

Ally Financial Inc.
Form S-1/A
December 02, 2011
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As filed with the Securities and Exchange Commission on December 2, 2011

Registration No. 333-173198

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 5

TO

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

ALLY FINANCIAL INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

6172

38-0572512
(I.R.S. Employer Identification Number)

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(State or Other Jurisdiction of
Incorporation or Organization)

(Primary Standard Industrial
Classification Code Number)
200 Renaissance Center

P.O. Box 200

Detroit, MI 48265-2000

(866) 710-4623

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

David J. DeBrunner

Vice President, Chief Accounting Officer, and Corporate Controller

Ally Financial Inc.

200 Renaissance Center

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the Securities Act), check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer "
 Accelerated filer "
 Non-accelerated filer (Do not check if a smaller reporting company)
 Smaller reporting company "

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount Of Registration Fee
Common Stock, par value \$0.01 per share	\$100,000,000	\$11,610(3)
Tangible Equity Units	\$100,000,000	\$11,610(3)
Stock Purchase Contracts(4)		
Junior Subordinated Amortizing Notes		

- (1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act.
- (2) Includes offering price of shares and units that the underwriters have the option to purchase pursuant to their over-allotment option.
- (3) Previously paid.
- (4) In accordance with Rule 457(i) under the Securities Act, this registration statement also registers _____ shares of our common stock, which is our reasonable good-faith estimate of the maximum number of shares of our common stock that are initially issuable upon settlement of the stock purchase contracts registered hereby. The number of shares of our common stock issuable upon such settlement may vary based on the market price of the common stock registered hereby. If the number of shares of our common stock needed to settle such purchase contracts is greater than such estimate due to the operation of the formula described herein that links the number of shares to the market price of our common stock at the time of such settlement, the Registrant will either file an additional registration statement or rely on an available exemption from registration, such as Section 3(a)(9) of the Securities Act. In addition, the number of shares of our common stock initially issuable upon such settlement is subject to adjustment pursuant to the anti-dilution provisions of the stock purchase contracts, as described herein. Pursuant to Rule 416 under the Securities Act, this registration statement is deemed to have registered the shares of our common stock offered or issued as a result of such anti-dilution adjustments.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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EXPLANATORY NOTE

This Registration Statement contains a prospectus relating to an offering of shares of our common stock (for purposes of this Explanatory Note, the Common Stock Prospectus), together with separate prospectus pages relating to an offering of our tangible equity units (for purposes of this Explanatory Note, the Units Prospectus). The complete Common Stock Prospectus follows immediately. Following the Common Stock Prospectus are the following alternative and additional pages for the Units Prospectus:

front and back cover pages, which will replace the front and back cover pages of the Common Stock Prospectus;

pages for the Prospectus Summary The Offering section, which will replace the Prospectus Summary The Offering section of the Common Stock Prospectus;

pages for the Risk Factors Risks Related to Ownership of the Units, Separate Purchase Contracts, Separate Amortizing Notes and Common Stock section, which will replace the Risk Factors Risks Related to this Offering and Ownership of Our Common Stock section of the Common Stock Prospectus;

pages for Ratio of Earnings to Fixed Charges and Preferred Stock Dividends section, which will be added to the Units Prospectus;

pages for the Description of the Units , Description of the Purchase Contracts and Description of the Amortizing Notes sections, which will replace the Concurrent Transactions section of the Common Stock Prospectus;

pages for the Book-Entry Procedures and Settlement section, which will be added to the Units Prospectus;

pages for the Concurrent Transactions section, which will replace the Concurrent Transactions section of the Common Stock Prospectus;

pages for the Certain U.S. Federal Income Tax Considerations section, which will replace the U.S. Federal Tax Considerations for Non-U.S. Holders section of the Common Stock Prospectus; and

pages for the Underwriting section, which will replace the Underwriting section of the Common Stock Prospectus.

In addition, the references to common stock in Validity of Common Stock in the Common Stock Prospectus will be replaced with references to tangible equity units in the Units Prospectus.

Each of the complete Common Stock Prospectus and Units Prospectus will be filed with the Securities and Exchange Commission in accordance with Rule 424 under the Securities Act of 1933, as amended. The closing of the offering of common stock is conditioned upon the closing of the offering of Units, and the closing of the offering of Units is conditioned upon the closing of the offering of common stock.

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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 the selling stockholder is not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated December 2, 2011

PRELIMINARY PROSPECTUS

Shares

ALLY FINANCIAL INC.

COMMON STOCK

The United States Department of the Treasury (the selling stockholder or Treasury) is offering shares of common stock of Ally Financial Inc. (Ally). See Principal and Selling Stockholders. Ally Financial Inc. will not receive any of the proceeds from the sale of shares of common stock by the selling stockholder.

This is our initial public offering and no public market exists for our shares. We anticipate that the initial public offering price will be between \$ and \$ per share. We have applied to list the common stock on the New York Stock Exchange (the NYSE) under the symbol ALLY .

The selling stockholder has granted the underwriters the right to purchase up to additional shares of common stock to cover over-allotments, if any, at the public offering price, less the underwriters discount, within 30 days from the date of this prospectus.

Concurrently with this offering, Treasury is also making a public offering of tangible equity units issued by us (the Units). Treasury has granted the underwriters of that offering the right to purchase up to additional Units to cover over-allotments, if any, at the public offering price of the Units, less the underwriters discount for the Units, within 30 days from the date of the prospectus for the concurrent Units offering. 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.

Investing in our common stock involves risks. See Risk Factors beginning on page 18 of this prospectus.

	Per Share	Total
Public offering price and proceeds to the selling stockholder	\$	\$
Underwriting discounts and commissions(1)	\$	\$

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

Neither the Securities and Exchange Commission nor any state securities regulators has approved or disapproved these securities, or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock to investors on or about _____, 2011.

Citigroup

Goldman, Sachs & Co.

J.P. Morgan

Morgan Stanley

Barclays Capital

Deutsche Bank Securities

The date of this prospectus is _____, 2011

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In this prospectus, unless the context indicates otherwise, Ally, the company, we, us and our refer to Ally Financial Inc. and its direct and indirect subsidiaries on a consolidated basis. None of we, the underwriters, or the selling stockholder have authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. Neither we nor the underwriters nor the selling stockholder take responsibility for, and can provide any assurance as to the reliability of, any other information that others may give you. The selling stockholder is offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the common stock.

INDUSTRY AND MARKET DATA

We obtained the industry, market and competitive position data throughout this prospectus from our own internal estimates and research as well as from industry and general publications and research, surveys and studies conducted by third parties. Industry publications, studies and surveys generally state that they have been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary may not contain all of the information that you should consider before deciding to invest in our common stock. You should read this entire prospectus carefully, including the Risk Factors section and the consolidated financial statements and the notes to those statements, before making an investment decision.

Overview

Ally operates one of the world's largest automotive finance companies. We have over 90 years of experience supporting automotive dealers and their retail customers with a broad array of financial products and services. Our automotive finance franchise operates on a global scale with strategic activities in the United States, Canada and 15 other countries worldwide. We are a bank holding company and also operate one of the largest residential mortgage loan companies in the United States. Our bank subsidiary, Ally Bank, is a leading competitor and well-recognized brand in the growing direct banking market. The bank provides us with a significant source of cost-efficient funding and had \$38.9 billion of deposits at September 30, 2011. We had \$182 billion of total assets at September 30, 2011 and \$4.6 billion and \$7.9 billion of total net revenue during the first nine months of 2011 and fiscal year 2010, respectively.

We intend to extend our leading position as one of the world's largest automotive finance companies by continuing to provide automotive dealers, retail consumers and our automotive manufacturing partners with consistent funding, competitive pricing, a comprehensive product suite and exceptional service reflecting our commitment to the automotive industry.

We also will continue to operate a complementary residential mortgage loan franchise focused on the origination and servicing of conforming and government-insured residential mortgage loans.

We intend to continue to develop Ally Bank and its core brand to enhance the value proposition for its deposit customers and to efficiently support asset growth in our lending activities.

Our primary operations are conducted within Global Automotive Services and Mortgage. Ally Bank offers a full spectrum of deposit and checking products to its customers and provides us with stable and diversified funding.

Our Global Automotive Services

Our Global Automotive Services business is centered around our strong and longstanding relationships with automotive dealers and supports our automotive manufacturing partners and their marketing programs. We serve the financial needs of approximately 21,000 dealers worldwide and 5.7 million of their retail customers as of September 30, 2011. In the United States and Canada alone, we have approximately 2,100 automotive finance and insurance employees in five regions focused on serving the needs of our dealer customers with finance and insurance products, expanding the number of overall dealer and automotive manufacturer relationships, and supporting our dealer lending and underwriting functions. In addition, we have over 2,200 employees that support our North American servicing operations.

Our Dealer-Focused Business Model

Ally's primary customers are automotive dealers, which are independently owned businesses. As part of the process of selling a vehicle, automotive dealers typically originate loans and leases to their retail customers. Dealers then select Ally or another automotive finance provider to which they sell loans and leases.

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Our longstanding success as an automotive finance provider is driven by the broad range and quality of products and services we offer to dealers. Our financial products offered to dealers and their customers include, among others, new vehicle retail loans and leases, used vehicle loans, floorplan loans, dealer capital and working capital loans, vehicle service contracts, wholesale inventory insurance and our SmartAuction service for remarketing vehicles. As of September 30, 2011, over 5,000 of our automotive dealer customers utilized four or more of our products.

Manufacturer Relationships

We are a preferred financing provider for a number of manufacturers including GM, Chrysler, Fiat, Saab, American Suzuki and Thor under contractual relationships. With our origination and servicing platform and competitive funding programs, we function as a strong and flexible partner that helps manufacturers fulfill their new vehicle marketing programs.

Our preferred financing relationships primarily relate to new retail loan incentive programs that support the manufacturers' new vehicle marketing initiatives while allowing us to realize market based returns. Incentivized loans, originated through our preferred financing relationships, represented 36% and 41% of our North American new retail loan and lease origination volume in the first nine months of 2011 and fiscal year 2010, respectively, compared to 52% in 2009 and 60% in 2008. For non-incentivized retail loan originations, we successfully compete at the dealer-level based on our strong dealer relationships, competitive pricing, full suite of products and comprehensive service.

Our History in the Automotive Market and Who We Are Today

During our 90-year history in the automotive finance business, we have developed extensive knowledge and experience in serving the financing needs of automotive dealers and their retail customers. Ally was formed in 1919 as the captive finance subsidiary of GM. In 2006, a majority ownership interest in Ally was sold to third parties. Since that sale, we have transformed into a market-driven independent automotive finance company. We continue to be a preferred financing provider to GM on incentivized retail loans and in 2009, we became the preferred financing provider to Chrysler of incentivized retail loans. We have developed full product relationships for the vast majority of Chrysler's existing franchised dealers, including more than 1,700 Chrysler dealers that we successfully developed inventory financing relationships with over a three-month period in 2009. In addition, we have developed preferred financing relationships with Fiat, Saab, American Suzuki and Thor under contractual agreements.

We became a bank holding company on December 24, 2008, under the Bank Holding Company Act and are subject to supervision and examination by the Board of Governors of the Federal Reserve System (the "FRB"). Our bank subsidiary, Ally Bank, is supervised by the Federal Deposit Insurance Corporation (the "FDIC") and the Utah Department of Financial Institutions (the "Utah DFI").

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Our Global Automotive Services business is organized into three areas (the information below is as of September 30, 2011).

North American Automotive Finance Operations

Our North American Automotive Finance Operations (NAO) consist of our automotive financing operations in the United States and Canada. According to Experian Automotive, we were the largest independent provider of new retail automotive loans in the United States during 2010. We funded one out of every ten new car purchases that were financed in the United States during 2010. We had total consumer originations in the United States and Canada of \$35.4 billion in 2010 and \$33.7 billion in the first nine months of 2011. Our penetration rate of GM and Chrysler new car purchases in the United States and Canada in the first nine months of 2011 was 40% and 30%, respectively. We financed an average of \$28.6 billion of vehicle floorplan assets for our dealers, including 80% of GM s and 66% of Chrysler s total North American dealer new vehicle inventory, respectively, during the first nine months of 2011.

We manage commercial account servicing for over 5,000 dealers in the United States that utilize our floorplan inventory lending or other commercial loans. In the United States and Canada, we provide consumer asset servicing for a \$75 billion portfolio at September 30, 2011. The extensive infrastructure and experience of our servicing operation are important to our ability to minimize our loan losses and enable us to deliver favorable customer experience to both our dealers and their retail customers. We provide comprehensive automotive remarketing services, including the use of SmartAuction, our online auction platform, which efficiently supports dealer-to-dealer and other commercial wholesale car transactions.

The following table sets forth our share of retail automotive loans for new purchases in the United States:

3 rd Quarter		2 nd Quarter		1 st Quarter		4 th Quarter		3 rd Quarter		2 nd Quarter		1 st Quarter		Year ended December 31,					
2011		2011		2011		2010		2010		2010		2010		2010		2009		2008	
%	Rank	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
9.2%	1	9.3%	1	13.5%	1	11.0%	1	10.0%	1	9.9%	1	8.5%	2	9.9%	1	6.1%	3	5.8%	4

Source: Experian Automotive

The used vehicle financing market is significant in size and highly fragmented. We have recently begun to increase our focus on used car financing, primarily through franchised dealers and certain national used vehicle dealers. According to Experian Automotive, over 14 million used vehicles were sold by franchised dealers in 2010. We believe that increased market share in this fragmented segment will further expand and support our dealer relationships and increase our volume of retail originations.

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International Automotive Finance Operations

Our International Automotive Finance Operations (IO) conduct business in Asia, Latin America and Europe. We focus on five core foreign markets: China (through our joint venture, GMAC-SAIC Automotive Finance Company Limited (GMAC-SAIC)), Brazil, Mexico, Germany and the United Kingdom. We also originate loans in 10 other countries. We provide financial services to approximately 5,200 automotive dealer customers in these 15 foreign markets.

China Our GMAC-SAIC joint venture is a leading automotive finance company in China and offers a full suite of products. We believe there is significant opportunity for growth in loan origination in China due to the strong increase in overall car sales as well as the relatively low proportion of these sales that have been financed historically. In 2010, 10% of new car purchases in China were financed according to China Auto Market, compared with 79% in the United States, according to Experian Automotive. We own 40% of GMAC-SAIC alongside Shanghai Automotive Group Finance Company LTD and Shanghai General Motors Corporation Limited, which own 40% and 20% of GMAC-SAIC, respectively. At September 30, 2011, the joint venture had total finance receivables and loans of \$5.2 billion.

Brazil and Mexico Brazil is the largest automotive market in Latin America where we had total finance receivables and loans of \$3.4 billion at September 30, 2011. In both Brazil and Mexico, we offer a full product line and have strong positions in the automotive dealer channel.

Germany and the United Kingdom Germany and the United Kingdom remain our core markets in Europe with total finance receivables and loans of \$5.7 billion at September 30, 2011. To improve operational efficiency, certain of our servicing and lending activities in Europe have been consolidated in Germany.

Insurance Operations

Our Insurance operations offer both consumer insurance products sold primarily through dealers and commercial insurance products sold to dealers. As part of our focus on offering dealers a broad range of products, we provide vehicle service contracts, mechanical breakdown and maintenance coverages. We also underwrite selected commercial insurance coverages which primarily insure dealers' wholesale vehicle inventory in the United States and internationally.

We believe our national insurance platform provides us with a competitive advantage, allowing us to design products tailored to our dealer customers, control underwriting and retain the profits generated by this business. We sell insurance products to over 4,000 dealers in the United States. Among U.S. GM dealers to whom we provide wholesale financing, our wholesale insurance product penetration rate is approximately 80%. Dealers who receive wholesale financing from Ally are eligible for wholesale insurance incentives, such as automatic eligibility in our preferred insurance programs and increased financial benefits.

Mortgage

Our Origination and Servicing operations consist of originating, purchasing, selling and securitizing conforming and government-insured residential mortgage loans in the United States and Canada; servicing residential mortgage loans for ourselves and others; and providing collateralized lines of credit to other mortgage loan originators, also called warehouse lending. We also originate a small amount of high quality prime jumbo mortgage loans in the United States. Our Origination and Servicing operations had \$24.7 billion in assets at September 30, 2011.

In the first nine months of 2011 and full year 2010, we originated \$39.8 billion and \$69.5 billion, respectively, of U.S. residential mortgage loans, including \$33.0 billion and \$61.5 billion, respectively, through our network of over 1,000 correspondents. On November 2, 2011, we announced that in order to proactively address changes in the mortgage industry as a whole, we will be taking immediate action to reduce the focus on the correspondent mortgage lending channel. See Note 25 to the Condensed Consolidated Financial Statements

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for additional information. Conforming and government-insured residential mortgage loans comprised approximately 97% and 98% of our first nine months of 2011 and fiscal year 2010 originations, respectively. At September 30, 2011, we were the primary servicer of 2.3 million mortgage loans with \$360.5 billion of unpaid principal balances. We have substantially derisked our mortgage operations since the onset of the housing crisis and reduced our overall mortgage assets from \$135.1 billion in 2006 to \$35.5 billion at September 30, 2011, primarily through the run-off and divestiture of noncore businesses and assets.

Our Legacy Portfolio and Other operations primarily consist of mortgage loans originated prior to January 1, 2009, and consist of noncore business activities including portfolios in run-off. Total assets of our Legacy Portfolio and Other operations decreased from \$32.9 billion at December 31, 2008, to \$10.8 billion at September 30, 2011.

Ally Bank

Ally Bank raises deposits directly from customers through the direct banking channel via the internet and over the telephone. We believe that Ally Bank is well-positioned to continue to take advantage of the consumer-driven shift from branch banking to direct banking. We believe internet banking is now the preferred banking channel by consumers. According to a 2010 American Bankers Association survey, the number of bank customers who prefer to do their banking online increased from 21% to 36% between 2007 and 2010, while those who prefer branch banking has declined from 39% to 25% over the same period.

We have quickly become a leader in direct banking with our recognizable brand, accessible 24/7 customer service, and competitively priced deposit products. We have distinguished our direct bank with our "Talk Straight, Do Right, Be Obviously Better" branding and products that are "Easy to Use" with "No Fine Print, Hidden Fees, Rules or Penalties". Recent introductions of retail banking products include interest-bearing checking accounts, electronic bill pay, remote deposit, and no-fee debit cards.

Ally Bank provides our automotive finance and mortgage loan operations with a stable and low-cost funding source. At September 30, 2011, Ally Bank had \$38.9 billion of deposits including \$26.3 billion of retail deposits. The growth of our retail deposit base from \$7.2 billion at the end of 2008 to \$26.3 billion at September 30, 2011 has enabled us to reduce our cost of funds during that period. We expect to continue to lower our cost of funds over time and diversify our overall funding as our deposit base grows. Over the past two years, we have grown our retail deposits even as we have reduced the cost of our deposits.

The following chart shows the amount and type of Ally Bank's customer deposits and the average retail deposit rate as of the dates indicated:

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Our Strengths

Automotive financial services category leader with full product suite.

We are one of the largest providers of retail and wholesale automotive financing in the world and are an integral part of the automotive industry. We believe that our 90-year history has provided us extensive knowledge of the automotive industry and the financial services needs of its dealers, automotive manufacturers, and retail consumers.

Our full suite of financing and insurance products and extensive on-site service relationships differentiate us from most of our competitors. As of September 30, 2011, over 5,000 of our automotive dealer customers utilized four or more of our products. We use incentive programs, such as our Ally Dealer Rewards program, to increase the volume of business and number of products used by our dealer customers. During the first nine months of 2011 and fiscal year 2010, 68% and 60%, respectively, of our U.S. dealer customers received benefits under the Ally Dealer Rewards program which was initiated in 2009.

Implementation of our market-driven strategies since 2008 has enabled us to grow our Global Automotive Services business within our existing dealer relationships and expand into new relationships with dealers of various manufacturers. Since 2008, we have successfully added preferred provider agreements, including Chrysler (U.S., Canada and Mexico), Fiat (U.S. and Mexico), Saab (U.S. and Europe), American Suzuki (U.S.) and Thor (U.S.). Our strong relationships with manufacturers have allowed us to offer more products, expand our dealer base and strengthen our existing network of dealer relationships. We have increased our North American new non-GM retail originations from \$1.0 billion in 2006 to \$9.5 billion in 2010 and from \$7.3 billion in the first nine months of 2010 to \$8.8 billion in the first nine months of 2011.

We believe that the combination of our full suite of products, service standards, global platform, incentive programs, and funding strategy put us in a strong position relative to competing financial institutions and future entrants to the market.

Scalable platform with significant growth opportunities.

We are well-positioned for growth as the U.S. economy recovers and U.S. Seasonally Adjusted Annualized Rate (SAAR) of vehicle sales rebounds from its 2008-2009 recessionary levels. Consumer and business spending on automobiles has recovered from recent lows but remains well below historical average levels. The chart below shows historical consumer, business and government spending on automobiles as a percentage of U.S. GDP.

Source: Bureau of Economic Analysis, U.S. Department of Commerce

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The chart below shows historical and projected U.S. SAAR (in millions):

Source: Bureau of Economic Analysis as to 2006-2010 data and Blue Chip Economic Indicators, Vol. 36, No. 10, as to projected 2011-2013 data.

In the United States and Canada, we have approximately 2,100 automotive finance and insurance employees dedicated to dealer sales, product support, lending and underwriting. This infrastructure allows us to accommodate our growing volume of business and support our existing customers. We maintain a dedicated sales force, which meets the needs of our existing dealer customers, expands our market penetration in the dealer network and supports our existing and new automotive manufacturing partners. Our sales force consists of direct dealer account relationship professionals, supplemental product support coverage professionals, and primary manufacturer relationship account professionals.

We also have invested significantly in our technology infrastructure and other initiatives to support our automotive financing and banking services platforms to further enhance our dealer and retail customer relationships and increase business volumes. This focus has resulted in increased credit application flow and originations from dealers representing various manufacturers, including GM and Chrysler. We are now able to access applications from almost all U.S. automotive dealerships under any brand. The combination of our extensive infrastructure, our relationships with finance and insurance departments of dealers, and our participation in the major credit application on-line networks, provides us with a strong platform to efficiently grow our consumer business volumes across a broad mix of automotive dealers.

In addition, we expect our incentive programs, such as Ally Dealer Rewards and other market-driven strategies, to increase business volumes and the number of products used by dealers. Other major initiatives underway such as dealer diversification strategies and additional preferred relationships with other manufacturers should increase our consumer retail, lease, and dealer funding volumes. The used vehicle financing market is highly fragmented and we believe this provides us with a growth opportunity within our franchised dealer relationships. We believe our significant presence in attractive markets such as China and Brazil also supports our growth opportunity internationally.

Leading direct banking franchise.

We believe Ally Bank is well-positioned for continued growth within the direct banking market. The Ally Bank brand has attained strong recognition since it was launched in 2009. Ally Bank provides us with a diversified source of stable, low-cost funding. The bank's assets primarily consist of high quality commercial and

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consumer automotive finance receivables and conforming and government-insured residential mortgage loans originated through our automotive and mortgage businesses, respectively. We believe there are opportunities to deliver other products to our growing banking customer base, in addition to our full suite of deposit, savings and checking products.

Complementary mortgage origination and servicing operations.

Our Origination and Servicing business is one of the largest participants in the U.S. residential mortgage loan market and provides us with an additional source of profitability. It is now focused on the segments of the mortgage loan market that have remained profitable for us during the housing crisis. We believe our Origination and Servicing operations are well-positioned as a result of our strong market position, scalable platform, well-known brands and extensive experience.

Strong balance sheet, liquidity position and risk management.

We believe that the consumer automotive loans on our balance sheet reflect the significantly tighter underwriting standards across the credit spectrum that we adopted since 2008. Our underwriting process utilizes a robust combination of credit metrics, including, among others, FICO scores, loan-to-value ratios, debt-to-income ratios and proprietary scoring models. The average FICO score at origination of the U.S. new retail loans in our outstanding portfolio as of September 30, 2011 was 725. We are prudently expanding automotive originations across the credit spectrum in accordance with our underwriting standards. During the first nine months of 2011 and fiscal year 2010, the loss rate on our U.S. consumer automotive portfolio was 0.61% and 1.73%, respectively.

Our commercial automotive financing business consists primarily of wholesale financing in which credit is extended to individual dealers and is secured by vehicles in inventory and, in some circumstances, other assets owned by the dealer or by a personal guarantee. We manage risk in our commercial automotive financing business through our rigorous credit underwriting process, which utilizes our proprietary dealer credit evaluation system, our ongoing risk monitoring program, and vehicle inventory audits to verify collateral and dealer compliance with lending agreements. During the first nine months of 2011 and fiscal year 2010, the loss rate on our U.S. commercial automotive portfolio was 0.06% and 0.27%, respectively.

The loans originated in our mortgage operations are currently comprised primarily of high credit quality conforming, government-insured and prime jumbo residential mortgage loans. We have substantially reduced and derisked our legacy mortgage exposure of nonconforming assets through writedowns, run-offs and divestitures over the last three years. We have also settled with Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac), as well as several other counterparties, which resolved certain material repurchase obligations with each counterparty. At September 30, 2011, we held reserves of \$829 million for potential repurchase obligations for loans we sold to counterparties. See Management's Discussion and Analysis of Financial Condition and Results of Operations Off-balance Sheet Arrangements Government-sponsored Enterprises for further details with respect to the scope of our settlement agreements with Fannie Mae and Freddie Mac.

We have demonstrated strong access to funding and liquidity that are critical to our business. In the first nine months of 2011 and fiscal year 2010, we raised nearly \$32 billion and nearly \$36 billion of secured and unsecured funding in the capital markets, respectively. We also have significant liquidity available beyond capital markets funding with access to \$39.5 billion of liquidity in the form of cash, highly liquid unencumbered securities, and available committed credit facility capacity at September 30, 2011.

Our access to deposits is an important source of diversified funding. Approximately 32% of our funding at the end of the first nine months of 2011 came from deposits compared to 14% at the end of 2008. We believe

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Ally Bank gives us the stable, low-cost benefits of deposit funding with a direct-to-consumer delivery model. Ally Bank's leadership in direct banking, recognizable brand and compelling customer value proposition position us well for consistent growth.

Our balance sheet is well capitalized. At September 30, 2011, we had a Tier 1 capital ratio of 14.34%, and a Tier 1 common ratio of % pro forma for this offering. We believe this capitalization compares favorably to our peers and positions us well for the future.

Experienced management team.

Our senior management team is comprised of financial professionals with deep operating experience in automotive and consumer finance and extensive experience managing some of the largest and most successful financial institutions in the world. Our senior management team has successfully led our return to profitability and the development of our strong liquidity and capital position following the financial crisis. Our management team has taken significant actions to make our automotive finance business more efficient and better positioned for growth opportunities. Substantial actions have also been taken to materially reduce the legacy risk in our mortgage operations. Our capital structure and prudent liquidity actions by management have positioned us for growth as the automotive industry and overall economy continue to rebound.

Our Business Strategy

Expand our position as a leading global provider of automotive financial services products.

We believe that our dealer-focused business model, global platform, full range of product offerings and sales organization position us to further broaden our relationships with existing and new dealers and automotive manufacturers, and to originate attractive retail automotive loans and leases for our portfolio in addition to other products. Our market-driven strategies, including incentive programs, have been designed and implemented to drive higher business volumes with our dealer relationships. Furthermore, we have dedicated resources to the underwriting and financing of used vehicle sales that should allow us to expand loan origination volume with our existing dealer base. We are also leveraging our existing dealer relationships, product suite, and extensive operating experience to expand our diversified dealer network and facilitate financing relationships with additional automotive manufacturers. We intend to continue to strongly support our financing relationships with GM and Chrysler by providing dependable new car inventory and consumer financing through all economic cycles. We will continue to utilize our international infrastructure to build upon our strong presence in attractive, developing markets such as China, Brazil and Mexico. Our objective is to generate incremental profitability and asset growth without straying from our core competencies in automotive finance.

Continue to generate consistent results through our Mortgage operations.

Our Mortgage Origination and Servicing operations, which primarily originate and service high credit quality mortgage loans, provide a complementary source of consumer assets and a diversified source of profitability. The vast majority of our mortgage loans are originated, financed, and sold without significant balance sheet growth.

We plan to prudently expand our direct lending origination channel to complement our existing origination platform. Our servicing operations are fee-based and do not expose us to significant credit risk. We expect to sell the vast majority of our mortgage loans soon after origination, thereby reducing funding requirements.

Reduce our funding costs and continue funding diversification.

We continue to expand and diversify our funding in order to improve our profitability and enhance our competitiveness. Our success at developing our franchise at Ally Bank has supported the growth of our retail

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deposit base to \$26.3 billion at September 30, 2011 from \$7.2 billion at the end of 2008. Our retail deposit growth has enabled us to diversify and reduce our cost of funds since 2008. Our strategy is to continue to increase our retail deposit base through the delivery of our full suite of deposit products and continued investment in the Ally Bank brand name.

Our objective is to attain investment grade credit ratings from the rating agencies. We believe that improved ratings will help us to reduce our cost of funds further and improve our ability to compete even more effectively with other large banks and financial institutions across all products. We believe that the stable performance of our asset base, strong capitalization, demonstrated access to diversified funding markets, and the ability to operate profitably will help us reach this goal over time.

By continuing to diversify our funding sources and lower our overall cost of funding, including the prudent growth of Ally Bank, we believe that we can provide even more efficient and consistent funding for our dealers and their retail customers through various economic cycles.

Maintain a strong balance sheet through disciplined origination, servicing and risk management.

We will continue to focus primarily on originating and managing secured automotive and mortgage loans and related products. The types of secured commercial and consumer automotive loans that we originate performed well through the recent financial crisis. Our Mortgage Origination and Servicing operations originate conforming, government-insured residential and prime jumbo residential mortgage loans, which we believe have an attractive risk return profile. We believe we have significantly reduced our risk profile and improved our profitability by divesting and discontinuing a number of noncore activities.

We believe that we maintain strong levels of capital and liquidity relative to other bank holding companies. Our strategy is to materially increase our volume of automotive finance assets within our existing infrastructure and with prudent underwriting criteria which we believe will allow us to efficiently utilize our capital and enhance our profitability.

Improve our shareholder return profile.

We seek to enhance our returns for shareholders by prudently originating loans and leases across the credit spectrum. We have also recently increased our focus on offering financing for used vehicles through our franchised dealer relationships. We have invested significant capital in risk management and technology to manage this expansion. By prudently expanding automotive originations across broad credit segments and with continued diversification, we believe we can increase asset yields and generate attractive risk-adjusted returns in a variety of interest rate and credit environments. We plan to continue to decrease our overall costs by increasing productivity, adding retail deposits, and efficiently accessing secured and unsecured wholesale markets as certain higher-cost legacy funding matures. The combination of higher asset yields and lower operating and funding costs with an efficient capital structure will provide opportunities for us to improve returns to our shareholders.

Corporate Information

Our principal executive offices are located at 200 Renaissance Center, P.O. Box 200, Detroit, Michigan 48265-2000 and our telephone number is (866) 710-4623. Our website is www.ally.com. Our website and the information included in, or linked to on, our website are not part of this prospectus. We have included our website address in this prospectus solely as a textual reference.

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THE OFFERING

Common stock offered by the selling stockholder	shares.
Common stock to be outstanding after this offering	shares (assuming no exercise of the underwriters' over-allotment option and assuming that the public offering price of our common stock in this offering will be \$ _____ per share (the midpoint of the price range set forth on the cover of this prospectus) for purposes of calculating the number of shares we issue to Treasury in the conversion under Concurrent transactions below). This number of shares to be outstanding after this offering does not include any shares of our common stock that may be issued upon settlement of the purchase contracts that are components of the Units being offered concurrently with this offering, as described opposite the caption Concurrent transactions below.
Over-allotment option	shares from the selling stockholder to cover over-allotments.
Common stock listing	We have applied to list our common stock on the NYSE under the symbol ALLY.
Voting rights	One vote per share.
Use of proceeds	Ally will not receive any proceeds from sale of common stock in the offering.
Dividend policy	<p>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. Our Fixed Rate Cumulative Perpetual Preferred Stock, Series G (the Series G preferred stock) prohibits us from making dividend payments on our common stock before January 1, 2014 and restricts our ability to pay dividends thereafter. In addition, so long as any share of our Fixed Rate / Floating Rate Perpetual Preferred Stock, Series A (the 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.</p> <p>In addition, 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.</p>
Concurrent transactions	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

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of \$5,937,500,000. In connection with this offering and the concurrent Units 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 this offering (the common stock public offering price), 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 our tangible equity units (the Units) having an aggregate stated amount of \$3 billion.

The number of shares of common stock we intend to 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.

Treasury is offering in the concurrent Units offering a number of Units having an aggregate stated amount of \$, plus up to an additional number of Units having an aggregate stated amount of \$ to cover over-allotments, if any. Upon completion of the Units offering, Treasury will hold Units having an aggregate stated amount of \$ (or \$ if the underwriters for the Units offering exercise their over-allotment option in full). The Units that are retained by Treasury will be fungible with the Units being offered in the Units offering.

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

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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 this offering will be \$ _____ per share (the midpoint of the range set forth on the cover of this prospectus), 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.

Risk factors

See Risk Factors beginning on page 18 of this prospectus for a discussion of risks you should carefully consider before deciding whether to invest in our common stock.

Unless we specifically state otherwise, the information in this prospectus (i) does not take into account shares issuable under our equity compensation incentive plan and (ii) assumes for purposes of calculating the number of shares of common stock we will issue to Treasury in the conversion that the common stock public offering price will be \$ _____ per share (the midpoint of the price range set forth on the cover of this prospectus). All applicable share, per share and related information in this prospectus for periods on or subsequent to _____ has been adjusted retroactively for the _____-for-one stock split on shares of our common stock effected on _____, 2011.

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The following summary consolidated financial data of Ally should be read in conjunction with, and are qualified by reference to, Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes thereto included elsewhere in this prospectus. The consolidated statement of income data for the years ended December 31, 2010, 2009 and 2008 and the consolidated balance sheet data at December 31, 2010 and 2009 are derived from, and qualified by reference to, our audited consolidated financial statements included elsewhere in this prospectus and should be read in conjunction with those consolidated financial statements and notes thereto. The consolidated statement of income data for the years ended December 31, 2007 and 2006 and the consolidated balance sheet data at December 31, 2008, 2007 and 2006 are derived from our audited consolidated financial statements not included in this prospectus. The condensed consolidated statement of income data for the nine months ended September 30, 2011 and 2010 and the condensed consolidated balance sheet data at September 30, 2011 and 2010 are derived from, and qualified by reference to, our unaudited condensed consolidated financial statements included elsewhere in this prospectus and should be read in conjunction with those condensed consolidated financial statements and notes thereto. In our opinion, the unaudited financial statements provided herein have been prepared on substantially the same basis as the audited historical consolidated financial statements and reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of our financial position and results of operations for the periods presented. Our results for the nine months ended September 30, 2011 are not necessarily indicative of those to be expected for the fiscal year.

	At and for the nine months ended September 30,			At and for the year ended December 31,				
	2011	2010	2010	2009	2008	2007	2006	
	(\$ in millions)							
Financial statement data								
Statement of income data:								
Total financing revenue and other interest income	\$ 7,515	\$ 8,785	\$ 11,447	\$ 13,100	\$ 18,054	\$ 21,761	\$ 24,100	
Interest expense	4,904	5,098	6,836	7,274	10,441	13,553	14,638	
Depreciation expense on operating lease assets	773	1,636	2,030	3,748	5,478	4,551	5,055	
Impairment of investment in operating leases					1,218			
Net financing revenue	1,838	2,051	2,581	2,078	917	3,657	4,407	
Total other revenue (a)	2,787	3,943	5,321	4,417	15,271	6,161	7,860	
Total net revenue	4,625	5,994	7,902	6,495	16,188	9,818	12,267	
Provision for loan losses	213	371	442	5,604	3,102	3,037	1,948	
Total other noninterest expense	4,241	4,676	6,281	7,850	8,349	8,203	8,457	
Income (loss) from continuing operations before income tax (benefit) expense	171	947	1,179	(6,959)	4,737	(1,422)	1,862	
Income tax (benefit) expense from continuing operations (b)	101	117	153	74	(136)	496	22	
Net income (loss) from continuing operations	70	830	1,026	(7,033)	4,873	(1,918)	1,840	
(Loss) income from discontinued operations, net of tax	(21)	166	49	(3,265)	(3,005)	(414)	285	
Net income (loss)	\$ 49	\$ 996	\$ 1,075	\$ (10,298)	\$ 1,868	\$ (2,332)	\$ 2,125	
	(\$ in millions, except per share data)							
Net income (loss) attributable to common shareholders								
Net income (loss) from continuing operations	\$ 70	\$ 830	\$ 1,026	\$ (7,033)	\$ 4,873	\$ (1,918)	\$ 1,840	
Less: Preferred stock dividends U.S. Department of Treasury	400	643	963	855				
Less: Preferred stock dividends	194	212	282	370		192	21	
Less: Impact of conversion of preferred stock and related amendment			616(c)					
Less: Impact of preferred stock accretion to redemption value								274

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Less: Impact of preferred stock amendment	(32)						
Net (loss) income from continuing operations attributable to common shareholders (a)	(492)	(25)	(835)	(8,258)	4,873	(2,110)	1,545
(Loss) income from discontinued operations, net of tax	(21)	166	49	(3,265)	(3,005)	(414)	285
Net (loss) income attributable to common shareholders	\$ (513)	\$ 141	\$ (786)	\$ (11,523)	\$ 1,868	\$ (2,524)	\$ 1,830
Basic and diluted weighted-average common shares outstanding	1,330,970	799,120	800,597	529,392	108,884	101,331	8,620

(per share data in whole dollars)

Basic and diluted earnings per common share (d)							
Net (loss) income from continuing operations	\$ (370)	(31)	\$ (1,042)	\$ (15,596)	\$ 44,747	\$ (20,825)	\$ 179,229
(Loss) income from discontinued operations, net of tax	(16)	208	61	(6,169)	(27,595)	(4,086)	33,062
Net (loss) income	\$ (386)	\$ 177	\$ (981)	\$ (21,765)	\$ 17,152	\$ (24,911)	\$ 212,291

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	At and for the nine months ended September 30,		At and for the year ended December 31,				
	2011	2010	2010	2009	2008	2007	2006
	(\$ in millions)						
Pro forma data (e):							
Basic and diluted earnings per common share							
Net (loss) income from continuing operations							
Income (loss) from discontinued operations, net of tax							
Net (loss) income							
Basic and diluted weighted-average common shares outstanding							
Non-GAAP financial measures (f):							
Net income (loss)	\$ 49	\$ 996	\$ 1,075	\$ (10,298)	\$ 1,868	\$ (2,332)	\$ 2,125
Add: Original issue discount amortization expense (g)	825	999	1,300	1,143	70		
Add: Income tax (benefit) expense from continuing operations	101	117	153	74	(136)	496	22
Less: Gain on extinguishment of debt related to the 2008 bond exchange					11,460		
Less: (Loss) income from discontinued operations, net of tax	(21)	166	49	(3,265)	(3,005)	(414)	285
Core pretax income (loss) (f)	\$ 996	\$ 1,946	\$ 2,479	\$ (5,816)	\$ (6,653)	\$ (1,422)	\$ 1,862
Selected balance sheet data (period end):							
Total assets	\$ 181,956	\$ 173,191	\$ 172,008	\$ 172,306	\$ 189,476	\$ 248,939	\$ 291,971
Long-term debt	\$ 90,546	\$ 87,547	\$ 86,612	\$ 88,021	\$ 115,935	\$ 159,342	\$ 193,387
Preferred stock/interests (d)	\$ 6,940	\$ 12,180	\$ 6,972	\$ 12,180	\$ 6,287	\$ 1,052	\$
Total equity	\$ 19,732	\$ 20,977	\$ 20,489	\$ 20,839	\$ 21,854	\$ 15,565	\$ 14,369
Financial ratios							
Efficiency ratio (h)	91.70%	78.01%	79.49%	120.86%	51.58%	83.55%	68.94%
Core efficiency ratio (h)	77.82%	66.87%	68.26%	102.78%	174.01%	83.55%	68.94%
Return on assets (i)							
Net income (loss) from continuing operations	0.05%	0.62%	0.58%	(3.95)%	2.57%	(0.77)%	0.63%
Net income (loss)	0.04%	0.74%	0.61%	(5.79)%	0.99%	(0.94)%	0.73%
Core pretax income (loss)	0.74%	1.45%	1.40%	(3.27)%	(3.51)%	(0.57)%	0.64%
Return on equity (i)							
Net income (loss) from continuing operations	0.46%	5.36%	4.95%	(29.00)%	22.30%	(12.32)%	12.81%
Net income (loss)	0.32%	6.41%	5.19%	(42.46)%	8.55%	(14.98)%	14.79%
Core pretax income (loss)	6.52%	12.56%	11.97%	(23.98)%	(30.44)%	(9.14)%	12.96%
Equity to assets (i)	11.37%	11.55%	11.72%	13.63%	11.53%	6.25%	4.92%
Net interest spread (i)(j)	1.04%	1.37%	1.23%	0.65%	(k)	(k)	(k)
Net interest spread excluding original issue discount (i)(j)	1.87%	2.44%	2.29%	1.68%	(k)	(k)	(k)
Net yield on interest-earning assets (i)(l)	1.57%	1.91%	1.79%	1.37%	(k)	(k)	(k)
Net yield on interest-earning assets excluding original issue discount (i)(l)	2.24%	2.76%	2.63%	2.13%	(k)	(k)	(k)
Regulatory capital ratios							
Tier 1 capital (to risk-weighted assets) (m)	14.34%	15.36%	15.00%	14.15%	(k)	(k)	(k)
Total risk-based capital (to risk-weighted assets) (n)	15.50%	16.81%	16.36%	15.55%	(k)	(k)	(k)
Tier 1 leverage (to adjusted average assets) (o)	11.61%	12.46%	13.05%	12.70%	(k)	(k)	(k)
Shareholders' equity	\$ 19,732	\$ 20,977	\$ 20,489	\$ 20,839	(k)	(k)	(k)
Goodwill and certain other intangibles	(507)	(533)	(532)	(534)	(k)	(k)	(k)
Unrealized gains and other adjustments	(292)	(416)	(309)	(447)	(k)	(k)	(k)
Trust preferred securities	2,542	2,541	2,541	2,540	(k)	(k)	(k)

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Tier 1 capital (m)	21,475	22,569	22,189	22,398	(k)	(k)	(k)
Preferred equity	(6,940)	(12,180)	(6,971)	(12,180)	(k)	(k)	(k)
Trust preferred securities	(2,542)	(2,541)	(2,541)	(2,540)	(k)	(k)	(k)
Tier 1 common capital (non-GAAP) (p)	\$ 11,993	\$ 7,848	\$ 12,677	\$ 7,678	(k)	(k)	(k)
Risk-weighted assets (q)	\$ 149,713	\$ 146,973	\$ 147,964	\$ 158,314	(k)	(k)	(k)
Tier 1 common (to risk-weighted assets) (p)	8.01%	5.34%	8.57%	4.85%	(k)	(k)	(k)

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- (a) Total other revenue for 2008 includes \$12.6 billion of gains on the extinguishment of debt, primarily related to private exchange and cash tender offers settled during the fourth quarter. Total other revenue for 2006 includes realized capital gains of \$1.1 billion primarily related to the rebalancing of our investment portfolio at our Insurance operations.
- (b) Effective June 30, 2009, we converted from a limited liability company into a corporation and, as a result, became subject to corporate U.S. federal, state, and local taxes beginning in the third quarter of 2009. Our conversion to a corporation resulted in a change in tax status and a net deferred tax liability of \$1.2 billion was established through income tax expense. Effective November 28, 2006, we, along with certain of our U.S. subsidiaries, converted to limited liability companies (LLCs) and became pass-through entities for U.S. federal income tax purposes. Our conversion to an LLC resulted in a change in tax status and the elimination of a \$791 million net deferred tax liability through income tax expense. Refer to Note 24 to the fiscal year Consolidated Financial Statements (the Consolidated Financial Statements) for additional information regarding our changes in tax status.
- (c) This amount relates to the conversion by Treasury of 110,000,000 shares of Series F-2 preferred stock into 531,850 shares of our common stock that occurred on December 30, 2010. Refer to Note 20 to the Consolidated Financial Statements for further detail.
- (d) Effective June 30, 2009, we converted from a Delaware limited liability company into a Delaware corporation. Each unit of each class of common membership interest issued and outstanding immediately prior to the conversion was converted into an equivalent number of shares of common stock with substantially the same rights and preferences as the common membership interests. Upon conversion, holders of our preferred membership interests also received an equivalent number of shares of preferred stock with substantially the same rights and preferences as the former preferred membership interests.
- (e) The pro forma financial information gives effect to this offering as if it has closed on January 1, 2010, and reflects (i) the receipt by Treasury of additional shares of common stock in connection with this offering, (ii) increased interest expense on the amortizing notes at an assumed interest rate of % (tax affected at the historical rates reflected in the financial statements for 2010 and the nine months ended September 30, 2011) and (iii) the elimination of dividends of \$ on the Series F-2 preferred stock being converted into common stock and exchanged for Units in this offering. The pro forma financial information does not reflect the value of the additional shares received by Treasury that will be treated as a one-time, non-cash dividend of \$ in the quarter in which this offering closes and the related reduction of \$ per share in earnings per share.
- (f) Core pretax income (loss) is not a financial measure defined by generally accepted accounting principles in the United States of America (GAAP). We define core pretax income as earnings from continuing operations before income taxes, original issue discount amortization expense primarily associated with our 2008 bond exchange, and the gain on extinguishment of debt related to the 2008 bond exchange. We believe that the presentation of core pretax income (loss) is useful information for the users of our financial statements in understanding the earnings from our core businesses. In addition, core pretax income (loss) is the primary measure that management uses to assess the performance of our operations. We believe that core pretax income (loss) is a useful alternative measure of our ongoing profitability and performance, when viewed in conjunction with GAAP measures. The presentation of this additional information is not a substitute for net income (loss) determined in accordance with GAAP.
- (g) Primarily represents original issue discount amortization expense associated with the 2008 bond exchange, including \$50 million and \$101 million of accelerated amortization that was reported as a loss on extinguishment of debt in the first nine months of 2011 Condensed Consolidated Statement of Income and fiscal year 2010 Consolidated Statement of Income, respectively.

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- (h) The efficiency ratio equals total other noninterest expense divided by total net revenue. The core efficiency ratio equals total other noninterest expense divided by total net revenue excluding original issue discount amortization expense and gain on extinguishment of debt related to the 2008 bond exchange.
- (i) The 2011, 2010 and 2009 ratios were computed based on average assets and average equity using a combination of monthly and daily average methodologies. The 2008, 2007, and 2006 ratios have been computed based on period-end total assets and period-end total equity at December 31, 2008, 2007, and 2006.
- (j) Net interest spread represents the difference between the rate on total interest earning assets and the rate on total interest-bearing liabilities, excluding discontinued operations for the periods shown.
- (k) Not applicable at December 31, 2008, 2007, and 2006, as we did not become a bank holding company until December 24, 2008.
- (l) Net yield on interest-earning assets represents net financing revenue as a percentage of total interest-earning assets.
- (m) Tier 1 capital generally consists of common equity, minority interests, qualifying preferred stock (including fixed rate cumulative preferred stock issued and sold to Treasury) and purchase contracts (including the purchase contracts that are components of the Units being offered in the concurrent offering) less goodwill and other adjustments.
- (n) Total risk-based capital is the sum of Tier 1 and Tier 2 capital. Tier 2 capital generally consists of 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.
- (o) Tier 1 leverage equals Tier 1 capital divided by adjusted average total assets (which reflects 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.
- (p) We define Tier 1 common as Tier 1 capital less noncommon elements including qualified perpetual preferred stock, qualifying minority interest in subsidiaries, and qualifying trust preferred securities. However, the purchase contracts that are components of the Units being offered in the concurrent offering are not subtracted from Tier 1 capital to determine Tier 1 common. Ally considers various measures when evaluating capital utilization and adequacy, including the Tier 1 common equity ratio, in addition to capital ratios defined by banking regulators. This calculation is intended to complement the capital ratios defined by banking regulators for both absolute and comparative purposes. Because GAAP does not include capital ratio measures, Ally believes there are no comparable GAAP financial measures to these ratios. Tier 1 common equity is not formally defined by GAAP or codified in the federal banking regulations and, therefore, is considered to be a non-GAAP financial measure. Ally believes the Tier 1 common equity ratio is important because we believe analysts and banking regulators may assess our capital adequacy using this ratio. Additionally, presentation of this measure allows readers to compare certain aspects of our capital adequacy on the same basis to other companies in the industry.
- (q) Risk-weighted assets are defined by regulation and are determined by allocating assets and specified off-balance sheet financial instruments into several broad risk categories.

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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 our common stock. 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 our common stock would likely decline due to any of these risks, and you may lose all or part of your investment.

Risks Related to Regulation

Our business, financial condition, and results of operations could be adversely affected by regulations to which we are subject as a result of our bank holding company status.

On December 24, 2008, the FRB approved our application to become a bank holding company under the Bank Holding Company Act of 1956, as amended (the BHC Act). Many of the regulatory requirements to which we are subject as a bank holding company were not previously applicable to us and have and will continue to require significant expense and devotion of resources to fully implement processes that will be necessary to ensure compliance. Compliance with such laws and regulations involves substantial costs and may adversely affect our ability to operate profitably. Recent events, particularly in the financial and real estate markets, have resulted in bank regulatory agencies placing increased focus and scrutiny on participants in the financial services industry, including us. For a description of our regulatory requirements, see Business Certain Regulatory Matters.

Ally is subject to ongoing supervision by the FRB, and Ally Bank by the FDIC and the Utah DFI, in each case, through regular examinations and other means that allow the regulators to gauge management's ability to identify, assess, and control risk in all areas of operations in a safe-and-sound manner and to ensure compliance with laws and regulations. As a result of Ally's conversion to a bank holding company, Ally and Ally Bank have been required to implement policies and procedures and take other actions to improve their current processes and to seek to ensure adherence to applicable regulatory guidelines and standards.

Ally is currently required by its banking supervisors to make improvements in areas such as board and senior management oversight, risk management, regulatory reporting, internal audit planning, capital adequacy process, stress testing, and Bank Secrecy Act / anti-money laundering compliance, and to continue to reduce problem assets. Separately, Ally Bank is currently required by its banking supervisors to make improvements in areas such as compliance management and training, consumer protection monitoring, consumer complaint resolution, internal audit program and residential mortgage loan pricing, and fee monitoring. These requirements are judicially enforceable, and if we are unable to implement and maintain these required actions, plans, policies and procedures in a timely and effective manner and otherwise comply with the requirements outlined above, we could become subject to formal supervisory actions which could subject us to significant restrictions on our existing business or on our ability to develop any new business. Such forms of supervisory action could include, without limitation, written agreements, cease and desist orders, and consent orders and may, among other things, result in restrictions on our ability to pay dividends, requirements to increase capital, restrictions on our activities, the imposition of civil monetary penalties, and enforcement of such action through injunctions or restraining orders. We could also be required to dispose of certain assets and liabilities within a prescribed period. The terms of any such supervisory action could have a material adverse effect on our business, operating flexibility, financial condition, and results of operations.

Our ability to engage in certain activities may be adversely affected by our status