate that would then be in effect had the increase with respect to the issuance of such rights, options or warrants been made on the basis of delivery of only the number of shares of common stock actually delivered. If such rights, options or warrants are not so issued, each fixed settlement rate shall be decreased to the fixed settlement rate that would then be in effect if the record date for such issuance had not occurred.

For the purpose of this clause (2), in determining whether any rights, options or warrants entitle the holders to subscribe for or purchase shares of our common stock at a price per share that is less than such average of the daily VWAPs for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such issuance, and in determining the aggregate offering price of such shares of common stock, there shall be taken into account any consideration received by us for such rights, options or warrants and any amount payable on exercise thereof, the value of such consideration, if other than cash, to be determined by our board of directors or a committee thereof.

(3) If we distribute shares of our capital stock, evidences of our indebtedness, other assets or property of ours or rights, options or warrants to acquire our capital stock or other securities, to all or substantially all holders of our common stock, excluding:

- dividends, distributions or issuances as to which an adjustment was effected pursuant to clause (1) or (2) above;
- dividends or distributions paid exclusively in cash as to which an adjustment was effected pursuant to clause (4) below; and
- spin-offs as to which the provisions set forth below in this clause (3) shall apply;

then each fixed settlement rate will be increased based on the following formula:

$$SR_1 = SR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where,

SR_0 = the fixed settlement rate in effect immediately prior to the close of business on the record date for such distribution;

SR_1 = the fixed settlement rate in effect immediately after the close of business on such record date;

SP_0 = the average of the daily VWAPs of our common stock over the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the ex-dividend date for such distribution; and

FMV = the fair market value (as determined by our board of directors or a committee thereof) of the shares of capital stock, evidences of indebtedness, assets, property, rights, options or warrants distributed with respect to each outstanding share of our common stock on the ex-dividend date for such distribution.

Any increase made under the portion of this clause (3) above will become effective immediately after the close of business on the record date for such distribution. If such distribution is not so paid or made, each fixed settlement rate shall be decreased to be the fixed settlement rate that would then be in effect if such dividend or distribution had not been declared. Notwithstanding the foregoing, if FMV (as defined above) is

equal to or greater than SP_0 (as defined above), in lieu of the foregoing increase, each holder shall receive, in respect of each Unit or separate purchase contract, at the same time and upon the same terms as holders of our common stock receive the shares of capital stock, evidences of indebtedness, assets, property, rights, options or warrants

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distributed with respect to each outstanding share of our common stock, the amount of shares of capital stock, evidences of indebtedness, assets, property, rights, options or warrants distributed with respect to each outstanding share of our common stock such holder would have received if such holder owned a number of shares of our common stock equal to the maximum settlement rate in effect on the ex-dividend date for such distribution.

With respect to an adjustment pursuant to this clause (3) where there has been a payment of a dividend or other distribution on our common stock of shares of capital stock of any class or series, or similar equity interest, of or relating to a subsidiary or other business unit, that are, or, when issued, will be, listed or admitted for trading on a U.S. national securities exchange, which we refer to as a spin-off, each fixed settlement rate will be increased based on the following formula:

$$SR_1 = SR_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

where,

SR_0 = the fixed settlement rate in effect immediately prior to the end of the valuation period (as defined below);

SR_1 = the fixed settlement rate in effect immediately after the end of the valuation period;

FMV_0 = the average of the daily VWAPs of the capital stock or similar equity interest distributed to holders of our common stock applicable to one share of our common stock over the first 10 consecutive trading days commencing on, and including, the third trading day after the date on which ex-distribution trading commences for such dividend or distribution on the New York Stock Exchange or such other U.S. national securities exchange on which such capital stock or similar equity interest is then listed or quoted (the valuation period); and

MP_0 = the average of the daily VWAPs of our common stock over the valuation period.

The adjustment to the fixed settlement rates under the preceding paragraph will occur on the last trading day of the valuation period; *provided* that if any date for determining the number of shares of our common stock issuable to a holder occurs during the valuation period, references in the preceding paragraph with respect to 10 trading days shall be deemed to be replaced with such lesser number of trading days as have elapsed between the ex-dividend date of such spin-off and such determination date for purposes of determining the fixed settlement rates.

(4) If a dividend or distribution consisting exclusively of cash is made to all or substantially all holders of our common stock, each fixed settlement rate will be adjusted based on the following formula:

$$SR_1 = SR_0 \times \frac{SP_0}{SP_0 - C}$$

where,

SR_0 = the fixed settlement rate in effect immediately prior to the close of business on the record date for such dividend or distribution;

SR_1 = the fixed settlement rate in effect immediately after the close of business on the record date for such dividend or distribution;

SP_0 = the daily VWAP of our common stock on the trading day immediately preceding the ex-dividend date for such dividend or distribution; and

C = the amount in cash per share we distribute to all or substantially all holders of our common stock.

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Any increase made under this clause (4) shall become effective immediately after the close of business on the record date for such dividend or distribution. If such dividend or distribution is not so paid, each fixed settlement rate shall be decreased, effective as of the date our board of directors or a committee thereof determines not to make or pay such dividend or distribution, to the fixed settlement rate that would then be in effect if such dividend or distribution had not been declared. Notwithstanding the foregoing, if C (as defined above) is equal to or greater than SP_0 (as defined above), in lieu of the foregoing increase, each holder shall receive, in respect of each Unit or separate purchase contract, at the same time and upon the same terms as holders of our common stock receive such dividend or distribution, the amount of such dividend or distribution such holder would have received if such holder owned a number of shares of our common stock equal to the maximum settlement rate in effect on the ex-dividend date for such dividend or distribution.

(5) If we make or any of our subsidiaries makes a payment in respect of a tender or exchange offer for our common stock, to the extent that the cash and value of any other consideration included in the payment per share of common stock exceeds the average of the daily VWAP per share of our common stock on the trading day next succeeding the date (the expiration date) such tender or exchange offer expires, each fixed settlement rate will be increased based on the following formula:

$$SR_1 = SR_0 \times \frac{AC + (SP_1 \times OS_1)}{OS_0 \times SP_1}$$

where,

SR_0 = the fixed settlement rate in effect immediately prior to the close of business on the expiration date;

SR_1 = the fixed settlement rate in effect immediately after the close of business on the expiration date;

AC = the aggregate value of all cash and any other consideration (as determined by our board of directors or a committee thereof) paid or payable for shares purchased in such tender or exchange offer;

OS_0 = the number of shares of our common stock outstanding immediately prior to the date such tender or exchange offer expires (prior to giving effect to the purchase of all shares accepted for purchase or exchange in such tender or exchange offer);

OS_1 = the number of shares of our common stock outstanding immediately after the date such tender or exchange offer expires (after giving effect to the purchase of all shares accepted for purchase or exchange in such tender or exchange offer); and

SP_1 = the average of the daily VWAPs of our common stock over the 10 consecutive trading day period commencing on, and including, the trading day next succeeding the expiration date.

The adjustment to each fixed settlement rate under the immediately preceding paragraph will occur at the close of business on the 10th trading day immediately following, and including, the trading day next succeeding the expiration date; *provided* that if any date for determining the number of shares of our common stock issuable to a holder occurs during the 10 trading days immediately following, and including, the trading day next succeeding the expiration date, references in the preceding paragraph with respect to 10 trading days shall be deemed to be replaced with such lesser number of trading days as have elapsed between the trading day next succeeding the expiration date and such determination date for purposes of determining the fixed settlement rates.

As used in this section, ex-dividend date means the first date on which the shares of our common stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance, dividend or distribution in question, from us or, if applicable, from the seller of our common stock on such exchange or market (in the form of due bills or otherwise) as determined by such exchange or market.

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As used in this section, record date means, with respect to any dividend, distribution or other transaction or event in which the holders of our common stock have the right to receive any cash, securities or other property or in which common stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of our common stock entitled to receive such cash, securities or other property (whether such date is fixed by our board of directors or a duly authorized committee thereof, statute, contract or otherwise).

We are permitted to increase the fixed settlement rates by any amount for a period of at least 20 business days if our board of directors or a committee thereof determines that such increase would be in our best interest. We may also (but are not required to) increase each fixed settlement rate to avoid or diminish income tax to holders of our common stock or rights to purchase shares of our common stock in connection with a dividend or distribution of shares (or rights to acquire shares) or similar event. In either case, we may make such an adjustment only so long as we make the same proportionate adjustment to each fixed settlement rate.

To the extent that we have a rights plan in effect upon settlement of a purchase contract, you will receive, in addition to the shares of our common stock, the rights under the rights plan, unless prior to settlement of such purchase contract, the rights have separated from the common stock, in which case, and only in such case, each fixed settlement rate will be adjusted at the time of separation as if we distributed to all holders of our common stock shares of our capital stock, evidences of indebtedness, assets, property, rights, options or warrants as described in clause (3) above, subject to readjustment in the event of the expiration, termination or redemption of such rights.

In the event of a taxable distribution of cash or property to stockholders of Ally or any other event that results in an increase in each fixed settlement rate, you may, in certain circumstances, be deemed to have received a distribution subject to U.S. federal income tax as a dividend. In addition, if you are a Non-U.S. Holder (as defined below under Certain U.S. Federal Income Tax Considerations) this distribution may be subject to U.S. federal withholding tax.

Adjustments to each fixed settlement rate will be calculated to the nearest 1/10,000th of a share (or if there is not a nearest 1/10,000th of a share, to the next lower 1/10,000th of a share). No adjustment in the fixed settlement rates will be required unless the adjustment would require an increase or decrease of at least one percent. If any adjustment is not required to be made because it would not change the fixed settlement rates by at least one percent, then the adjustment will be carried forward and taken into account in any subsequent adjustment; *provided* that, on any date for determining the number of shares of our common stock issuable to a holder, adjustments to the fixed settlement rates will be made with respect to any such adjustment carried forward and which has not been taken into account before such determination date.

The fixed settlement rates will only be adjusted as set forth above and will not be adjusted:

- upon the issuance of any common stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on our securities and the investment of additional optional amounts in common stock under any plan;

- upon the issuance of any common stock or rights, options or warrants to purchase our common stock pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by us or any of our subsidiaries;

- upon the issuance of any common stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the date the Units were first issued; or

- solely for a change in the par value or no par value of our common stock.

Whenever the fixed settlement rates are adjusted, we will deliver to the purchase contract agent a certificate setting forth in reasonable detail the method by which the adjustment to each fixed settlement rate was determined and setting forth each revised fixed settlement rate. In addition, we will, within five business days of

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any event requiring such adjustment, provide or cause to be provided written notice of the adjustment to the holders of the Units and separate purchase contracts and describe in reasonable detail the method by which each fixed settlement rate was adjusted.

Each adjustment to each fixed settlement rate will result in a corresponding adjustment to the early settlement rate and the early mandatory settlement rate. If an adjustment is made to the fixed settlement rates, an inversely proportional adjustment will also be made to the reference price solely for the purposes of determining which clauses of the definition of settlement rate will apply on the mandatory settlement date. For the avoidance of doubt, no separate inversely proportional adjustment will be made to the threshold appreciation price because it is equal to $, *divided by* the minimum settlement rate (rounded to the nearest $0.01) as adjusted in the manner described herein. Because (a) the applicable market value is an average of the daily VWAPs of our common stock over a 20 consecutive trading day period and (b) the fundamental change early settlement rate is generally calculated based on an average of the daily VWAPs over a 10 trading day period, we will make appropriate adjustments to the daily VWAPs prior to the relevant issuance date, record date, ex-dividend date, effective date or expiration date, as the case may be, used to calculate the applicable market value to account for any adjustments to the fixed settlement rates that become effective during the period in which the applicable market value or the stock price, as the case may be, is being calculated.

Our board of directors or a committee thereof will have the power to resolve any ambiguity or, subject to applicable law, correct any error in this section, and its action in so doing will be final and conclusive.

Recapitalizations, Reclassifications and Changes of Our Common Stock

In the event of:

- any consolidation or merger of us with or into another person (other than a merger or consolidation in which we are the continuing or surviving corporation and in which the shares of our common stock outstanding immediately prior to the merger or consolidation are not exchanged for cash, securities or other property of us or another person);

- any sale, transfer, lease or conveyance to another person of all or substantially all of our property and assets;

- any reclassification of our common stock into securities including securities other than our common stock; or

- any statutory exchange of our securities with another person (other than in connection with a merger or acquisition);

in each case, as a result of which our common stock would be converted into, or exchanged for, securities, cash or property (each, a reorganization event), each purchase contract outstanding immediately prior to such reorganization event will, without the consent of the holders of the purchase contracts, become a contract to purchase the kind of securities, cash and other property that such holder would have been entitled to receive if such holder had settled its purchase contracts immediately prior to such reorganization event (such securities, cash and other property, the exchange property, with each unit of exchange property meaning the kind and amount of exchange property that a holder of one share of common stock would have been entitled to receive). For purposes of the foregoing, the type and amount of exchange property in the case of any reorganization event that causes our common stock to be converted into the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election) will be deemed to be the weighted average of the types and amounts of consideration received by the holders of our common stock that affirmatively make such an election (or of all holders of our common stock if none makes an election). We will notify holders of the Units and separate purchase contracts of the weighted average as soon as practicable after such determination is

made. The number of units of exchange property for each purchase contract settled following the effective date of such reorganization event will be determined by the fixed settlement rates then in effect on the applicable settlement date (without interest thereon and without any right to dividends or distributions thereon that have a record date prior to the date such purchase contracts are actually settled). For the purpose of determining which bullet of the definition of settlement rate will apply upon mandatory settlement, and for the purpose of calculating the settlement rate if the second bullet is applicable, the value of a unit of exchange property will be determined in good faith by our board of directors or a committee thereof, except that if a unit of exchange property includes common stock or ADRs that are traded on a U.S. national securities exchange, the value of such common stock or ADRs will be the average during the 20 consecutive trading day period ending on, and including, the third trading day immediately preceding the mandatory settlement date of the volume weighted average prices for such common stock or ADRs, as displayed on the applicable Bloomberg screen (as determined in good faith by our board of directors or a committee thereof); or, if such price is not available, the average market value per share of such common stock or ADRs over such period as determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained by us for this purpose. We (or any successor to us) will, as soon as reasonably practicable (but in any event within 20 calendar days) after the occurrence of any reorganization event, provide written notice to the holders of Units and separate purchase contracts of such occurrence and of the kind and amount of cash, securities or other property that constitute the exchange property. Failure to deliver such notice will not affect the operation of the provisions described in this section.

Fractional Shares

No fractional shares of our common stock will be issued or delivered to holders upon settlement of the purchase contracts. In lieu of fractional shares otherwise issuable, holders will be entitled to receive an amount in cash equal to the fraction of a share of our common stock, calculated on an aggregate basis in respect of the purchase contracts being settled, *multiplied by* the daily VWAP of our common stock on the trading day immediately preceding the mandatory settlement date, early settlement date, fundamental change early settlement date or early mandatory settlement date, as the case may be.

Consequences of Bankruptcy

Pursuant to the terms of the purchase contract agreement, the mandatory settlement date for each purchase contract, whether held separately or as part of a Unit, will automatically accelerate upon the occurrence of specified events of bankruptcy, insolvency or reorganization with respect to Ally. Pursuant to the terms of the purchase contract agreement, upon acceleration, holders will be entitled under the terms of the purchase contracts to receive a number of shares of our common stock per purchase contract equal to the maximum settlement rate in effect immediately prior to such acceleration (regardless of the applicable market value of our common stock at that time). However, a bankruptcy court may prevent us from delivering our common stock in settlement of the accelerated purchase contracts. In such event, a holder would have a damage claim against us for the value of the common stock that we would have otherwise been required to deliver upon settlement of the purchase contracts. We expect that this claim for damages will rank equally with the claims by holders of our common stock in the bankruptcy proceeding, in which case you will be able to recover damages only to the extent holders of our common stock receive any recovery.

Modification

The purchase contract agreement will contain provisions permitting us and the purchase contract agent to modify the purchase contract agreement without the consent of the holders of purchase contracts (whether held separately or as a component of Units) for any of the following purposes:

- to evidence the succession of another person to Ally, and the assumption by any such successor of the covenants and obligations of Ally in the purchase contract agreement and the Units and separate purchase contracts, if any;

- to add to the covenants for the benefit of holders of purchase contracts or to surrender any of our rights or powers under the agreement;
- to evidence and provide for the acceptance of appointment of a successor purchase contract agent;
- to make provision with respect to the rights of holders of purchase contracts pursuant to adjustments in the settlement rate due to consolidations, mergers or other reorganization events;
- to conform the provisions of the purchase contract agreement to the Description of the Purchase Contracts and Description of the Units sections in this prospectus, as supplemented by the related pricing term sheet;
- to cure any ambiguity or manifest error, to correct or supplement any provisions that may be inconsistent, so long as such action does not materially adversely affect the interest of the holders; or
- to make any other provisions with respect to such matters or questions, so long as such action does not materially adversely affect the interest of the holders.

The purchase contract agreement will contain provisions permitting us and the purchase contract agent, with the consent of the holders of not less than a majority of the purchase contracts at the time outstanding, to modify the terms of the purchase contracts or the purchase contract agreement. However, no such modification may, without the consent of the holder of each outstanding purchase contract affected by the modification,

- reduce the number of shares of common stock deliverable upon settlement of the purchase contract (except to the extent expressly provided in the anti-dilution adjustments);
- change the mandatory settlement date, your right to settle purchase contracts early or the fundamental change early settlement right;
- reduce the above-stated percentage of outstanding purchase contracts the consent of the holders of which is required for the modification or amendment of the provisions of the purchase contracts or the purchase contract agreement; or
- impair the right to institute suit for the enforcement of the purchase contracts.

In executing any modification, the purchase contract agent shall be entitled to receive an opinion of counsel stating that such modification is authorized or permitted under the terms of the purchase contract agreement.

Limitations on Mergers, Consolidations and Sales of Assets

The purchase contract agreement provides that we will not consolidate with or merge into another corporation or convey, transfer or lease our assets substantially as an entirety to any person unless:

- Ally or the successor entity, as the case may be, is not, immediately after such consolidation, merger, conveyance, transfer or lease, in default of its obligations under the purchase contracts or the purchase contract agreement; and

- the successor is a corporation organized in the United States and expressly assumes the due and punctual performance of all of our obligations under the purchase contracts and the purchase contract agreement.

Upon any such consolidation, merger, conveyance or transfer, the successor corporation shall succeed to and be substituted for Ally under the purchase contract agreement. Thereafter, except in the case of a lease, we shall be relieved of all obligations and covenants under the purchase contract agreement and the purchase contracts.

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Reservation of Common Stock

We will at all times reserve and keep available out of our authorized and unissued common stock, solely for issuance upon settlement of the purchase contracts, that number of shares of common stock as shall from time to time be issuable upon the settlement of all purchase contracts then outstanding, assuming settlement at the maximum settlement rate.

Governing Law

The purchase contract agreement, the purchase contracts and any claim, controversy or dispute arising under or related to the purchase contract agreement or the purchase contracts will be governed by, and construed in accordance with, the laws of the State of New York.

Information Concerning the Purchase Contract Agent

The Bank of New York Mellon will be the purchase contract agent. The purchase contract agent will act as the agent for the holders of Units and separate purchase contracts from time to time. The purchase contract agreement will not obligate the purchase contract agent to exercise any discretionary actions in connection with a default under the terms of the purchase contracts or the purchase contract agreement.

The purchase contract agreement will contain provisions limiting the liability of the purchase contract agent. The purchase contract agreement will contain provisions under which the purchase contract agent may resign or be replaced. This resignation or replacement would be effective upon the acceptance of appointment by a successor.

Calculations in Respect of Purchase Contracts

We will be responsible for making all calculations called for under the Units and any separate purchase contracts. The purchase contract agent will have no obligation to make any such calculations. All such calculations made by us will be made in good faith and, absent manifest error, will be final and binding on the purchase contract agent and the holders of the Units and any separate purchase contracts. We will provide a schedule of such calculations to the purchase contract agent and the purchase contract agent will be entitled to conclusively rely upon the accuracy of such calculations without independent verification.

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DESCRIPTION OF THE AMORTIZING NOTES

We will issue the amortizing notes under the amended and restated junior subordinated debt indenture (the indenture), dated as of March 1, 2011 (the base indenture), and a related supplemental indenture for such amortizing notes to be dated the date of first issuance of the amortizing notes (the supplemental indenture and, together with the base indenture, the indenture), between us, as issuer, and The Bank of New York Mellon, as trustee.

The following summary of the terms of the amortizing notes contains a description of all of the material terms of the amortizing notes but is not complete and is subject to, and is qualified in its entirety reference to, all of the provisions of the indenture, including the definitions in the indenture of certain terms. We refer you to the base indenture, which has been filed, and the supplemental indenture, which will be filed, as an exhibit to the registration statement of which this prospectus forms a part.

As used in this section, each of the terms we, us, our and Ally means Ally Financial Inc. and does not include any subsidiary of Ally Financial Inc.

General

The amortizing notes will be issued as a separate series of junior subordinated debt securities under the indenture in an initial aggregate principal amount of $ (or $ initial aggregate principal amount if the underwriters exercise their over-allotment option in full). The final scheduled installment payment date will be , 2016. We may not redeem the amortizing notes.

Amortizing notes may only be issued in certificated form in exchange for a global security under the circumstances described below under Book-Entry Procedures and Settlement. In the event that amortizing notes are issued in certificated form, such amortizing notes may be transferred or exchanged at the offices described below. Payments on amortizing notes issued as a global security will be made to DTC, to a successor depositary or, in the event that no depositary is used, to a paying agent for the amortizing notes. In the event amortizing notes are issued in certificated form, installments will be payable, the transfer of the amortizing notes will be registrable and amortizing notes will be exchangeable for amortizing notes of other denominations of a like aggregate principal amount at the corporate trust office of the trustee in New York, NY. Installment payments on certificated amortizing notes may be made at our option by check mailed to the address of the persons entitled thereto. See Book-Entry Procedures and Settlement.

There are no covenants or provisions in the indenture that would afford the holders of the amortizing notes protection in the event of a highly leveraged transaction, reorganization, restructuring, merger or similar transaction involving us that may adversely affect such holders.

Subordination

The indenture provides that the amortizing notes are subordinated and junior, both in liquidation and in priority of payment, to the extent specified in the indenture, to all Senior Indebtedness (as defined below) of Ally. This means that Ally may not acquire any amortizing notes and may not pay any installment payments on the amortizing notes:

- in the event and during the continuation of a default by Ally in the payment of principal, premium, interest or any other payment due on any Senior Indebtedness of Ally; or

- if the maturity of any Senior Indebtedness of Ally has been accelerated because of a default.

Upon any payment by Ally or distribution of assets of Ally to creditors upon any dissolution, winding-up, liquidation or reorganization, whether voluntary or involuntary, or in bankruptcy, insolvency, receivership or other proceedings, all principal, premium, if any, and interest due or to become due on all Senior Indebtedness of

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Ally must be paid in full before the holders of amortizing notes are entitled to receive or retain any payment. Upon satisfaction of all claims related to all Senior Indebtedness of Ally then outstanding, the rights of the holders of the amortizing notes will be subrogated to the rights of the holders of Senior Indebtedness of Ally to receive payments or distributions applicable to Senior Indebtedness until all amounts owing on the amortizing notes are paid in full.

The term Senior Indebtedness means, with respect to Ally, the principal, premium, if any, and interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to Ally, whether or not such claim for post-petition interest is allowed in such proceeding) on and of all indebtedness and obligations in respect of:

(i) (a) indebtedness for money borrowed and (b) indebtedness evidenced by securities, notes, debentures, bonds or other similar instruments issued by Ally including all indebtedness (whether now or hereafter outstanding) issued under the subordinated debt indenture, dated as of December 31, 2008, between Ally and The Bank of New York Mellon, as trustee, as the same may be amended, modified or supplemented from time to time;

(ii) all capital lease obligations of Ally;

(iii) all obligations of Ally issued or assumed as the deferred purchase price of property, all conditional sale obligations of Ally and all obligations of Ally under any conditional sale or title retention agreement;

(iv) all obligations, contingent or otherwise, of Ally in respect of any letters of credit, banker s acceptance, security purchase facilities and similar credit transactions;

(v) all obligations of Ally in respect of interest rate swap, cap or other agreements, interest rate future or option contracts, currency swap agreements, currency future or options contracts and other similar agreements;

(vi) all obligations of the type referred to in clauses (i) through (v) above of other persons for the payment of which Ally is responsible or liable as obligor, guarantor or otherwise; and

(vii) all obligations of the type referred to in clauses (i) through (vi) above of other persons secured by any lien on any property or asset of Ally, whether or not such obligation is assumed by Ally;

except that Senior Indebtedness does not include:

(i) any indebtedness issued under the indenture;

(ii) any guarantee entered into by Ally in respect of any preferred securities, capital securities or preference stock of the GMAC Capital Trust I, a Delaware statutory trust, or any similar trust created for the purpose of issuing trust preferred securities in connection with the issuance of additional securities under the indenture;

(iii) any accounts payable or other liabilities to trade creditors (including guarantees thereof or instruments evidencing such liabilities); or

(iv) any indebtedness or any guarantee that is by its terms subordinated to, or ranks equally with, the amortizing notes and the issuance of which, in the case of this clause (iv) only, (x) has received the concurrence or approval of the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of Chicago (the Federal Reserve) or its staff or (y) does not at the time of issuance prevent the amortizing notes from qualifying for tier 1 capital treatment (irrespective of any limits on the amount of Ally s tier 1 capital) under applicable capital adequacy guidelines, regulations, policies, published interpretations, or any applicable concurrence or approval of the Federal Reserve or its staff.

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The amortizing notes rank senior to all of Ally s equity securities, including preferred stock.

The indenture does not limit the aggregate amount of Senior Indebtedness that may be issued by Ally.

Notwithstanding the above and anything to the contrary in this prospectus, holders of Senior Indebtedness do not have any rights under the indenture to enforce any of the covenants in the indenture.

Installment Payments

Each amortizing note will have an initial principal amount of $. On , , and of each year, commencing on , 2013 (each, an installment payment date), we will pay, in cash, equal quarterly installments of $ on each amortizing note (except for the , 2013 installment payment, which will be $ per amortizing note). Each installment payment will constitute a payment of interest (at a rate of % per annum) and a partial repayment of principal on the amortizing note, allocated as set forth on the amortization schedule set forth under Amortization Schedule. We will have the right to defer installment payments at any time and from time to time under the circumstances, and subject to the conditions, described under Option to Extend Installment Payment Period so long as such deferral period does not extend beyond , 2019. Installments will be paid to the person in whose name an amortizing note is registered, with limited exceptions, as of the close of business on the business day immediately preceding the related installment payment date. If the amortizing notes do not continue to remain in book-entry only form, we will have the right to select regular record dates, which will be more than 14 days but less than 60 days before the relevant installment payment date.

Each installment payment for any period will be computed on the basis of a 360-day year of twelve 30-day months. The installment payable for any period shorter than a full installment payment period will be computed on the basis of the actual number of days elapsed per 30-day month. In the event that any date on which an installment is payable is not a business day, then payment of the installment on such date will be made on the next succeeding day that is a business day, and without any interest or other payment in respect of any such delay. However, if such business day is in the next succeeding calendar year, then such installment payment will be made on the immediately preceding business day, in each case with the same force and effect as if made on the scheduled installment payment date.

Amortization Schedule

The total installments of principal and interest on the amortizing notes for each scheduled installment payment date are set forth below:

Scheduled Installment Payment Date	Amount of Principal	Amount of Interest
, 2013		
, 2013		
, 2013		
, 2014		
, 2014		
, 2014		
, 2014		
, 2015		
, 2015		
, 2015		
, 2015		
, 2016		

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Option to Extend Installment Payment Period

So long as no event of default has occurred and is continuing, we have the right, at any time and from time to time, to defer installment payments by extending the installment payment period, so long as such period of time does not extend beyond , 2019 (the extension period). We may end an extension period on any installment payment date occurring on or before , 2016 or, in the case of an extension period that extends beyond , 2016, on any business day thereafter that is on or before , 2019.

At the end of any extension period, we will pay all installment payments for which the related installment payment date occurred during such extension period, together with interest on the full amount of such installment payments compounded quarterly at the rate specified for the interest component of the amortizing notes to the extent permitted by applicable law. We will give the holders of Units and separate amortizing notes at least 10 business days notice of the end of an extension period.

Prior to the termination of any extension period, we may further defer installment payments by extending such extension period. Such extension period, including all such previous and further extensions, may not extend beyond , 2019. Upon the termination of any extension period and the payment of all amounts then due, we may commence a new extension period, if consistent with the terms set forth in this section. No installment payment (or interest thereon) during an extension period, except at the end of such period, shall be due and payable.

We have no present intention of exercising our right to defer installment payments by extending the installment payment period on the amortizing notes.

We will give the holders of Units and separate amortizing notes notice of our election of an extension period (or any extension thereof) at least 10 business days prior to the earlier of:

- the next succeeding installment payment date; or
- the date we are required to give notice of the record or payment date of such installment payment to the New York Stock Exchange or other applicable self-regulatory organization or to holders of the Units and separate amortizing notes.

Restrictions Applicable During an Extension Period and Certain Other Circumstances

If:

- we exercise our right to defer installment payments as described above, or
- there shall have occurred and be continuing any default under the indenture,

then:

- we and any subsidiary of us (other than a subsidiary that is a depository institution, or a subsidiary thereof) shall not declare or pay any dividend on, make any distributions with respect to, or redeem, purchase, acquire or make a liquidation payment with respect to, any of our capital stock or make any guarantee payment with respect thereto, other than:
  - redemptions, purchases or other acquisitions of shares of our capital stock in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice,

the acquisition by us or any of our subsidiaries of record ownership in our capital stock for the beneficial ownership of any other persons (other than us or any of our subsidiaries), including trustees or custodians,

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as a result of an exchange or conversion of any class or series of our capital stock for any other class or series of our capital stock or as a result of early settlement of any purchase contracts as described under Description of the Purchase Contracts Early Settlement, Early Settlement Upon a Fundamental Change or Early Mandatory Settlement at Our Election,

distributions by or among any wholly-owned subsidiary of us,

redemptions of securities held by us or any wholly-owned subsidiary of us, and

unpaid tax distributions to holders of membership interests of GMAC LLC pursuant to its Plan of Conversion, dated June 30, 2009, and

we and any subsidiary of us (other than a subsidiary that is a depository institution, or a subsidiary thereof) shall not make any payment of interest on or principal of (or premium, if any, on), or repay, repurchase or redeem, any debt securities or guarantees issued by the Company which rank *pari passu* with or junior to the amortizing notes (junior subordinated indebtedness), other than:

redemptions, purchases or other acquisitions of junior subordinated indebtedness in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice,

the acquisition by us or any of our subsidiaries of record ownership in junior subordinated indebtedness for the beneficial ownership of any other persons (other than us or any of our subsidiaries), including trustees or custodians,

as a result of an exchange or conversion of any class or series of junior subordinated indebtedness for any other class or series of junior subordinated indebtedness or for any class or series of our capital stock,

redemptions of securities held by us or any wholly-owned subsidiary of us, and

any payment of interest on junior subordinated indebtedness paid *pro rata* with interest paid on the amortizing notes such that the respective amounts of such payments made shall bear the same ratio to each other as all accrued but unpaid interest per like-amount of such amortizing notes and all junior subordinated indebtedness bear to each other,

provided, *however*, the foregoing restrictions will not apply to (i) any stock dividends paid by us where the dividend stock is the same stock as that on which the dividend is being paid or (ii) dividends or distributions by or other transactions solely among us and any wholly-owned subsidiary of us or solely among wholly-owned subsidiaries of us.

Repurchase of Amortizing Notes at the Option of the Holder

If:

we elect to exercise our early mandatory settlement right with respect to the purchase contracts and

at the time of such election there is not an extension period in effect and we have not given notice as contemplated by the final paragraph under Option to Extend Installment Payment Period that we intend to defer future scheduled installment payments,

then holders of the amortizing notes (whether as components of Units or separate amortizing notes) will have the right (the repurchase right) to require us to repurchase some or all of their amortizing notes for cash at the repurchase price per amortizing note to be repurchased on the repurchase date, as described below. Holders may

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not require us to repurchase a portion of an amortizing note. Holders will not have the right to require us to repurchase any or all of such holder s amortizing notes in connection with any early settlement of such holder s purchase contracts at the holder s option, as described above under Description of the Purchase Contracts Early Settlement and Description of the Purchase Contracts Early Settlement Upon a Fundamental Change.

Notwithstanding the foregoing, holders may exercise the repurchase right if an extension period is in effect or we have given notice that we intend to defer future scheduled installment payments, if, at the time we elect to exercise our early mandatory settlement right, we have received any required regulatory approval or consent from the Federal Reserve or any successor primary federal regulator or its staff to extend the repurchase right to holders.

The repurchase date will be a date specified by us in the early mandatory settlement notice, which will be at least 20 but not more than 45 business days following the date of our early mandatory settlement notice as described under Description of the Purchase Contracts Early Settlement at Our Option (and which may or may not fall on the early mandatory settlement date).

The repurchase price per amortizing note to be repurchased will be equal to the principal amount of such amortizing note as of the repurchase date, *plus* (i) accrued and unpaid interest on such principal amount from, and including, the immediately preceding installment payment date to, but not including, the repurchase date, calculated at a rate of % per annum and (ii) if at the time we extend the repurchase right to holders there is an extension period in effect, the aggregate amount of deferred installment payments and interest thereon, determined as set forth above under Option to Extend Installment Payment Period. However, if the amortizing notes are in certificated form and the repurchase date falls after a regular record date and on or prior to the immediately succeeding installment payment date, the installment payment payable on such installment payment date will be paid on such installment payment date to the holder as of the close of business on such regular record date and will not be included in the repurchase price per amortizing note.

To exercise your repurchase right, you must deliver, on or before the close of business on the second business day immediately preceding the repurchase date, the amortizing notes to be repurchased (or the Units including such amortizing notes if the early mandatory settlement date falls on or after the repurchase date and you have not separated your Units into their constituent components), together with a duly completed written repurchase notice in the form entitled Form of Repurchase Notice on the reverse side of the amortizing notes (a repurchase notice), in each case in accordance with appropriate DTC procedures, unless you hold certificated amortizing notes (or Units), in which case you must deliver the amortizing notes to be repurchased (or Units), duly endorsed for transfer, together with a repurchase notice, to the paying agent. Your repurchase notice must state:

if certificated amortizing notes (or Units) have been issued, the certificate numbers of the amortizing notes (or Units), or if not certificated, your repurchase notice must comply with appropriate DTC procedures;

the number of amortizing notes to be repurchased; and

that the amortizing notes are to be repurchased by us pursuant to the applicable provisions of the amortizing notes and the indenture.

You may withdraw any repurchase notice (in whole or in part) by a written, irrevocable notice of withdrawal delivered to the trustee, prior to the close of business on the second business day immediately preceding the repurchase date. The notice of withdrawal must state:

the number of the withdrawn amortizing notes;

if certificated amortizing notes (or Units) have been issued, the certificate numbers of the withdrawn amortizing notes (or Units), or if not certificated, your notice must comply with appropriate DTC procedures; and

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- the number of amortizing notes, if any, that remain subject to the repurchase notice.

We will be required to repurchase the amortizing notes to be repurchased on the repurchase date. You will receive payment of the repurchase price on the later of (i) the repurchase date and (ii) the time of book-entry transfer or the delivery of the amortizing notes (or Units). If the trustee holds money sufficient to pay the repurchase price of the amortizing notes to be repurchased on the repurchase date, then:

- such amortizing notes will cease to be outstanding and interest will cease to accrue (whether or not book-entry transfer of the amortizing notes (or Units) is made or whether or not the amortizing notes (or Units) are delivered to the trustee); and
- all other rights of the holder will terminate (other than the right to receive the repurchase price).

In connection with any repurchase offer pursuant to an early mandatory settlement notice, we will, if required:

- comply with the provisions of Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act that may then be applicable; and
- file a Schedule TO or any other required schedule under the Exchange Act,

in each case, so as to permit the rights and obligations under this Repurchase of Amortizing Notes at the Option of the Holder to be exercised in the time and in the manner specified in the indenture.

No amortizing notes may be repurchased at the option of holders if the principal amount thereof has been accelerated, and such acceleration has not been rescinded, on or prior to the repurchase date (except in the case of an acceleration resulting from a default by us of the payment of the repurchase price with respect to such amortizing notes).

Events of Default and Acceleration

The indenture provides that the following are events of default relating to the amortizing notes:

- failure to pay in full all deferred installment payments on the amortizing notes on or by , 2019 and continuance of such failure to pay for a period of 30 days; or
- specified events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee of Ally.

If any event of default shall occur and be continuing, the trustee or the holders of 25% or more in principal amount of the amortizing notes (which may be held either as a component of Units or separate amortizing notes) will have the right to declare the principal of all the amortizing notes then outstanding to be immediately due and payable, upon which the principal and the interest on the amortizing notes, including any compound interest, and any other amounts payable under the indenture to be immediately due and payable.

Defaults

The indenture provides that the following are defaults relating to the amortizing notes:

- an event of default (as set forth above under Events of Default and Acceleration);

a default for 30 days in the payment of any installment payment on any amortizing note when such is due (taking into account any extension period);

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- failure to give notice of a fundamental change as described under Description of the Purchase Contracts Early Settlement Upon a Fundamental Change when due;

- failure to pay the repurchase price in connection with any holder s exercise of its repurchase right as described under Description of the Amortizing Notes Repurchase of Amortizing Notes at the Option of the Holder ; and

- a default for 90 days after written notice in the performance of any other covenant in respect of the amortizing notes.

There is no right of acceleration with respect to defaults, except for defaults that are events of default.

Any deferral of installment payments on the amortizing notes made in accordance with the provisions described above in Option to Extend Installment Payment Period will not constitute a default under the indenture.

The trustee may withhold notice to the holders of the amortizing notes of any default with respect thereto, except in the failure to make an installment payment, or the payment of the repurchase price, if it considers such withholding to be in the interests of such holders.

Modifications and Amendments

Modifications and amendments to the indenture through a supplemental indenture may be made by us and the trustee with the consent of the holders of a majority in principal amount of the amortizing notes at the time outstanding (or, with respect to certain actions, without such consent). However, no such modification or amendment may, without the consent of the holder of each amortizing note affected thereby:

(1) modify the installment payment terms of such amortizing notes; or

(2) reduce the percentage of holders of amortizing notes necessary to modify or amend the indenture or waive compliance by us with any covenant or past default.

Discharge and Defeasance of Indenture

We may discharge most of our obligations under the indenture to holders of the amortizing notes if such amortizing notes have not already been delivered to the trustee for cancellation and either have become due and payable or are by their terms due and payable within one year. We discharge our obligations by depositing with the trustee an amount certified to be sufficient to pay when due all the remaining installment payments on all outstanding amortizing notes.

We, at our option:

(1) will be released from any and all obligations in respect of the amortizing notes, which is known as defeasance and discharge ; or

(2) need not comply with certain covenants specified herein regarding the amortizing notes, which is known as covenant defeasance.

If we exercise our covenant defeasance option, the failure to comply with any defeased covenant and any default in the indenture with respect to such defeased covenant will no longer be a default under the indenture.

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To exercise either our defeasance and discharge or covenant defeasance option, we must

(1) deposit with the trustee, in trust, cash or U.S. government obligations in an amount sufficient to pay all the remaining installments on the amortizing notes when such payments are due; and

(2) deliver an opinion of counsel (that, in the case of a defeasance and discharge, must be based upon a ruling or administrative pronouncement of the IRS, or a change in applicable U.S. federal income tax law) to the effect that the holders of the amortizing notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit or defeasance and will be required to pay U.S. federal income tax in the same manner as if such defeasance had not occurred.

When there is a defeasance and discharge, the indenture will no longer govern the amortizing notes, we will no longer be liable for payment, and the holders of such amortizing notes will be entitled only to the deposited funds. When there is a covenant defeasance, however, we will continue to be obligated for installment payments when due if the deposited funds are not sufficient to pay the holders.

The obligations under the indenture to register the transfer or exchange of amortizing notes, to replace mutilated, defaced, destroyed, lost or stolen amortizing notes, and to maintain paying agents and hold monies for payment in trust will continue even if we exercise our defeasance and discharge or covenant defeasance option.

Limitations on Mergers, Consolidations and Sales of Assets

The indenture provides that we will not consolidate with or merge into another corporation or convey, transfer or lease our assets substantially as an entirety unless:

- the successor is a corporation organized in the United States and expressly assumes the due and punctual payment of the installment payments on all amortizing notes issued thereunder and the performance of every other covenant of the indenture on our part; and

- immediately thereafter no default and no event that, after notice or lapse of time, or both, would become a default, shall have happened and be continuing.

Upon any such consolidation, merger, conveyance or transfer, the successor corporation shall succeed to and be substituted for Ally under the indenture. Thereafter, except in the case of a lease, we shall be relieved of all obligations and covenants under the indenture and the amortizing notes.

Governing Law

The indenture and the amortizing notes will be governed by, and construed and interpreted in accordance with, the laws of the State of New York, and all rights and remedies will be governed by such laws without regard for the principles of its conflict of laws.

Unclaimed Funds

Any monies deposited with the trustee or any paying agent or then held by Ally in trust for the payment of installment payments on the amortizing notes that remain unclaimed for two years after the date the payments became due and payable, shall, at Ally s request, be repaid to Ally or released from trust, as applicable, and the holder of the amortizing note shall thereafter look, as a general unsecured creditor, only to Ally for payment thereof.

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BOOK-ENTRY PROCEDURES AND SETTLEMENT

The Units, the separate purchase contracts and the separate amortizing notes will initially be issued under a book-entry system in the form of global securities. We will register the global securities in the name of The Depository Trust Company, New York, New York, or DTC, or its nominee and will deposit the global securities with that depositary.

Following the issuance of a global security in registered form, the depositary will credit the accounts of its participants with the Units, the separate purchase contracts and the separate amortizing notes, as the case may be, upon our instructions. Only persons who hold directly or indirectly through financial institutions that are participants in the depositary can hold beneficial interests in the global securities. Because the laws of some jurisdictions require certain types of purchasers to take physical delivery of such securities in definitive form, you may encounter difficulties in your ability to own, transfer or pledge beneficial interests in a global security.

So long as the depositary or its nominee is the registered owner of a global security, we and the trustee will treat the depositary as the sole owner or holder of the Units, the separate purchase contracts and the separate amortizing notes, as the case may be. Therefore, except as set forth below, you will not be entitled to have Units, separate purchase contracts or separate amortizing notes registered in your name or to receive physical delivery of certificates representing the Units, the separate purchase contracts or the separate amortizing notes. Accordingly, you will have to rely on the procedures of the depositary and the participant in the depositary through whom you hold your beneficial interest in order to exercise any rights of a holder under the indenture or the purchase contract agreement, as the case may be. We understand that under existing practices, the depositary would act upon the instructions of a participant or authorize that participant to take any action that a holder is entitled to take.

You may elect to hold interests in the global securities either in the United States through DTC or outside the United States through Clearstream Banking, société anonyme (Clearstream) or Euroclear Bank, S.A./ N.V., or its successor, as operator of the Euroclear System, (Euroclear) if you are a participant of such system, or indirectly through organizations that are participants in such systems. Interests held through Clearstream and Euroclear will be recorded on DTC s books as being held by the U.S. depositary for each of Clearstream and Euroclear, which U.S. depositaries will in turn hold interests on behalf of their participants customers securities accounts.

As long as the separate amortizing notes are represented by the global securities, we will pay installments on those separate amortizing notes to or as directed by DTC as the registered holder of the global securities. Payments to DTC will be in immediately available funds by wire transfer. DTC, Clearstream or Euroclear, as applicable, will credit the relevant accounts of its participants in accordance with its customary procedures.

Neither Ally, Treasury nor the trustee will be responsible for making any payments to participants or customers of participants or for maintaining any records relating to the holdings of participants and their customers, and you will have to rely on the procedures of the depositary and its participants.

Settlement

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC s Same-Day Funds Settlement System. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected in

DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (based on European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to the U.S. depositary to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of securities received in Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in Units, separate purchase contracts or separate amortizing notes, as the case may be, that are settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of Units, separate purchase contracts or separate amortizing notes, as the case may be, by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of Units, separate purchase contracts and separate amortizing notes, as the case may be, among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

Definitive Securities and Paying Agents

A beneficial owner of book-entry securities represented by a global security may exchange the securities for definitive securities only if:

(a) the depositary is unwilling or unable to continue as depositary for such global security and we are unable to find a qualified replacement for the depositary within 90 days;

(b) at any time the depositary ceases to be a clearing agency registered under the Securities Exchange Act of 1934; or

(c) an event of default with respect to the amortizing notes, or any failure on the part of us to observe or perform any covenant or agreement in the purchase contracts, has occurred and is continuing and such beneficial owner requests that its amortizing notes and/or purchase contracts, as the case may be, be issued in definitive, certificated form.

The global security will be exchangeable in whole for definitive securities in registered form, with the same terms and of an equal aggregate principal amount. Definitive Units, separate purchase contracts or separate amortizing notes, as the case may be, will be registered in the name or names of the person or persons specified by the depositary in a written instruction to the registrar of the securities. The depositary may base its written instruction upon directions it receives from its participants.

If any of the events described above occurs, then the beneficial owners will be notified through the chain of intermediaries that definitive securities are available and notice will be published as described below under Notices. Beneficial owners of book-entry Units, separate purchase contracts or separate amortizing notes, as the case may be, will then be entitled (1) to receive physical delivery in certificated form of definitive Units, separate purchase contracts or separate amortizing notes, as the case may be, equal in aggregate amount of Units, separate purchase contracts or separate amortizing notes, as the case may be, to their beneficial interest and (2) to have the

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definitive securities registered in their names. Thereafter, the holders of the definitive Units, separate purchase contracts and separate amortizing notes, as the case may be, will be recognized as the holders of the Units, separate amortizing notes and separate purchase contracts for purposes of the purchase contract agreement and indenture, respectively.

Each of the purchase contract agreement and indenture provides for the replacement of a mutilated, lost, stolen or destroyed definitive security, so long as the applicant furnishes to us and the trustee or purchase contract agent such security or indemnity and such evidence of ownership as they may require.

In the event definitive separate amortizing notes are issued, the holders thereof will be able to receive installment payments at the office of Ally s paying agent. The final installment payment of a definitive separate amortizing note may be made only against surrender of the separate amortizing note to one of Ally s paying agents. Ally also has the option of making installment payments by mailing checks to the registered holders of the separate certificated amortizing notes. Ally s paying agent is the corporate trust office of The Bank of New York Mellon.

In the event definitive Units, separate purchase contracts or separate amortizing notes are issued, the holders thereof will be able to transfer their securities, in whole or in part, by surrendering such securities for registration of transfer at the office of The Bank of New York Mellon listed above. A form of such instrument of transfer will be obtainable at the relevant office of The Bank of New York Mellon. Upon surrender, we will execute, and the purchase contract agent and the trustee will authenticate and deliver, new Units, separate purchase contracts or separate amortizing notes, as the case may be, to the designated transferee in the amount being transferred, and a new security for any amount not being transferred will be issued to the transferor. Such new securities will be delivered free of charge at the relevant office of The Bank of New York Mellon, as requested by the owner of such new Units, separate purchase contracts or separate amortizing notes. We will not charge any fee for the registration of transfer or exchange, except that we may require the payment of a sum sufficient to cover any applicable tax or other governmental charge payable in connection with the transfer.

Notices

So long as the global securities are held on behalf of DTC or any other clearing system, notices to holders of securities represented by a beneficial interest in the global securities may be given by delivery of the relevant notice to DTC or the alternative clearing system, as the case may be. Any published notice will be deemed to have been given on the date of publication or, if published more than once, on the date of the first publication.

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CONCURRENT TRANSACTIONS

Conversion and Exchange of Series F-2 Preferred Stock

Treasury currently holds 118,750,000 shares of our Series F-2 preferred stock, having an aggregate liquidation amount of $5,937,500,000. In connection with this offering and the concurrent common stock offering, Treasury intends (i) to convert 58,750,000 shares of Series F-2 preferred stock into shares of our common stock based on a conversion price equal to the common stock public offering price, and (ii) to exchange the remaining 60,000,000 shares of Series F-2 preferred stock having an aggregate liquidation amount of $3 billion, for a number of our Units having an aggregate stated amount of $3 billion.

The number of shares of common stock we will issue to Treasury in connection with the conversion will depend upon the common stock public offering price. The higher the common stock public offering price is, the fewer the number of shares of common stock Treasury will receive and the lower the common stock public offering price is, the greater the number of shares of common stock Treasury will receive. The following table sets forth the number of shares we will issue to Treasury in connection with the conversion for each common stock public offering price set forth below:

Public Offering Price	Number of Shares Issued to Treasury
$	
$	
$	
$	

In addition, we and Treasury intend to modify certain terms of the Series F-2 preferred stock so that Treasury will receive additional shares of our common stock in connection with the offering.

The closing of each of this offering, the concurrent common stock offering, the conversion and the exchange is conditioned upon the closing of each such other transaction.

Concurrent Common Stock Offering

Concurrently with this offering, Treasury is also making a public offering of shares of our common stock. Treasury has granted the underwriters of that offering the right to purchase up to additional shares of our common stock to cover over-allotments, if any, at the common stock public offering price, less the underwriters discount for the concurrent common stock offering, within 30 days from the date of the prospectus for the concurrent common stock offering.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

Based on an opinion of Davis Polk & Wardwell LLP which has been filed with the registration statement that this prospectus is a part of, the following are the material U.S. federal income tax consequences of the purchase, ownership and disposition of the Units, the purchase contracts and the amortizing notes that are components of the Units and shares of our common stock acquired under a purchase contract. This discussion applies to you only if you acquire the Units in this offering at the initial offering price for the Units, and you hold the Units, the components of the Units and shares of our common stock as capital assets.

This discussion does not describe all of the tax consequences that may be relevant to you in light of your particular circumstances or if you are a person subject to special rules, such as:

- a financial institution;
- an insurance company;
- a dealer or trader subject to a mark-to-market method of tax accounting with respect to Units, purchase contracts, amortizing notes or shares of our common stock;
- a person holding Units, purchase contracts, amortizing notes or shares of our common stock as part of a hedge, straddle, integrated transaction or similar transaction;
- a U.S. Holder (as defined below) whose functional currency is not the U.S. dollar;
- a partnership for U.S. federal income tax purposes;
- a U.S. expatriate;
- a tax-exempt entity; or
- a person subject to the alternative minimum tax.

If you are a partnership for U.S. federal income tax purposes that holds Units, purchase contracts, amortizing notes or common stock, the U.S. federal income tax treatment of your partners will generally depend on the status of the partners and on your activities. If you are a partnership considering the purchase of Units or a partner in such a partnership, you should consult your tax adviser as to the particular U.S. federal income tax consequences of holding and disposing of Units, purchase contracts, amortizing notes or common stock.

This summary does not address any U.S. federal tax consequences other than U.S. federal income tax consequences (such as estate and gift tax or the recently enacted Medicare tax on certain investment income or any state, local or foreign tax consequences). This summary is based on the Internal Revenue Code of 1986, as amended (the Code), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury Regulations, changes to any of which subsequent to the date of this prospectus may affect the tax consequences described herein (possibly with retroactive effect). If you are considering the purchase of Units, purchase contracts, amortizing notes and shares of our common stock, you are urged to consult your tax adviser with regard to the application of the U.S. federal income tax laws to your particular situation as well as any tax consequences arising under other federal tax laws or the laws of any state, local or foreign taxing jurisdiction.

Characterization of Units and Amortizing Notes

In the opinion of Davis Polk & Wardwell LLP, although there is no authority directly on point and therefore the issue is not entirely free from doubt, each Unit will be treated in accordance with its form as an investment unit composed of two separate instruments, the amortizing notes will be treated as indebtedness, and the purchase contracts will be treated as contracts to acquire our stock, in each case for U.S. federal income tax purposes. Under this treatment, you will be treated as if you acquired each component of a Unit for U.S. federal income tax purposes. By acquiring a Unit, you will agree to treat (i) a Unit as an investment unit composed of two separate instruments in accordance with its form and (ii) the amortizing notes as indebtedness, in each case for U.S. federal income tax purposes.

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If the components of a Unit were treated as a single instrument, the U.S. federal income tax consequences could differ materially from the consequences described below. Specifically, if you are a U.S. Holder, as defined below, you could be required to recognize as income the entire amount of each installment payment on the amortizing notes, rather than merely the portion of such payment denominated as interest. If you are a Non-U.S. Holder, as defined below, payments of principal and stated interest made to you on the amortizing notes could be subject to U.S. federal withholding tax as dividend income. Even if the components of a Unit are respected as separate instruments for U.S. federal income tax purposes, (i) the amortizing notes could be recharacterized as equity for U.S. federal income tax purposes, in which case payments of principal and stated interest to you, if you are a Non-U.S. Holder, on the amortizing notes could be subject to U.S. federal withholding tax and (ii) the purchase contracts could be treated as our stock, in which case the tax consequences of the purchase, ownership and disposition thereof would be substantially the same as the tax consequences described herein.

No ruling has been or will be sought from the IRS with respect to the characterization of the Units (or the components thereof) for U.S. federal income tax purposes or any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of those described above. Unless stated otherwise, the remainder of this discussion is based on counsel s opinion that the characterization of the Units as two separate instruments, the characterization of the amortizing notes as indebtedness, and the characterization of the purchase contracts as contracts to acquire our common stock will be respected for U.S. federal income tax purposes.

Tax Consequences to U.S. Holders

You are a U.S. Holder if you are, for U.S. federal income tax purposes, a beneficial owner of a Unit, purchase contract, amortizing note or share of our common stock acquired under a purchase contract that is:

- an individual citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Allocation of the Issue Price

We have determined that the issue price of a Units is $. We have determined that the portion of the issue price of a Unit allocated to each of the purchase contract and amortizing note that constitute the Unit is $ and $, respectively. That allocation will be binding on you (but not on the IRS) unless you explicitly disclose a contrary position on a statement attached to your timely filed U.S. federal income tax return for the taxable year in which you acquire Units. The remainder of this discussion assumes that this allocation of issue price to each purchase contract and amortizing note will be respected for U.S. federal income tax purposes.

Payments of Stated Interest and Original Issue Discount

Under applicable Treasury regulations, a remote possibility that stated interest will not be timely paid will be ignored in determining whether a debt instrument is issued with original issue discount (OID). Ally believes, and thus this summary assumes, that the likelihood of it exercising its option to defer payments is remote within the meaning of the Treasury regulations. Based on the foregoing, Ally believes that the amortizing notes will not be considered to be issued with OID at the time of their original issuance and, accordingly, that payments of stated interest on the amortizing notes will generally be taxable as ordinary interest income at the time they accrue or are received by you in accordance with your regular method of accounting for U.S. federal income tax purposes.

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Under the Treasury regulations, if the exercise by Ally of its option to defer any payment of interest was determined not to be remote, or if Ally actually exercised its option to defer any payment of interest, the amortizing notes would be treated as issued with OID at the time of issuance or at the time of the exercise, as the case may be. All stated interest on the amortizing notes would thereafter be treated as OID as long as the amortizing notes remained outstanding. In this event, all of your taxable interest income relating to the amortizing notes would constitute OID that would have to be included in income on an economic accrual basis before the receipt of the cash attributable to the interest, regardless of your regular method of tax accounting, and payments of stated interest would not be separately includible in your taxable income. You would be required to include OID in gross income (as ordinary income) even if Ally exercised its option to defer one or more payments of interest during an extension period.

In addition, this disclosure assumes that the issue price of the amortizing notes is equal to their initial principal amount. If the difference between the issue price and the initial principal amount of the amortizing notes (or the sum of all payments on the amortizing notes, if the exercise by Ally of its option to defer any payment of interest was determined not to be remote, or if Ally actually exercised that option) was greater than a certain *de minimis* amount, the difference would be OID, which would be includible in income by you as described above.

No rulings or other interpretations have been issued by the IRS that have addressed the meaning of the term remote as used in the applicable Treasury regulations as they may be applied to an instrument such as the amortizing notes, and it is possible that the IRS could take a position contrary to the interpretation in this prospectus.

Settlement of a Purchase Contract

You will not recognize gain or loss on the acquisition of our common stock upon the mandatory or early settlement of a purchase contract except with respect to cash paid in lieu of a fractional share of our common stock. Your tax basis in the common stock received under a purchase contract will equal your tax basis in the purchase contract less the portion of that tax basis allocable to any fractional share. Your holding period for the common stock received under a purchase contract will begin the day after that stock is received.

Deemed Distributions

The settlement rate of the purchase contracts will be adjusted in certain circumstances. Under the Code and applicable Treasury Regulations, adjustments that have the effect of increasing your interest in our assets or earnings and profits may, in some circumstances, result in a deemed distribution to you.

If we were to make a distribution of cash or property (for example, evidences of indebtedness or assets) to our stockholders and each fixed settlement rate of the purchase contracts were increased pursuant to the applicable adjustment provisions, that increase would be deemed to be a distribution to you. In addition, any other increase in each fixed settlement rate of the purchase contracts (including an adjustment to each fixed settlement rate in connection with a fundamental change) may, depending on the circumstances, be deemed to be a distribution to you.

In certain circumstances, the failure to make an adjustment of each fixed settlement rate may result in a taxable distribution to you, if as a result of that failure your proportionate interest in our assets or earnings and profits is increased.

Any deemed distribution will generally be taxed in the same manner as an actual distribution. See Taxation of Distributions on Common Stock Acquired under the Purchase Contracts below. You should consult your tax adviser as to the tax consequences of receiving deemed distributions.

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Taxation of Distributions on Common Stock Acquired under the Purchase Contracts

As discussed under Dividend Policy above, we do not currently expect to pay dividends. In the event we make distributions on shares of common stock, other than certain pro rata distributions of shares of common stock, the distributions will be treated as dividends to the extent paid out of our current or accumulated earnings and profits and will be includible in income by you as ordinary income when received. If a distribution exceeds our current and accumulated earnings and profits, the excess will be first treated as a tax-free return of your investment, up to your tax basis in the common stock. Any remaining excess (determined on a share-by-share basis) will be treated as a capital gain. If you are a non-corporate U.S. Holder, dividends received by you in tax years beginning prior to 2013 will be eligible to be taxed at reduced rates if you meet certain holding period and other applicable requirements. If you are a corporate U.S. Holder, dividends received by you will be eligible for the dividends-received deduction if you meet certain holding period and other applicable requirements.

Sale or Disposition of Units, Purchase Contracts, Amortizing Notes or Shares of Common Stock

Upon the sale, exchange or retirement of a purchase contract, amortizing note or share of our common stock, you generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and your adjusted tax basis in the purchase contract, amortizing note or share of stock, as the case may be. For purposes of determining gain or loss, your proceeds will not include any amount attributable to accrued and unpaid stated interest not treated as OID, which amount will be treated as discussed above under Payments of Stated Interest.

Gain or loss realized on the sale, exchange or retirement of a purchase contract, amortizing note or share of common stock will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement you have held the purchase contract, amortizing note or share of stock, as the case may be, for more than one year. If you are a non-corporate U.S. Holder, long-term capital gains generally will be subject to reduced tax rates. The deductibility of capital losses may be subject to limitations.

Upon the sale, exchange or other disposition of a Unit, you will be treated as having sold or disposed of the purchase contract and amortizing note that constitute the Unit. The proceeds realized on a disposition of a Unit will be allocated between the purchase contract and amortizing note in proportion to their relative fair market values on the date of sale or disposition. As a result, you will calculate gain or loss on the purchase contract separately from the gain or loss on the amortizing note. It is thus possible that you could recognize a capital gain on one component of a Unit but a capital loss on the other component of the Unit.

Backup Withholding and Information Reporting

Information returns will be filed with the IRS in connection with payments on the amortizing notes, dividends on the common stock and the proceeds from a sale or other disposition of Units, purchase contracts, amortizing notes or shares of our common stock. You will be subject to U.S. backup withholding on these payments if you fail to provide your taxpayer identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that the required information is timely furnished to the IRS.

Tax Consequences to Non-U.S. Holders

You are a Non-U.S. Holder if, for U.S. federal income tax purposes, you are a beneficial owner of a Unit, purchase contract, amortizing note or share of common stock acquired under a purchase contract that is:

- a nonresident alien individual;
- a foreign corporation; or
- a foreign estate or trust.

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You are not a Non-U.S. Holder if you are a non-resident alien individual present in the United States for 183 days or more in the taxable year of disposition of the Units, purchase contracts, amortizing notes or common stock, in which case you should consult your own tax adviser regarding the U.S. federal income tax consequences of the sale, exchange or other disposition of Units, purchase contracts, amortizing notes or common stock.

Principal and Interest Payments on the Amortizing Notes

Subject to the discussion below concerning backup withholding, under the characterization of each Unit as an investment unit consisting of an amortizing note and a purchase contract for U.S. federal income tax purposes (as described above), payments of principal and interest on the amortizing notes to you (including OID, if any) will generally not be subject to U.S. federal income or withholding tax (if you are a Non-U.S. Holder with effectively connected income, see Effectively Connected Income), provided that, in the case of interest:

- you do not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote and are not a controlled foreign corporation related, directly or indirectly, to us through stock ownership; and

- you have satisfied the certification requirement described below.

Interest on an amortizing note will not be exempt from withholding tax unless you certify on a properly executed IRS Form W-8BEN, under penalties of perjury, that you are not a United States person.

However, if, as described above under Characterization of Units and Amortizing Notes, the components of a Unit were recharacterized and treated as a single instrument for U.S. federal income tax purposes, payments of principal and stated interest made to you could be subject to U.S. federal withholding at a rate of 30%, unless you are entitled to claim a lower rate as may be specified by an applicable income tax treaty. Even if the components of a Unit are respected as separate instruments for U.S. federal income tax purposes, if the amortizing notes were recharacterized as equity for U.S. federal income tax purposes, payments of principal and stated interest to you on the amortizing notes could be subject to U.S. federal withholding tax. Under recent legislation, if the Units were recharacterized as a single instrument and treated as equity, or the amortizing notes were recharacterized as equity, for U.S. federal income tax purposes, a withholding tax of 30% could be imposed on payments to certain foreign entities, after December 31, 2012, on the Units or amortizing notes, as the case may be, and the gross proceeds from dispositions of the Units or amortizing notes, as the case may be. We are not required to pay a gross up for these or any other taxes imposed or withheld in respect of payments made on or with respect to the Units, the purchase contracts, the amortizing notes or common stock.

Settlement of a Purchase Contract

You will not be subject to U.S. federal income tax upon the mandatory or early settlement of a purchase contract.

Deemed Distributions

An adjustment to each fixed settlement rate of a purchase contract might result in a taxable deemed distribution, as described above under the caption Tax Consequences to U.S. Holders Deemed Distributions. Any taxable deemed distribution resulting from an adjustment to (or failure to adjust, in some cases) each fixed settlement rate will be treated in the same manner as an actual distribution on our common stock, as described below under Dividends.

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Sale, Exchange or Other Disposition of Units, Purchase Contracts, Amortizing Notes or Shares of Common Stock

Subject to the discussion below concerning backup withholding, you generally will not be subject to U.S. federal income tax on gain recognized on a sale or other disposition of Units, purchase contracts, amortizing notes or shares of our common stock, unless:

- the gain is effectively connected with your conduct of a trade or business in the United States, subject to an applicable income tax treaty providing otherwise, or

- in the case of a sale or other disposition of Units, purchase contracts or common stock, we are or have been a United States real property holding corporation, as defined in the Code, at any time within the five-year period preceding the disposition or your holding period, whichever is shorter.

We believe that we are not, and do not anticipate becoming, a United States real property holding corporation.

As discussed in more detail under Tax Consequences to U.S. Holders Sale or Disposition of Units, Purchase Contracts, Amortizing Notes or Shares of Common Stock, the proceeds realized on a disposition of a Unit will be allocated between the purchase contract and amortizing note in proportion to their relative fair market values on the date of sale or disposition.

Dividends

In the event that we pay dividends (including deemed dividends on the Units or purchase contracts described above under Tax Consequences to U.S. Holders Deemed Distributions), the dividends generally will be subject to U.S. federal withholding tax at a 30% rate or a reduced rate specified by an applicable income tax treaty. In order to obtain a reduced rate of withholding under an applicable treaty, you will be required to provide a properly executed IRS Form W-8BEN certifying your entitlement to benefits under that treaty.

In the case of any deemed distribution, it is possible that the U.S. federal tax on the deemed distribution will be withheld from shares of common stock or sales proceeds subsequently paid or credited to you.

Effectively Connected Income

If you are engaged in a trade or business in the United States, you will generally be taxed in the same manner as a U.S. Holder (see Tax Consequences to U.S. Holders above) with respect to income or gain on the amortizing notes, the purchase contracts, the Units and the common stock that is effectively connected with the conduct of that trade or business, subject to an applicable income tax treaty providing otherwise. In order for payments on the amortizing notes and dividends on the common stock to be exempt from the withholding described in Principal and Interest Payments on the Amortizing Notes and Dividends above, you will generally be required to provide a properly executed IRS Form W-8ECI or, under certain circumstances, W-8BEN.

If you are a Non-U.S. Holder with effectively connected income, you should consult your tax adviser with respect to other U.S. federal income tax consequences of the ownership and disposition of Units, purchase contracts, amortizing notes and common stock, including, if you are a corporation, the possible imposition of a branch profits tax at a rate of 30% (or a lower treaty rate).

Backup Withholding and Information Reporting

Information returns will be filed with the IRS in connection with interest payments on the amortizing notes and dividends on the common stock. Unless you comply with certification procedures to establish that you are not a United States person, information returns may also be filed with the IRS in connection with the proceeds

from a sale or other disposition of the Units, purchase contracts, amortizing notes or common stock, and you may be subject to U.S. backup withholding on interest payments on the amortizing notes and dividends on the common stock or on the proceeds from a sale or other disposition of the Units, purchase contracts, amortizing notes or common stock. The certification procedures required to claim the exemption from withholding tax described above under Principal and Interest Payments on the Amortizing Notes will satisfy the certification requirements necessary to avoid backup withholding as well. The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that the required information is timely furnished to the IRS.

FATCA Withholding Taxes

Payments to foreign entities, after December 31, 2012, of dividends on and the gross proceeds of dispositions of common stock of a U.S. issuer will be subject to a withholding tax (separate and apart from, but without duplication of, the withholding tax described above) at a rate of 30%, unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) have been satisfied. The IRS has announced that regulations implementing this withholding tax will defer the withholding obligation until January 1, 2014 for payments of dividends on common stock of a U.S. issuer and until January 1, 2015 for gross proceeds from dispositions of common stock of a U.S. issuer. Non-U.S. holders should consult their tax advisors regarding the possible implications of this withholding tax on their investment in our common stock.

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UNDERWRITING

Citigroup Global Markets Inc., Goldman, Sachs & Co., Morgan Stanley & Co. LLC and Barclays Capital Inc. are acting as joint global coordinators and as representatives of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus, each underwriter named below has severally agreed to purchase, and the selling stockholder has agreed to sell to that underwriter, the number of Units set forth opposite the underwriter s name.

Underwriter	Number of Units
Citigroup Global Markets Inc. .	
Goldman, Sachs & Co .	
Morgan Stanley & Co. LLC	
Barclays Capital Inc.	
Deutsche Bank Securities Inc.	
Total	

We may add additional underwriters to the table above. Any such underwriters would be selected by us taking into account various criteria, including among other things their marketing and distribution capability, ownership and management diversity, and automotive finance industry expertise.

The underwriting agreement provides that the obligations of the underwriters to purchase the Units included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the Units (other than those covered by the over-allotment option described below) if they purchase any of the Units. The completion of this offering is contingent on the completion of the concurrent common stock offering.

Units sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any Units sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price not to exceed $ per Unit. If all the Units are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms.

If the underwriters sell more Units than the total number set forth in the table above, the selling stockholder has granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional Units at the public offering price less the underwriting discount. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent the option is exercised, each underwriter must purchase a number of additional Units approximately proportionate to that underwriter s initial purchase commitment in such Units. Any Units issued or sold under the option will be issued and sold on the same terms and conditions as the other Units that are the subject of this offering.

We, our officers and directors, certain of our employees and the selling stockholder and our other stockholders have agreed that, subject to limited exceptions, for a period of days from the date of this prospectus, we and they will not, without the prior written consent of Citigroup Global Markets Inc., Goldman, Sachs & Co., Morgan Stanley & Co. LLC and Barclays Capital Inc., (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Exchange Act relating to, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock, or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of common stock or any securities convertible into or exercisable or exchangeable for common stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of common stock or such other securities, in cash or otherwise. Citigroup

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Global Markets Inc., Goldman, Sachs & Co., Morgan Stanley & Co. LLC and Barclays Capital Inc. in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice. Notwithstanding the foregoing, if (1) during the last days of the -day restricted period, we issue an earnings release or material news or a material event relating to us occurs; or (2) prior to the expiration of the -day restricted period, we announce that we will release earnings results during the -day period beginning on the last day of the -day restricted period, the restrictions described above shall continue to apply until the expiration of the -day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. In addition, certain of our shareholders are subject to lock-up provisions under our Registration Rights Agreement. See Certain Stockholder Agreements Registration Rights Agreement Holdback Agreements.

Prior to this offering, there has been no public market for our Units. Consequently, the initial public offering price for the Units was determined by negotiations among us, the selling stockholder and the representatives. Among the factors considered in determining the public offering price were our results of operations, our current financial condition, our future prospects, our markets, the economic conditions in and future prospects for the industry in which we compete, our management, and currently prevailing general conditions in the equity securities markets, including current market valuations of publicly traded companies considered comparable to our company. We cannot assure you, however, that the price at which the Units will sell in the public market after this offering will not be lower than the public offering price or that an active trading market in our shares will develop and continue after this offering.

We have applied for listing of the Units on the New York Stock Exchange, subject to satisfaction of its minimum listing standard with respect to the Units; however, no assurance can be provided that the Units will be approved for listing. The Units are a new issue of securities and there is currently no trading market for the Units. Each underwriter has advised us that it intends to make a market in the Units, but no underwriter is obligated to do so. Any underwriter may discontinue any market making in the Units at any time in its sole discretion without notice. Accordingly, we cannot assure you that a liquid market will develop for the Units, that you will be able to sell your Units at a particular time or that the prices you receive when you sell will be favorable.

The following table shows the per Unit and total public offering price and proceeds to the selling stockholder and the underwriting discounts and commissions payable to the underwriters in connection with this offering. Ally has agreed to pay all underwriting discounts and commissions, transfer taxes and transaction fees, if any, applicable to the sale of the Units and the fees and disbursement of counsel for the selling security holder incurred in connection with the sale. These amounts are shown assuming both no exercise and full exercise of the underwriters over-allotment option.

		Total	
	Per Unit	No Exercise	Full Exercise
Public offering price and proceeds to selling stockholder			
Underwriting discounts and commissions			

We estimate that our total expenses for this offering will be approximately $ million.

In connection with the offering, the underwriters may purchase and sell Units in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions, which may include purchases pursuant to the over-allotment option, and stabilizing purchases.

Short sales involve secondary market sales by the underwriters of a greater number of Units than they are required to purchase in the offering.

Covered short sales are sales of Units in an amount up to the number of Units represented by the underwriters over-allotment option.

Naked short sales are sales of Units in an amount in excess of the number of Units represented by the underwriters over-allotment option.

Covering transactions involve purchases of Units either pursuant to the over-allotment option or in the open market after the distribution has been completed in order to cover short positions.

To close a naked short position, the underwriters must purchase Units in the open market after the distribution has been completed. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Units in the open market after pricing that could adversely affect investors who purchase in the offering.

To close a covered short position, the underwriters must purchase Units in the open market after the distribution has been completed or must exercise the over-allotment option. In determining the source of Units to close the covered short position, the underwriters will consider, among other things, the price of Units available for purchase in the open market as compared to the price at which they may purchase Units through the over-allotment option.

Stabilizing transactions involve bids to purchase Units so long as the stabilizing bids do not exceed a specified maximum. Purchases to cover short positions and stabilizing purchases, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the Units. They may also cause the price of the Units to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the NYSE, in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, lending, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, currently perform, and may in the future perform, various financial advisory and investment banking services for us, for which they have received customary compensation and may provide such services and receive customary compensation in the future. Certain of the relationships involve transactions that are material to us or our affiliates and for which the underwriters and/or their respective affiliates have received significant fees. In addition, the underwriters and/or their affiliates serve as agents and lenders under certain of our existing credit facilities.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

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Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of the securities which are the subject of the offering contemplated by this prospectus to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the securities shall require the issuer or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of securities to the public in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

Notice to Prospective Investors in the United Kingdom

Each underwriter has also represented and agreed that:

(a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the securities would otherwise constitute a contravention of Section 19 of the FSMA by the issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the securities in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in France

Neither this prospectus nor any other offering material relating to the Units described in this prospectus has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*. The Units have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the Units has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or

- used in connection with any offer for subscription or sale of the Units to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d investisseurs*), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;

- to investment services providers authorized to engage in portfolio management on behalf of third parties; or

- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l épargne*).

The Units may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

Notice to Prospective Investors in Hong Kong

The Units may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Units may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Units which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The Units offered in this prospectus have not been registered under the Securities and Exchange Law of Japan. The Units have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

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Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Units may not be circulated or distributed, nor may the Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the Units are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Units pursuant to an offer made under Section 275 of the SFA except:

  - to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

  - where no consideration is or will be given for the transfer; or

  - where the transfer is by operation of law.

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% Tangible Equity Units

Preliminary Prospectus

, 2013

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

	Amount To Be Paid
SEC registration fee	$ *
FINRA filing fee	*
NYSE listing fee	*
Transfer agent s fees	*
Trustee s fees	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Blue Sky fees and expenses	*
Miscellaneous	*
Total	$ *

* To be completed by amendment

Item 14. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any threatened, pending or completed actions, suits or proceedings in which such person is made a party by reason of such person being or having been a director, officer, employee or agent to the Registrant. The Delaware General Corporation Law provides that Section 145 is not exclusive of other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise. The Registrant s Certificate of Incorporation provides for indemnification by the Registrant of its directors, officers and employees to the fullest extent permitted by the Delaware General Corporation Law.

Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director s duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payments of dividends or unlawful stock repurchases, redemptions or other distributions, or (iv) for any transaction from which the director derived an improper personal benefit. The Registrant s Certificate of Incorporation provides for such limitation of liability.

The Registrant maintains standard policies of insurance under which coverage is provided (a) to its directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act, and (b) to the Registrant with respect to payments which may be made by the Registrant to such officers and directors pursuant to the above indemnification provision or otherwise as a matter of law.

The proposed forms of Underwriting Agreements filed as Exhibits 1.1 and 1.2 to this Registration Statement provide for indemnification of directors and officers of the Registrant by the underwriters against certain liabilities.

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Item 15. Recent Sales of Unregistered Securities.

Since May 1, 2010, the Registrant has sold the following securities without registration under the Securities Act of 1933, as amended (the Securities Act):

Fixed Rate Cumulative Mandatorily Convertible Preferred Stock, Series F-2

On December 30, 2010, Ally delivered to Treasury a notice of conversion relating to the conversion of 110,000,000 shares of Ally Fixed Rate Cumulative Mandatorily Convertible Preferred Stock, Series F-2 held by Treasury into common stock of Ally (the Series F-2 Conversion). On December 30, 2010, the Series F-2 Conversion was completed and 110,000,000 shares of Fixed Rate Cumulative Mandatorily Convertible Preferred Stock, Series F-2, all of which were owned by Treasury, were converted into 531,850 shares of common stock of Ally. Prior to the Series F-2 Conversion, Treasury held approximately 56.3% of the common stock of Ally and $11,437,500,000 aggregate liquidation preference amount of Fixed Rate Cumulative Mandatorily Convertible Preferred Stock, Series F-2. Following the Series F-2 Conversion, Treasury held approximately 73.8% of the common stock of Ally and $5,937,500,000 aggregate liquidation amount of Fixed Rate Cumulative Mandatorily Convertible Preferred Stock, Series F-2. The issuance of common stock in the Series F-2 Conversion was exempt from registration pursuant to Section 4(2) and Section 3(a)(9) of the Securities Act.

6.250% Senior Guaranteed Notes due 2017

On November 18, 2010, Ally issued $1 billion aggregate principal amount of 6.250% Senior Guaranteed Notes due 2017 at an issue price of 98.602% resulting in approximately $986 million of gross proceeds. Net proceeds after offering discounts and commissions and before offering expenses payable by Ally were approximately $973.5 million. The initial purchasers for the 6.250% Senior Guaranteed Notes due 2017 were Barclays Capital Inc., Citigroup Global Markets Inc., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated. The 6.250% Senior Guaranteed Notes due 2017 were offered and sold to qualified institutional buyers pursuant to Rule 144A under the Securities Act or to non-U.S. investors outside of the United States in compliance with Regulation S of the Securities Act.

7.500% Senior Guaranteed Notes due 2020

On August 12, 2010, Ally issued $1.750 billion aggregate principal amount of 7.500% Senior Guaranteed Notes due 2020 at an issue price of 99.116% resulting in approximately $1.735 billion of gross proceeds. Net proceeds after offering discounts and commissions and before offering expenses payable by Ally were approximately $1.713 billion. The initial purchasers for the 7.500% Senior Guaranteed Notes due 2020 were Banc of America Securities LLC, Citigroup Global Markets Inc., Goldman, Sachs & Co. and RBS Securities Inc. The 7.500% Senior Guaranteed Notes due 2020 were offered and sold to qualified institutional buyers pursuant to Rule 144A under the Securities Act or to non-U.S. investors outside of the United States in compliance with Regulation S of the Securities Act.

Item 16. Exhibits, and Financial Statement Schedules.

(a) The following exhibits are filed as part of this Registration Statement:

Exhibit Number	Description
1.1	Form of Common Stock Underwriting Agreement**
1.2	Form of Tangible Equity Units Underwriting Agreement**
3.1	Amended and Restated Certificate of Incorporation**

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Exhibit Number	Description
3.2	Amended and Restated By-Laws**
4.1	Form of Common Stock Certificate***
4.2	Registration Rights Agreement, dated as of December 31, 2008, by and between GMAC LLC and Banc of America Securities LLC, Citigroup Global Markets Inc., Goldman, Sachs & Co., J.P. Morgan Securities Inc., Barclays Capital Inc., Deutsche Bank Securities Inc., Credit Suisse Securities (USA) LLC, Morgan Stanley & Co. Incorporated and Greenwich Capital Markets, Inc. (Filed as 10.8 to the Company s Current Report on Form 8-K dated as of January 2, 2009 (File No. 1-3754), incorporated herein by reference.)
4.3	Amended and Restated Indenture, dated as of March 1, 2011, between the Company and The Bank of New York Mellon, Trustee (filed as Exhibit 4.2 to the Company s Current Report on Form 8-K dated as of March 4, 2011, (File No. 1-3754), incorporated herein by reference.)
4.4	Form of Supplemental Indenture, between the Company and The Bank of New York Mellon, as trustee***
4.5	Form of Purchase Contract Agreement, between the Company and The Bank of New York Mellon, as purchase contract agent***
5	Opinion of Davis Polk & Wardwell LLP***
8	Opinion of Davis Polk & Wardwell LLP regarding certain U.S. tax matters***
10	Amended and Restated Governance Agreement, dated as of May 21, 2009, by and between GMAC Inc., FIM Holdings LLC, GM Finance Co. Holdings LLC and the United States Department of the Treasury (Filed as Exhibit 10.2 to the Company s Current Report on Form 8-K dated as of May 22, 2009 (File No. 1-3754), incorporated herein by reference.)
10.1	Letter Agreement, dated as of May 21, 2009, between GMAC Inc. and the United States Department of the Treasury (which includes the Securities Purchase Agreement Standard Terms attached thereto, with respect to the issuance and sale of the Convertible Preferred Membership Interests and the Warrant) (Filed as Exhibit 10.1 to the Company s Current Report on Form 8-K dated as of May 22, 2009 (File No. 1-3754), incorporated herein by reference.)
10.2	Securities Purchase and Exchange Agreement, dated as of December 30, 2009, between GMAC Inc., GMAC Capital Trust I, and the United States Department of the Treasury* (Filed as Exhibit 10.1 to the Company s Current Report on Form 8-K dated as of December 30, 2009, (File No. 1-3754), incorporated herein by reference.)
10.3	Master Transaction Agreement, dated May 21, 2009, between GMAC Inc., Chrysler LLC, U.S. Dealer Automotive Receivables Transition LLC and the United States Department of the Treasury (Filed as Exhibit 10.3 to the Company s Quarterly Report for the period ended June 30, 2009, on Form 10-Q (File No. 1-3754), incorporated herein by reference.)
10.4	Amended and Restated United States Consumer Financing Services Agreement, dated May 22, 2009, between GMAC Inc. and General Motors Corporation* (Filed as Exhibit 10.4 to the Company s Quarterly Report for the period ended June 30, 2009, on Form 10-Q/A (File No. 1-3754), incorporated herein by reference.)
10.5	Amended and Restated Master Services Agreement, dated May 22, 2009, between GMAC Inc. and General Motors Corporation* (Filed as Exhibit 10.5 to the Company s Quarterly Report for the period ended June 30, 2009, on Form 10-Q/A (File No. 1-3754), incorporated herein by reference.)

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Exhibit Number	Description
10.6	Auto Finance Operating Agreement, entered into on August 6, 2010, between Ally Financial Inc. and Chrysler Group LLC* (Filed as Exhibit 10.1 to the Company s Quarterly Report for the period ended September 30, 2010, on Form 10-Q (File No. 1-3754), incorporated herein by reference.)
10.7	Intellectual Property License Agreement, dated November 30, 2006, by and between General Motors Corporation and GMAC LLC (Filed as Exhibit 10.1 to the Company s Quarterly Report for the period ended March 31, 2007, on Form 10-Q (File No. 1-3754), incorporated herein by reference.)
10.8	Capital and Liquidity Maintenance Agreement, entered into on October 29, 2010, between Ally Financial Inc., IB Finance Holding Company, LLC, Ally Bank and the Federal Deposit Insurance Corporation (Filed as Exhibit 10.2 to the Company s Quarterly Report for the period ended September 30, 2010, on Form 10-Q (File No. 1-3754), incorporated herein by reference.)
10.9	Settlement agreement, dated December 23, 2010, by and between GMAC Mortgage, LLC, Residential Capital, LLC, Residential Funding Securities, LLC, Residential Asset Mortgage Products, Inc., Residential Funding Company LLC, Residential Funding Mortgage Securities I, Inc., Residential Accredit Loans, Inc., Homecomings Financial LLC, and the Federal National Mortgage Association* (Filed as Exhibit 10.9 to the Company s Annual Report for the period ended December 31, 2010, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.10	Ally Financial Inc. Long-Term Equity Compensation Incentive Plan, as amended (Filed as Exhibit 10.10 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.11	Ally Financial Inc. Severance Plan, Plan Document and Summary Plan Description, as amended (Filed as Exhibit 10.11 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.12	Form of Award Agreement related to the issuance of Deferred Stock Units (Filed as Exhibit 10.12 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.13	Deferred Stock Unit Award Agreement for Michael A. Carpenter, dated April 12, 2012 (Filed as Exhibit 10.13 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.14	Deferred Stock Unit Award Agreement for Jeffrey J. Brown, dated April 12, 2012 (Filed as Exhibit 10.14 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.15	Deferred Stock Unit Award Agreement for Barbara A. Yastine, dated April 12, 2012 (Filed as Exhibit 10.15 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.16	Deferred Stock Unit Award Agreement for William F. Muir, dated April 12, 2012 (Filed as Exhibit 10.16 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.17	Deferred Stock Unit Award Agreement for James G. Mackey, dated April 12, 2012 (Filed as Exhibit 10.17 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)

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Exhibit Number	Description
10.18	Deferred Stock Unit Award Agreement for Thomas F. Marano, dated April 12, 2012 (Filed as Exhibit 10.18 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.19	Partial Release of Liability Agreement, dated March 17, 2010, by and among Federal Home Loan Mortgage Corporation, GMAC Mortgage, LLC and Residential Funding Company, LLC***
10.20	Purchase and Sale Agreement, by and between Ally Financial Inc. and Royal Bank of Canada, dated October 23, 2012. (Filed as Exhibit 10.20 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.21	Amended and Restated Purchase and Sale Agreement, by and among Ally Financial Inc., General Motors Financial Company, Inc., and General Motors Company, dated November 21, 2012, as amended and restated as of February 22, 2013 (Filed as Exhibit 10.21 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.22	Share Transfer Agreement, by and between Ally Financial Inc. and General Motors Financial Company, Inc., dated November 21, 2012 (Filed as Exhibit 10.22 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.23	Consent Judgment, dated March 12, 2012 (Filed as Exhibit 10.1 to the Company s Current Report on Form 8-K dated as of March 12, 2012 (File No. 1-3754), incorporated herein by reference.)
10.24	Form of Ally Financial Inc. 2011 Executive Performance Plan***
10.25	Form of Ally Financial Inc. 2011 Incentive Compensation Plan***
10.26	Form of Ally Financial Inc. Employee Stock Purchase Plan***
10.27	Form of Ally Financial Inc. 2011 Non-Employee Directors Equity Compensation Plan***
10.28	Form of Conversion and Exchange Agreement, between the Company and the United States Department of the Treasury**
12	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividend Requirements (Filed as Exhibit 12 to the Company s Quarterly Report for the period ended March 31, 2013, on Form 10-Q (File No. 1-3754), incorporated herein by reference.)
21	Subsidiaries of the Registrant (Filed as Exhibit 21 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
23.1	Consent of Deloitte & Touche LLP
23.2	Consent of Davis Polk & Wardwell LLP (included in Exhibits 5 and 8)
24.1	Power of Attorney***

* Certain confidential portions have been omitted pursuant to a confidential treatment request which has been separately filed with the Securities and Exchange Commission.

** To be filed by amendment.

*** Filed previously.

(b) The financial statement schedules are incorporated into the Registrant s Consolidated Financial Statements or notes thereto.

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Item 17. Undertakings

The undersigned hereby undertakes:

(a) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions referenced in Item 14 of this Registration Statement, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(b) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Amendment No. 8 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Detroit, State of Michigan, on the 9th day of July, 2013.

ALLY FINANCIAL INC.

By: *
Name: Michael A. Carpenter
Title: Chief Executive Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David J. DeBrunner, his or her true and lawful attorney-in-fact and agent, with full power to act separately and full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and all additional registration statements pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 8 to the registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
*	Chief Executive Officer and Director	July 9, 2013
Name: Michael A. Carpenter	(Principal Executive Officer)	
*	Senior Executive Vice President of Finance and Corporate Planning	July 9, 2013
Name: Jeffrey J. Brown	(Principal Financial Officer)	
/s/ DAVID J. DEBRUNNER	Vice President, Chief Accounting Officer and Corporate Controller (Principal Accounting Officer)	July 9, 2013
Name: David J. DeBrunner		
*	Director	July 9, 2013
Name: Robert T. Blakely		
*	Director	July 9, 2013
Name: Mayree C. Clark		
*	Director	July 9, 2013
Name: Stephen A. Feinberg		
*	Director	July 9, 2013

Name: Kim S. Fennebresque

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/s/ GERALD GREENWALD	Director	July 9, 2013
Name: Gerald Greenwald		
*	Director	July 9, 2013
Name: Franklin W. Hobbs		
/s/ BRIAN P. MACDONALD	Director	July 9, 2013
Name: Brian P. MacDonald		
*	Director	July 9, 2013
Name: Marjorie Magner		
/s/ HENRY S. MILLER	Director	July 9, 2013
Name: Henry S. Miller		
/s/ MATHEW PENDO	Director	July 9, 2013
Name: Mathew Pendo		
*By: /s/ DAVID J. DEBRUNNER	Attorney-in-Fact	July 9, 2013
Name: David J. DeBrunner		

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EXHIBIT INDEX

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4.3	Amended and Restated Indenture, dated as of March 1, 2011, between the Company and The Bank of New York Mellon, Trustee (filed as Exhibit 4.2 to the Company s Current Report on Form 8-K dated as of March 4, 2011, (File No. 1-3754), incorporated herein by reference.)
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4.5	Form of Purchase Contract Agreement, between the Company and The Bank of New York Mellon, as purchase contract agent***
5	Opinion of Davis Polk & Wardwell LLP***
8	Opinion of Davis Polk & Wardwell LLP regarding certain U.S. tax matters***
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10.4	Amended and Restated United States Consumer Financing Services Agreement, dated May 22, 2009, between GMAC Inc. and General Motors Corporation* (Filed as Exhibit 10.4 to the Company s Quarterly Report for the period ended June 30, 2009, on Form 10-Q/A (File No. 1-3754), incorporated herein by reference.)

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Exhibit Number	Description
10.5	Amended and Restated Master Services Agreement, dated May 22, 2009, between GMAC Inc. and General Motors Corporation* (Filed as Exhibit 10.5 to the Company s Quarterly Report for the period ended June 30, 2009, on Form 10-Q/A (File No. 1-3754), incorporated herein by reference.)
10.6	Auto Finance Operating Agreement, entered into on August 6, 2010, between Ally Financial Inc. and Chrysler Group LLC* (Filed as Exhibit 10.1 to the Company s Quarterly Report for the period ended September 30, 2010, on Form 10-Q (File No. 1-3754), incorporated herein by reference.)
10.7	Intellectual Property License Agreement, dated November 30, 2006, by and between General Motors Corporation and GMAC LLC (Filed as Exhibit 10.1 to the Company s Quarterly Report for the period ended March 31, 2007, on Form 10-Q (File No. 1-3754), incorporated herein by reference.)
10.8	Capital and Liquidity Maintenance Agreement, entered into on October 29, 2010, between Ally Financial Inc., IB Finance Holding Company, LLC, Ally Bank and the Federal Deposit Insurance Corporation (Filed as Exhibit 10.2 to the Company s Quarterly Report for the period ended September 30, 2010, on Form 10-Q (File No. 1-3754), incorporated herein by reference.)
10.9	Settlement agreement, dated December 23, 2010, by and between GMAC Mortgage, LLC, Residential Capital, LLC, Residential Funding Securities, LLC, Residential Asset Mortgage Products, Inc., Residential Funding Company LLC, Residential Funding Mortgage Securities I, Inc., Residential Accredit Loans, Inc., Homecomings Financial LLC, and the Federal National Mortgage Association* (Filed as Exhibit 10.9 to the Company s Annual Report for the period ended December 31, 2010, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.10	Ally Financial Inc. Long-Term Equity Compensation Incentive Plan, as amended (Filed as Exhibit 10.10 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.11	Ally Financial Inc. Severance Plan, Plan Document and Summary Plan Description, as amended (Filed as Exhibit 10.11 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.12	Form of Award Agreement related to the issuance of Deferred Stock Units (Filed as Exhibit 10.12 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.13	Deferred Stock Unit Award Agreement for Michael A. Carpenter, dated April 12, 2012 (Filed as Exhibit 10.13 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.14	Deferred Stock Unit Award Agreement for Jeffrey J. Brown, dated April 12, 2012 (Filed as Exhibit 10.14 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.15	Deferred Stock Unit Award Agreement for Barbara A. Yastine, dated April 12, 2012 (Filed as Exhibit 10.15 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.16	Deferred Stock Unit Award Agreement for William F. Muir, dated April 12, 2012 (Filed as Exhibit 10.16 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)

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Exhibit Number	Description
10.17	Deferred Stock Unit Award Agreement for James G. Mackey, dated April 12, 2012 (Filed as Exhibit 10.17 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.18	Deferred Stock Unit Award Agreement for Thomas F. Marano, dated April 12, 2012 (Filed as Exhibit 10.18 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.19	Partial Release of Liability Agreement, dated March 17, 2010, by and among Federal Home Loan Mortgage Corporation, GMAC Mortgage, LLC and Residential Funding Company, LLC***
10.20	Purchase and Sale Agreement, by and between Ally Financial Inc. and Royal Bank of Canada, dated October 23, 2012. (Filed as Exhibit 10.20 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754) , incorporated herein by reference.)
10.21	Amended and Restated Purchase and Sale Agreement, by and among Ally Financial Inc., General Motors Financial Company, Inc., and General Motors Company, dated November 21, 2012, as amended and restated as of February 22, 2013 (Filed as Exhibit 10.21 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.22	Share Transfer Agreement, by and between Ally Financial Inc. and General Motors Financial Company, Inc., dated November 21, 2012 (Filed as Exhibit 10.22 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
10.23	Consent Judgment, dated March 12, 2012 (Filed as Exhibit 10.1 to the Company s Current Report on Form 8-K dated as of March 12, 2012 (File No. 1-3754), incorporated herein by reference.)
10.24	Form of Ally Financial Inc. 2011 Executive Performance Plan***
10.25	Form of Ally Financial Inc. 2011 Incentive Compensation Plan***
10.26	Form of Ally Financial Inc. Employee Stock Purchase Plan***
10.27	Form of Ally Financial Inc. 2011 Non-Employee Directors Equity Compensation Plan***
10.28	Form of Conversion and Exchange Agreement, between the Company and the United States Department of the Treasury**
12	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividend Requirements (Filed as Exhibit 12 to the Company s Quarterly Report for the period ended March 31, 2013, on Form 10-Q (File No. 1-3754), incorporated herein by reference.)
21	Subsidiaries of the Registrant (Filed as Exhibit 21 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K (File No. 1-3754), incorporated herein by reference.)
23.1	Consent of Deloitte & Touche LLP
23.2	Consent of Davis Polk & Wardwell LLP (included in Exhibits 5 and 8)
24.1	Power of Attorney***

* Certain confidential portions have been omitted pursuant to a confidential treatment request which has been separately filed with the Securities and Exchange Commission.

** To be filed by amendment.

*** Filed previously.