Ally Financial Inc.
Form S-3/A
March 01, 2011
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As filed with the Securities and Exchange Commission on March 1, 2011

Registration No. 333-165608

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

TO

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Ally Financial Inc.

(Exact Name of registrant as specified in its charter)

Delaware	**38-0572512**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

GMAC Capital Trust I

(Exact Name of registrant as specified in its charter)

Delaware	**27-6372943**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

200 Renaissance Center

P.O. Box 200

Detroit, Michigan 48265-2000

(866) 710-4623

(Address, including zip code, and telephone number, including area code, of each of the registrants principal executive offices)

David J. DeBrunner

200 Renaissance Center

Detroit, Michigan 48265-2000

(313) 556-5000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

Richard A. Drucker

Davis Polk & Wardwell LLP

450 Lexington Avenue

New York, NY 10017

(212) 450-4000

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ¨

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, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please 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. ¨

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. x

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ¨

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 x Smaller reporting company ¨

CALCULATION OF REGISTRATION FEE

Title of Each	**Amount to**	**Proposed**	**Proposed**	**Amount of Registration Fee**

Class of Securities to be Registered	be Registered	Maximum Offering Price Per Unit	Maximum Aggregate Offering Price	
8.0% Trust Preferred Securities, Series 1 of GMAC Capital Trust I	(1)	(1)	(1)	(1)
8.0% Junior Subordinated Deferrable Interest Debentures due 2040 (2)	(1)	(1)	(1)	(1)
Fixed Rate/Floating Rate Trust Preferred Securities, Series 2 of GMAC Capital Trust I	(1)	(1)	(1)	(1)
Fixed Rate/Floating Rate Junior Subordinated Deferrable Interest Debentures due 2040 (3)	(1)	(1)	(1)	(1)
Guarantee of 8.0% Trust Preferred Securities, Series 1 of GMAC Capital Trust I	(4)	(4)	(4)	(4)
Guarantee of Fixed Rate/Floating Rate Trust Preferred Securities, Series 2 of GMAC Capital Trust I	(4)	(4)	(4)	(4)

(1) In accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended, the registrant is deferring payment of the registration fee.

(2) The 8.0% Junior Subordinated Deferrable Interest Debentures may later be distributed to the holders of 8.0% Trust Preferred Securities, Series 1 and 8.0% Series 1 Trust Common Securities upon dissolution of Series 1 of GMAC Capital Trust I, or the entire GMAC Capital Trust I, and the distribution of the assets thereof.

(3) The Fixed Rate/Floating Rate Junior Subordinated Deferrable Interest Debentures may later be distributed to the holders of Series 2 Trust Preferred Securities and Series 2 Trust Common Securities upon dissolution of Series 2 of GMAC Capital Trust I, or the entire GMAC Capital Trust I, and the distribution of the assets thereof.

(4) Pursuant to Rule 457(n), no additional registration fee is due for the guarantees.

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PROSPECTUS

GMAC Capital Trust I

8.0% Trust Preferred Securities, Series 1

Liquidation Amount $1,000 Per Trust Preferred Security

and

Fixed Rate/Floating Rate Trust Preferred Securities, Series 2

Liquidation Amount $25 Per Trust Preferred Security

Each series guaranteed to the extent set forth herein by

Ally Financial Inc.

This prospectus relates to 8.0% Trust Preferred Securities, Series 1 of GMAC Capital Trust I (the Series 1 Trust Preferred Securities) with a liquidation amount of $1,000 per Series 1 Trust Preferred Security and Fixed Rate/Floating Rate Trust Preferred Securities, Series 2 of GMAC Capital Trust I (the Series 2 Trust Preferred Securities and, together with the Series 1 Trust Preferred Securities, the Trust Preferred Securities) with a liquidation amount of $25 per Series 2 Trust Preferred Security.

Ally Financial Inc. has guaranteed the Trust Preferred Securities to the extent described in this prospectus.

The selling securityholders who may sell or otherwise dispose of the securities offered by this prospectus include the United States Department of the Treasury (Treasury) and any other holders of the securities covered by this prospectus to whom Treasury has transferred its registration rights in accordance with the terms of the securities purchase and exchange agreement between us and Treasury. The selling securityholders may offer the securities from time to time directly or through underwriters, broker-dealers or agents, and in one or more public or private transactions and at fixed prices, at prevailing market prices, at prices related to prevailing market prices, or at negotiated prices. If these securities are sold through underwriters, broker-dealers or agents, the selling securityholders will be responsible for underwriting discounts or commissions or agents commissions, if any. We will not receive any proceeds from the sale of securities by the selling securityholders.

The Trust Preferred Securities are not currently listed on any established securities exchange or quotation system.

This prospectus may not be used to sell securities unless accompanied by a prospectus supplement that will describe the method of sale and terms of the related offering.

The securities offered by this prospectus are not savings accounts, deposits or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Investing in the securities offered by this prospectus involves risks. See Risk Factors beginning on page 9 of this prospectus and contained in our periodic reports filed with the Securities and Exchange Commission, as well as the other information contained or incorporated by reference in this prospectus.

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

The date of this prospectus is March 1, 2011.

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THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the SEC) using a shelf registration process. Under this shelf registration process, the selling securityholders may from time to time sell or otherwise dispose of the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the securities the selling securityholders may offer. Each time the selling securityholders sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add to, update or change information contained in this prospectus and, accordingly, to the extent inconsistent, information in this prospectus will be superseded by the information in the prospectus supplement.

The prospectus supplement to be attached to the front of this prospectus may describe, as applicable: the initial public offering price, the price paid for the securities, net proceeds and the other specific terms related to the offering of these securities, and the federal income tax consequences of investing in the securities.

Unless the context otherwise requires, references in this prospectus to the Company, we, us, and our refer to Ally Financial Inc. and its direct and indirect subsidiaries (including Residential Capital, LLC, or ResCap) on a consolidated basis, references to Ally refer only to Ally Financial Inc. and references to the Trust refer to GMAC Capital Trust I.

We have not authorized anyone to provide any information other than that contained in this prospectus or in any prospectus supplement or in any free writing prospectus prepared by or on behalf of us or to which we have referred to you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not making an offer or soliciting a purchase of these securities in any jurisdiction in which the offer or solicitation is not authorized or in which the person making the offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make the offer or solicitation. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the cover of the applicable document. Our business, financial condition, results of operations and prospects may have changed since that date.

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INFORMATION INCORPORATED BY REFERENCE; WHERE YOU CAN FIND MORE INFORMATION

The SEC allows us to incorporate by reference into this prospectus the information in other documents that we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus, and information in documents that we file later with the SEC will automatically update and supersede information contained in documents filed earlier with the SEC or contained in this prospectus or a prospectus supplement. We incorporate by reference in this prospectus the documents listed below:

Annual Report on Form 10-K for the fiscal year ended December 31, 2010; and

Current Reports on Form 8-K filed on January 14, 2011, February 11, 2011 and February 28, 2011.

We are also incorporating by reference any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), after the date of this prospectus and prior to the date of any supplement to this prospectus, except that, unless otherwise indicated, we are not incorporating any information furnished under Item 2.02 or Item 7.01 of any Current Report on Form 8-K. Notwithstanding the foregoing, we are not incorporating any document or information deemed to have been furnished and not filed in accordance with SEC rules.

Ally is subject to the informational requirements of the Exchange Act and, in accordance therewith, files reports and information statements and other information with the SEC. You may read and copy any document Ally files with the SEC at the SEC s public reference room at 100 F Street, N.E., Room 1580, Washington, DC 20549. You may also obtain copies of the same documents from the public reference room of the SEC in Washington by paying a fee. Please call the SEC at 1-800-SEC-0330 or visit the SEC s website at www.sec.gov for further information on the public reference room. Ally s filings are also electronically available from the SEC s Electronic Document Gathering and Retrieval System, which is commonly known by the acronym EDGAR, and which may be accessed at www.sec.gov, as well as from commercial document retrieval services.

You may also obtain a copy of any or all of the documents referred to above that may have been or may be incorporated by reference into this prospectus (excluding certain exhibits to the documents) at no cost to you by writing or telephoning us at the following address and telephone number:

Ally Financial Inc.

Attention: Investor Relations

440 South Church Street, 14th Floor

Charlotte, North Carolina 28202

Tel: (866) 710-4623

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains or incorporates by reference documents containing various forward-looking statements within the meaning of applicable federal securities laws, including the Private Securities Litigation Reform Act of 1995, that are based upon our current expectations and assumptions concerning future events, which are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated.

The words expect, anticipate, estimate, forecast, initiative, objective, plan, goal, project, outlook, priorities, target, inte may, would, could, should, believe, potential, continue, or the negative of any of those words or similar expressions is intended to iden forward-looking statements. All statements contained in or incorporated by reference into this prospectus, other than statements of historical fact, including, without limitation, statements about our plans, strategies, prospects and expectations regarding future events and our financial performance, are forward-looking statements that involve certain risks and uncertainties.

While these statements represent our current judgment on what the future may hold, and we believe these judgments are reasonable as of the date made, these statements are not guarantees of any events or financial results, and our actual results may differ materially due to numerous important factors that are described in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2010, as updated by our subsequent Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and the other documents specifically incorporated by reference herein. See Information Incorporated by Reference; Where You Can Find More Information. Many of these risks, uncertainties and assumptions are beyond our control, and may cause our actual results and performance to differ materially from our expectations. Accordingly, you should not place undue reliance on the forward-looking statements contained or incorporated by reference in this prospectus. These forward-looking statements speak only as of the date of this prospectus. We undertake no obligation to update publicly or otherwise revise any forward-looking statements, except where expressly required by law.

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SUMMARY

This summary highlights some of the information contained, or incorporated by reference, in this prospectus to help you understand our business. It does not contain all of the information that may be important to you. You should carefully read this prospectus in its entirety, including the information incorporated by reference into this prospectus, to understand fully the considerations that are important to you in making your investment decision. You should pay special attention to the Risk Factors beginning on page 9 and the section entitled Cautionary Statement Regarding Forward-Looking Statements beginning on page iv.

Our Company

Ally (formerly known as GMAC Inc.) was originally founded in 1919 as a wholly-owned subsidiary of General Motors Corporation (currently General Motors Company or GM). On December 24, 2008, the Board of Governors of the Federal Reserve System (the FRB) approved Ally s application to become a bank holding company under the Bank Holding Company Act of 1956, as amended. Ally s banking subsidiary is Ally Bank, which is an indirect wholly-owned subsidiary of Ally. Our principal executive offices are located at 200 Renaissance Center, Detroit, Michigan 48265, and our telephone number is (866) 710-4623.

Our Business

Global Automotive Services and Mortgage are our primary lines of business.

The Trust

GMAC Capital Trust I (the Trust) is a Delaware statutory trust and a wholly-owned subsidiary of Ally. It was created on December 22, 2009 for the purpose of issuing and selling trust preferred securities and common securities representing undivided beneficial interests in the assets of the Trust and acquiring certain debt securities from Ally. Currently, the Trust s only assets are the 8.00% junior subordinated deferrable interest debentures issued by Ally on December 30, 2009, the terms of which are described in Description of the Series 1 Debentures below. Ally currently owns all of the common securities issued by the Trust.

As described in more detail below, it is intended that the existing amended and restated declaration of trust of the Trust (the Declaration) will be further amended (such further amended and restated Declaration, the Amended and Restated Declaration) to provide for the continuation of the Trust, as a statutory trust organized in series, each series of which shall be separate from the other series of the Trust as set forth in the Amended and Restated Declaration. The Amended and Restated Declaration will generally provide that (i) the securities of each series of the Trust represent undivided beneficial interests in only the designated assets of the Trust with respect to such series, and will only have designated rights or powers, with respect to such series, (ii) the debts and liabilities incurred with respect to a series shall be enforceable only against the assets of such series and not against the assets of any other series, and (iii) each series shall have separate trustees having separate rights, powers and duties with respect to the operation of such series.

Securities Being Offered

The Trust Preferred Securities

On December 30, 2009, 2,540,000 8.00% trust preferred securities were issued by the Trust, a subsidiary of Ally, to Treasury and 127,000 8.00% trust preferred securities were purchased by Treasury upon the exercise of a warrant issued by Ally to Treasury. All issuances were part of Treasury s Automotive Industry Financing Program under the Troubled Asset Relief Program (TARP) created under the Emergency Economic Stabilization Act of 2008 (the EESA) in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended (the Securities Act).

In accordance with the Amended and Restated Declaration, the Trust will initially designate two series: series 1 (Series 1) and series 2 (Series 2). It is intended that pursuant to the Amended and Restated

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Declaration, the outstanding trust preferred securities will be designated 8.0% Trust Preferred Securities, Series 1 (the Series 1 Trust Preferred Securities). The Series 1 Trust Preferred Securities and the Series 1 Common Securities (as defined below) shall represent undivided beneficial interests in the assets designated to Series 1. The Series 2 Trust Preferred Securities and the Series 2 Common Securities (each as defined below) shall represent undivided beneficial interests in the assets designated to Series 2.

Pursuant to the Amended and Restated Declaration, the holders of the Series 1 Trust Preferred Securities will have the right to designate a portion of the Series 1 Trust Preferred Securities as trust preferred securities of additional series having terms and conditions as agreed among Ally, the Trust and the holders of the Series 1 Trust Preferred Securities at the time of any such designation. Ally s consent would not be required if 100% of the holders of the outstanding Series 1 Trust Preferred Securities wish to designate a portion of the Series 1 Trust Preferred Securities as a new series with the same terms as the Series 1 Trust Preferred Securities in connection with a sale of such new series in a transaction exempt from registration under the Securities Act.

Treasury currently holds 100% of the outstanding 8.00% trust preferred securities. Ally and Treasury have agreed to designate a portion of the Series 1 Trust Preferred Securities to be Fixed Rate/Floating Rate Trust Preferred Securities, Series 2 of GMAC Capital Trust I (the Series 2 Trust Preferred Securities, and together with the Series 1 Trust Preferred Securities, the Trust Preferred Securities) at the time of execution of the Amended and Restated Declaration. We refer to such designation as the Designation.

The Series 1 Trust Preferred Securities

Each Series 1 Trust Preferred Security has a liquidation amount of $1,000 (the Series 1 Trust Preferred Liquidation Amount). Cumulative cash distributions on the Series 1 Trust Preferred Securities will accrue at a rate of 8.00% per annum, compounding quarterly, on the sum of (1) the Series 1 Trust Preferred Liquidation Amount and (2) the amount of any accrued and unpaid distributions for any prior distribution period on such Series 1 Trust Preferred Securities, if any, computed on the basis of a 360-day year consisting of twelve 30-day months. During any period in which Ally elects to defer interest payments on the Series 1 Debentures (described below), Series 1 will defer distributions on the Series 1 Trust Preferred Securities, but such distributions will continue to accrue and compound through any such deferral period. The Series 1 Trust Preferred Securities have no stated maturity date, but must be redeemed upon the redemption or maturity of the Series 1 Debentures (which mature on February 15, 2040).

In the event of any partial redemption of the Series 1 Debentures, Series 1 will redeem Series 1 Trust Preferred Securities with a liquidation amount equal to the principal balance of the redeemed Series 1 Debentures. The redemption price for each Series 1 Trust Preferred Security on any redemption date will be equal to the sum of (1) $1,000 per security, (2) accrued and unpaid distributions to the redemption date and (3) the premium, if any, paid in connection with the redemption of the corresponding Series 1 Debentures. Series 1 may not redeem Series 1 Trust Preferred Securities prior to December 30, 2014, except upon the occurrence of certain specified events described below or while the Series 1 Trust Preferred Securities are held by the U.S. government as part of assistance provided to Ally under TARP or a similar or related U.S. government program, in each case subject to the receipt of any required approvals from the FRB. On or after December 30, 2014, subject to the receipt of any required approvals from the FRB, Series 1 may redeem all or a portion of the Series 1 Trust Preferred Securities at the Series 1 Trust Preferred Securities liquidation preference at any time, but may not redeem less than all of the Series 1 Trust Preferred Securities unless all accrued and unpaid distributions on the Series 1 Trust Preferred Securities and the Series 1 Common Securities (as defined below) have been paid on or before the redemption date.

The only assets designated to Series 1 will be the Series 1 Debentures. The Series 1 Trust Preferred Securities and the Series 1 Common Securities shall represent undivided beneficial interests in the Series 1 Debentures. Subject to the receipt of any required approval of the FRB, Ally may dissolve Series 1 at any time, and cause the Series 1 Debentures to be distributed to the holders of the Series 1 Trust Preferred Securities and the Series 1 Common Securities.

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The Series 1 Trust Preferred Securities generally are nonvoting, other than voting on certain matters under certain circumstances, including, generally, an amendment of the Amended and Restated Declaration that is adverse to the holders of Series 1 Trust Preferred Securities and with respect to certain actions to be taken upon the occurrence of certain events of default on the Series 1 Trust Preferred Securities or, under certain circumstances, on the Series 1 Debentures.

During any period in which any Series 1 Trust Preferred Securities remain outstanding, but in which distributions on the Series 1 Trust Preferred Securities have not been fully paid, none of Ally and its subsidiaries will (1) declare or pay dividends on, make any distributions with respect thereto, or redeem, purchase or otherwise acquire, any of Ally s capital stock; or (2) make any payments of principal, interest, or premium on, or repay, repurchase or redeem, any debt securities that rank on a parity with or junior in interest to the Series 1 Debentures, with certain specified exceptions in each case.

For a full description of the terms of the Series 1 Trust Preferred Securities, see Description of the Series 1 Trust Preferred Securities below.

The Series 2 Trust Preferred Securities

Each Series 2 Trust Preferred Security has a liquidation amount of $25 (the Series 2 Trust Preferred Liquidation Amount).

From and including the date of Designation to but excluding February 15, 2016, cumulative cash distributions on the Series 2 Trust Preferred Securities will accrue at a fixed rate per annum to be agreed among Ally, Series 2 and Treasury at the time of Designation, compounding quarterly, on the sum of (1) the Series 2 Trust Preferred Liquidation Amount and (2) the amount of any accrued and unpaid distributions for any prior distribution period on such Series 2 Trust Preferred Securities, if any, computed on the basis of a 360-day year consisting of twelve 30-day months. From and including February 15, 2016 to but excluding February 15, 2040, cumulative cash distributions on the Series 2 Trust Preferred Securities will accrue at an annual rate equal to three-month LIBOR plus a spread to be agreed among Ally, Series 1 and Treasury at the time of Designation, compounding quarterly, on the sum of (1) the Series 2 Trust Preferred Liquidation Amount and (2) the amount of any accrued and unpaid distributions for any prior distribution period on such Series 2 Trust Preferred Securities, if any, computed on the basis of a 360-day year and the actual number of days elapsed with respect to any interest payment period. During any period in which Ally elects to defer interest payments on the Series 2 Debentures (described below), Series 2 will defer distributions on the Series 2 Trust Preferred Securities, but such distributions will continue to accrue and compound through any such deferral period. The Series 2 Trust Preferred Securities have no stated maturity date, but must be redeemed upon the redemption or maturity of the Series 2 Debentures (which mature on February 15, 2040).

In the event of any partial redemption of the Series 2 Debentures, Series 2 will redeem Series 2 Trust Preferred Securities with a liquidation amount equal to the principal balance of the redeemed Series 2 Debentures. The redemption price for each Series 2 Trust Preferred Security on any redemption date will be equal to the sum of (1) $25 per security, (2) accrued and unpaid distributions to the redemption date and (3) the premium, if any, paid in connection with the redemption of the corresponding Series 2 Debentures. Series 2 may not redeem Series 2 Trust Preferred Securities prior to February 15, 2016, except upon the occurrence of certain specified events described below, subject to the receipt of any required approvals from the FRB. On or after February 15, 2016, subject to the receipt of any required approvals from the FRB, Series 2 may redeem all or a portion of the Series 2 Trust Preferred Securities at the Series 2 Trust Preferred Securities liquidation preference at any time, but may not redeem less than all of the Series 2 Trust Preferred Securities unless all accrued and unpaid distributions on the Series 2 Trust Preferred Securities and Series 2 Common Securities (as defined below) have been paid on or before the redemption date.

The only assets designated to Series 2 will be the Series 2 Debentures. The Series 2 Trust Preferred Securities and the Series 2 Common Securities shall represent undivided beneficial interests in the Series 2 Debentures. Subject to the receipt of any required approval of the FRB, Ally may dissolve Series 2 at any time,

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and cause the Series 2 Debentures to be distributed to the holders of the Series 2 Trust Preferred Securities and the Series 2 Common Securities.

The Series 2 Trust Preferred Securities generally will be nonvoting, other than voting on certain matters under certain circumstances, including, generally, an amendment of the Amended and Restated Declaration that is adverse to holders of the Series 2 Trust Preferred Securities and with respect to certain actions to be taken upon the occurrence of certain events of default on the Series 2 Trust Preferred Securities or, under certain circumstances, on the corresponding Series 2 Debentures.

During any period in which any Series 2 Trust Preferred Securities remain outstanding, but in which distributions on the Series 2 Trust Preferred Securities have not been fully paid, none of Ally and its subsidiaries will (1) declare or pay dividends on, make any distributions with respect thereto, or redeem, purchase or otherwise acquire any of Ally s capital stock; or (2) make any payments of principal, interest, or premium on, or repay, repurchase or redeem, any debt securities that rank on a parity with or junior in interest to the Series 2 Debentures, with certain specified exceptions in each case.

For a full description of the terms of the Series 2 Trust Preferred Securities, see Description of the Series 2 Trust Preferred Securities below.

The Debentures

The Trust used the proceeds received in connection with the sale of the 8.00% trust preferred securities and the 8.00% common securities on December 30, 2009 to purchase an aggregate principal amount of $2,747,010,000 (equal to the sum of the liquidation preference of all 8.00% trust preferred securities and the 8.00% common securities sold on that day) of Ally s 8.00% junior subordinated deferrable interest debentures due 2040. The 8.00% junior subordinated deferrable interest debentures due 2040 were issued pursuant to an indenture dated as of December 30, 2009, as amended, between Ally and The Bank of New York Mellon as trustee (the Indenture).

Immediately upon the effectiveness of the Amended and Restated Declaration and the Designation, all the assets of the Trust existing immediately prior to the effectiveness will be designated to be assets with respect to Series 1 and all of the claims and obligations of the Trust existing immediately prior to the effectiveness will be claims and obligations with respect to Series 1. The Indenture will be amended and restated (such amended and restated indenture, the Amended and Restated Indenture), upon which amendment Ally s 8.00% junior subordinated deferrable interest debentures due 2040 shall be designated the Series 1 Debentures. Immediately following such designation, a portion of the Series 1 Debentures with an aggregate principal amount equal to the aggregate liquidation preference of (1) the portion of Series 1 Trust Preferred Securities designated as Series 2 Trust Preferred Securities, if any, and (2) the portion of Series 1 Common Securities designated as Series 2 Common Securities, if any, will be designated as the Fixed Rate/Floating Rate Junior Subordinated Deferrable Interest Debentures due 2040 (the Series 2 Debentures, and together with the Series 1 Debentures, the Debentures). The Series 1 Debentures will be held by, and will constitute the only assets of, Series 1. The Series 2 Debentures will be held by, and will constitute the only assets of Series 2.

The Series 1 Debentures

Interest will accrue on the Series 1 Debentures at the rate of 8.00% per annum, compounding quarterly, on the sum of (1) the principal amount of the Debentures and (2) the amount of any accrued and unpaid interest for any prior interest payment period on such Series 1 Debentures, if any, computed on the basis of a 360-day year consisting of twelve 30-day months. Ally may elect to defer interest payments on the Series 1 Debentures for one or more periods, in each case for up to 20 consecutive quarters, provided that no event of default with respect to the Series 1 Debentures giving rise to acceleration rights has occurred and is continuing, and *provided further* that no such deferral may extend beyond the maturity date of the Series 1 Debentures. During any such interest deferral period, interest will continue to accrue and compound as set forth above.

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The Series 1 Debentures mature and become due and payable, together with any accrued and unpaid interest thereon, on February 15, 2040. Ally may not redeem the Series 1 Debentures prior to December 30, 2014, except upon the occurrence of certain specified events or while the Series 1 Debentures are held by the U.S. government as part of assistance provided to Ally under TARP or a similar or related U.S. government program, in each case subject to the receipt of any required approvals from the FRB. On or after December 30, 2014, subject to the receipt of any required approvals from the FRB, Ally may redeem the Series 1 Debentures at any time or from time to time, at a redemption price equal to 100% of their principal amount plus accrued and unpaid interest.

Upon the occurrence of certain specified events of default with respect to the Series 1 Debentures (including any nonpayment of interest that continues for 20 consecutive quarters or certain events of bankruptcy, insolvency or reorganization of Ally), the trustee for the Series 1 Debentures or the holders of 25% of the principal amount of the Series 1 Debentures (or, under certain circumstances, the holders of 25% of the Series 1 Trust Preferred Securities) will have the right to declare the principal amount of the Series 1 Debentures, and any accrued interest, immediately due and payable.

The Series 1 Debentures are generally nonvoting, with the exception of voting rights in connection with certain changes to the Series 1 Debentures or the Amended and Restated Indenture, or with respect to certain actions to be taken upon the occurrence of certain events of default with respect to the Series 1 Debentures.

The Series 1 Debentures are unsecured, and rank equally in right of payment with all of Ally s other existing and future junior subordinated indebtedness, junior in right of payment to all of Ally s existing and future senior or subordinated indebtedness, and senior in right of payment to all of Ally s existing and future equity securities.

For a full description of the terms of the Series 1 Debentures, see Description of the Series 1 Debentures below.

The Series 2 Debentures

From and including the date of Designation to but excluding February 15, 2016, interest will accrue on the Series 2 Debentures at a fixed rate per annum to be agreed among Ally, Series 1 and Treasury at the time of Designation, compounding quarterly, on the sum of (1) the principal amount of the Series 2 Debentures and (2) the amount of any accrued and unpaid interest for any prior interest payment period on such Series 2 Debentures, if any, computed on the basis of a 360-day year consisting of twelve 30-day months. From and including February 15, 2016 to but excluding February 15, 2040, interest will accrue on the Series 2 Debentures at an annual rate equal to three-month LIBOR plus a spread to be agreed among Ally, Series 1 and Treasury at the time of Designation, compounding quarterly, on the sum of (1) the principal amount of the Series 2 Debentures and (2) the amount of any accrued and unpaid interest for any prior interest payment period on such Series 2 Debentures, if any, computed on the basis of a 360-day year and the actual number of days elapsed with respect to any interest payment period. Ally may elect to defer interest payments on the Series 2 Debentures for one or more periods, in each case for up to 20 consecutive quarters, provided that no event of default with respect to the Series 2 Debentures giving rise to acceleration rights has occurred and is continuing, and *provided further* that no such deferral may extend beyond the maturity date of the Series 2 Debentures. During any such interest deferral period, interest will continue to accrue and compound on the Series 2 Debentures as set forth above.

The Series 2 Debentures mature and become due and payable, together with any accrued and unpaid interest thereon, on February 15, 2040. Ally may not redeem the Series 2 Debentures prior to February 15, 2016, except upon the occurrence of certain specified events, subject to the receipt of any required approvals from the FRB. Subject to the receipt of any required approvals from the FRB, Ally may redeem the Series 2 Debentures at any time or from time to time on or after February 15, 2016, at a redemption price equal to 100% of their principal amount plus accrued and unpaid interest.

Upon the occurrence of certain specified events of default with respect to the Series 2 Debentures (including any nonpayment of interest that continues for 20 consecutive quarters or certain events of bankruptcy, insolvency

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or reorganization of Ally), the trustee for the Series 2 Debentures or the holders of 25% of the principal amount of the Series 2 Debentures (or, under certain circumstances, the holders of 25% of the Series 2 Trust Preferred Securities) will have the right to declare the principal amount of the Series 2 Debentures, and any accrued interest, immediately due and payable.

The Series 2 Debentures will generally be nonvoting, with the exception of voting rights in connection with certain changes to the Series 2 Debentures or the Amended and Restated Indenture, or with respect to certain actions to be taken upon the occurrence of certain events of default with respect to the Series 2 Debentures.

The Series 2 Debentures are unsecured, and rank equally in right of payment with all of Ally s other existing and future junior subordinated indebtedness, junior in right of payment to all of Ally s existing and future senior or subordinated indebtedness, and senior in right of payment to all of Ally s existing and future equity securities.

For a full description of the terms of the Debentures, see Description of the Series 2 Debentures below.

The Guarantees

Ally has, pursuant to a Guarantee Agreement (the Guarantee Agreement), fully and unconditionally guaranteed, on a subordinated basis, for the benefit of the holders of the outstanding 8.00% trust preferred securities of the Trust, the payment of certain amounts due on such 8.00% trust preferred securities to the extent not paid by or on behalf of the Trust. Concurrently with the Designation, Ally intends to amend and restate the Guarantee Agreement (the Amended and Restated Guarantee Agreements) to provide guarantees with respect to each of Series 1 and Series 2. The Amended and Restated Guarantee Agreements will provide for full and unconditional guarantees, on a subordinated basis, for the benefit of the holders of the respective series of Trust Preferred Securities, of the payment of certain amounts due on the respective series of Trust Preferred Securities to the extent not paid by or on behalf of such series (the Guarantees).

With respect to each series of Trust Preferred Securities, the guaranteed amounts include: (1) any accumulated and unpaid distributions required to be paid to that series of Trust Preferred Securities, to the extent that that series of the Trust has funds that are legally and immediately available to pay distributions on the Trust Preferred Securities of that series; (2) any redemption price required to be paid to the holders of that series of Trust Preferred Securities, to the extent that that series of the Trust has funds that are legally and immediately available to pay such redemption price; and (3) upon a termination, winding-up or liquidation of that series of the Trust, if the Debentures of a particular series are not distributed to holders of the corresponding series of Trust Preferred Securities in exchange for such Trust Preferred Securities, the lesser of the liquidation distribution for that series of Trust Preferred Securities and the value of assets of that series of the Trust remaining available for distribution to holders of that series of Trust Preferred Securities after the satisfaction of certain liabilities to creditors of that series of the Trust, as required by law.

Ally s obligations with respect to the Guarantees may be satisfied either by direct payment of such amount to the holders of the Trust Preferred Securities, or by causing the relevant series of the Trust to make such payment. It will constitute an event of default under the Guarantees if Ally fails to perform any of its payment obligations, or other obligations under the Amended and Restated Guarantee Agreements. Following any default with respect to a series of Trust Preferred Securities, the holders of a majority of the outstanding Trust Preferred Securities of that series have the right to exercise or proceed with certain rights, remedies or actions against Ally.

The Guarantees will be an unsecured obligation of Ally, and will have the same ranking with respect to Ally s other indebtedness as the Debentures. The Series 1 Guarantee will terminate upon the earlier of (1) the payment of the guaranteed amounts with respect to the Series 1 Trust Preferred Securities in full by either or both of Ally and Series 1 and (2) the distribution of the Series 1 Debentures to the holders of the Series 1 Trust Preferred Securities in exchange for their Series 1 Trust Preferred Securities. The Series 2 Guarantee will terminate upon the earlier of (1) the payment of the guaranteed amounts with respect to the Series 2 Trust

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Preferred Securities in full by either or both of Ally and Series 2 and (2) the distribution of the Series 2 Debentures to the holders of the Series 2 Trust Preferred Securities in exchange for their Series 2 Trust Preferred Securities.

For a full description of the terms of the Guarantees, see Description of the Guarantees below.

The Common Securities

On December 30, 2009, Ally purchased from the Trust 80,010 8.00% common securities of the Trust, which represented all the outstanding common securities issued by the Trust.

In connection with the Designation, and pursuant to the Amended and Restated Declaration, all the outstanding 8.00% common securities of the Trust will be designated 8.0% Common Securities, Series 1 (the Series 1 Common Securities) and immediately thereafter a number of the Series 1 Common Securities will be re-designated as the Fixed Rate/Floating Rate Common Securities, Series 2 (the Series 2 Common Securities, and together with the Series 1 Common Securities, the Common Securities). The number of Series 1 Common Securities that will be so re-designated will be determined *pro rata* to the number of Series 1 Trust Preferred Securities that will be re-designated as Series 2 Trust Preferred Securities.

The Offering

This prospectus relates to the offer and sale by the selling securityholders named herein of Series 1 Trust Preferred Securities and Series 2 Trust Preferred Securities, from time to time, directly or through one or more underwriters, broker-dealers or agents. If securities are sold through underwriters or broker-dealers, the selling securityholders will be responsible for underwriting discounts or commissions or agent s commissions. The securities may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. Neither Ally nor the Trust nor any series of the Trust will receive any proceeds from the sale of securities by the selling securityholders. See Plan of Distribution.

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RATIOS OF EARNINGS TO FIXED CHARGES

Our consolidated ratios of earnings to fixed charges were as follows for the periods presented:

	Year Ended December 31,				
	2010 (a)	**2009 (a)**	**2008 (a)**	**2007 (a)**	**2006 (a)**
Ratio of earnings to fixed charges (b)	1.16	0.03	1.53	0.90	1.14

(a) During 2009, we committed to sell certain operations of our International 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 the Consolidated Financial Statements for further discussion of our discontinued operations. All reported periods of the calculation of the ratio of earnings to fixed charges exclude discontinued operations.

(b) The ratio calculation indicates a less than one-to-one coverage for the years ended December 31, 2009 and 2007. Earnings available for fixed charges for the years ended December 31, 2009 and 2007, were inadequate to cover total fixed charges. The deficient amount for the ratio were $6,968 million for 2009 and $1,350 million for 2007.

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RISK FACTORS

An investment in our securities is subject to certain risks. In consultation with your own financial, tax and legal advisors, you should carefully consider, among other matters, the following discussions of risk before deciding whether an investment in the Trust Preferred Securities is suitable for you. The risks described below are intended to highlight risks that are specific to the Trust Preferred Securities, but are not the only risks we face. Additional risks, including those generally affecting the industry in which we operate, risks that we currently deem immaterial and risks generally applicable to companies that have recently undertaken similar transactions, may also impair our business, the value of your investment and our ability to make distributions on the Trust Preferred Securities. For a more complete description of the risks that may affect our business, see our Annual Report on Form 10-K for the year ended December 31, 2010 (as amended or supplemented in subsequent reports on Form 10-K, Form 10-Q or Form 8-K). In addition to the risks described below, we face other risks that are described from time to time in periodic reports that we file with the SEC. If any of the following risks actually occur, the value of the Trust Preferred Securities could decline, and you may lose all or part of your investment. The risks discussed below also include forward-looking statements, and our actual results may differ materially from those discussed in these forward-looking statements.

Risks Relating to the Trust Preferred Securities

Ally is not required to pay you under the Guarantees and the Debentures unless it first makes other required payments.

Ally s obligations under the Debentures and the Guarantees rank junior to all of Ally s Senior Indebtedness as such term is defined under Description of the Series 1 Debentures Subordination and Description of the Series 2 Debentures Subordination. This means that Ally cannot make any payments on the Debentures or the Guarantees if it defaults on a payment of Senior Indebtedness and does not cure the default within the applicable grace period or if the Senior Indebtedness becomes immediately due because of a default and has not yet been paid in full.

In the event of the bankruptcy, liquidation or dissolution of Ally, its assets would be available to pay obligations under the Debentures and the Guarantees only after Ally made all payments on its Senior Indebtedness.

In addition, Ally s obligations under the Debentures and the Guarantees are structurally subordinated to all existing and future liabilities of Ally s subsidiaries. This means that in the event of an insolvency, liquidation, bankruptcy or other reorganization of any subsidiary, holders of the Debentures will be creditors of Ally only and will have no direct claim against any such subsidiary but may only recover by virtue of Ally s equity interest. As a result, all existing and future liabilities of Ally s subsidiaries, including claims of lessors under capital and operating leases, trade creditors and holders of preferred stock of such subsidiaries have the right to be satisfied in full prior to receipt by Ally of any payment as a stockholder of its subsidiaries.

Neither the Trust Preferred Securities, the Debentures nor the Guarantees limit the ability of Ally and its subsidiaries to incur additional indebtedness, including indebtedness that ranks senior in priority of payment to the Debentures and the Guarantees. See Description of the Guarantees Status of the Guarantees, Description of the Series 1 Debentures Subordination and Description of the Series 2 Debentures Subordination below.

Ally is not required to pay you under the Guarantees if the relevant series of the Trust does not have cash available.

The ability of a particular series of the Trust to make payments on such series of Trust Preferred Securities is solely dependent upon Ally making the related payments on the corresponding series of Debentures when due.

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The Guarantees only guarantee that Ally will make distribution and redemption payments if the relevant series of the Trust has funds available to make the payments on such series but fails to do so. If Ally defaults on its obligations to make payments on a series of Debentures, the corresponding series of the Trust will not have sufficient funds available to make payments on Trust Preferred Securities of such series. Therefore, in those circumstances, holders of Trust Preferred Securities of such series will not be able to rely upon the Guarantees for payment of these amounts. If this happens, the options of such holders are discussed under Description of the Series 1 Trust Preferred Securities Declaration Defaults and Description of the Series 2 Trust Preferred Securities Declaration Defaults below.

The U.S. federal income tax treatment of the trust is uncertain.

Based on the advice of counsel, Davis Polk & Wardwell LLP, the Trust intends to treat each series of the Trust as a separate grantor trust for U.S. federal income tax purposes, and by acquiring a Trust Preferred Security, a holder of Trust Preferred Securities will be deemed to have agreed to such treatment. Under this treatment, for U.S. federal income tax purposes, a holder of Trust Preferred Securities of a particular series will be treated as owning an undivided beneficial ownership interest in the Debentures of such series. However, the treatment of the Trust is uncertain, and the Trust as a whole or one or more series thereof could be treated as a partnership for U.S. federal income tax purposes. If the Trust or any series were treated as a partnership, we do not expect that such treatment would materially change a holder s U.S. federal income tax treatment with respect to the Trust Preferred Securities, except that a holder might not be able to make certain elections that would be available if the Trust or such series were not treated as a partnership.

Deferral of distributions with respect to a series of Trust Preferred Securities would have adverse tax consequences for the holders of Trust Preferred Securities of such series and might adversely affect the trading price of such Trust Preferred Securities.

If distributions on a series of Trust Preferred Securities are deferred, holders of Trust Preferred Securities of such series will be required to recognize ordinary income for U.S. federal income tax purposes in respect of their ratable share of the interest on the Debentures designated to such series of the Trust before they receive any cash distributions relating to this interest. In addition, such holders will not receive such cash distributions from the Trust if they sell their Trust Preferred Securities before the end of any extension period or before the record date relating to the distributions that are paid.

Ally has no current intention of deferring interest payments on the Debentures. However, if Ally exercises its deferral right in the future with respect to the Trust Preferred Securities of any series, the Trust Preferred Securities of such series may trade at a price that does not fully reflect the value of accrued but unpaid interest on the Debentures. If a holder sells Trust Preferred Securities of such series during an extension period, such holder may not receive the same return on investment as someone else who continues to hold the Trust Preferred Securities of such series. In addition, the existence of Ally s right to defer payments of interest on the Debentures means that the market price for the Trust Preferred Securities, which represent an undivided beneficial interest in the Debentures, may be more volatile than other securities that are not subject to such a deferral right.

The Trust Preferred Securities are rated below investment grade.

The Trust Preferred Securities are not investment-grade rated and may be subject to greater price volatility than higher-rated securities of similar maturity.

You should not rely on the distributions from the Trust Preferred Securities through their maturity date they may be redeemed at the option of Ally.

The Series 1 Debentures may be redeemed, in whole or in part, at any time, (i) on or after December 30, 2014 or (ii) at any time while the Series 1 Trust Preferred Securities are held by the U.S. government as part of assistance provided to Ally under TARP or a similar or related U.S. government program subject to the receipt of

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any required approvals from the FRB, at a redemption price equal to $1,000 per Series 1 Trust Preferred Security plus any accumulated and unpaid distributions to the redemption date. The Series 2 Debentures may be redeemed, in whole or in part, at any time on or after February 15, 2016 at a redemption price equal to $25 per Series 2 Trust Preferred Security plus any accumulated and unpaid distributions to the redemption date.

You should assume that this redemption option with respect to any series will be exercised if it is in the interest of Ally to redeem the Debentures. If a series of Debentures is redeemed, the corresponding series of the Trust must redeem the Trust Preferred Securities and Common Securities of such series having an aggregate liquidation amount equal to the aggregate principal amount of Debentures to be redeemed. See Description of the Series 1 Trust Preferred Securities Redemption of Series 1 Trust Preferred Securities, Description of the Series 2 Trust Preferred Securities Redemption of Series 2 Trust Preferred Securities, Description of the Series 1 Debentures Optional Redemption and Description of the Series 2 Debentures Optional Redemption below.

Ally may view redemption of the Debentures to be in its interest if certain changes in regulatory capital law or interpretation have effect on or after the applicable redemption date. While Ally believes the Trust Preferred Securities are exempt from the mandatory disqualification of certain types of Tier 1 capital under Section 171(b)(5)(A) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), the Basel Committee on Banking Supervision (Basel) has proposed, among other proposals, revisions to its definition of Tier 1 capital for banks (the Basel Proposal) and has announced the timeframe for phasing in its new Tier 1 capital requirements. Under the Basel Proposal, Ally believes the Trust Preferred Securities represent a capital injection in the Company made by Treasury in December 2009 and thus, currently expects the Trust Preferred Securities should continue to be included as Tier 1 capital of Ally until January 1, 2018. Ultimately, however, the date on which the Trust Preferred Securities may be excluded from Ally s Tier 1 capital will be determined by the relevant regulatory authority implementing the Dodd-Frank Act and the Basel Proposal.

If the Trust Preferred Securities are redeemed, you may not be able to reinvest the money you receive upon such redemption at the same rate of return as provided by the Trust Preferred Securities.

You should not rely on the distributions from the Trust Preferred Securities through their maturity date they may be redeemed at any time if certain changes in tax or investment company law occur.

If certain changes, which are more fully described below, in tax, investment company or bank regulatory law or interpretations occur and are continuing, and certain other conditions that are more fully described below are satisfied, the Trust Preferred Securities could be redeemed by the relevant series of the Trust within 90 days of the event at a redemption price equal to the relevant liquidation amount per security plus any accumulated and unpaid distributions. See Description of the Series 1 Trust Preferred Securities Special Event Redemption and Distribution of the Series 1 Debentures and Description of the Series 2 Trust Preferred Securities Special Event Redemption and Distribution of the Series 2 Debentures.

Treasury 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. 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

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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 the offering of the Trust Preferred Securities by Treasury would likely be barred.

There could be adverse tax consequences to you if Ally terminates a series of the Trust and distributes the corresponding series of Debentures to holders of that series of trust securities.

Ally has the right to terminate a series of the Trust at any time, so long as it obtains any required regulatory approval. If Ally decides to exercise its right to terminate a series of the Trust and does not cause the Trust Preferred Securities of that series to be redeemed for cash, that series of the Trust will (1) if it is Series 1, redeem the Series 1 Trust Preferred Securities and Series 1 Common Securities by distributing the Series 1 Debentures to holders of the Series 1 Trust Preferred Securities and Series 1 Common Securities on a ratable basis and (2) if it is Series 2, redeem the Series 2 Trust Preferred Securities and Series 2 Common Securities by distributing the Series 2 Debentures to holders of the Series 2 Trust Preferred Securities and Series 2 Common Securities on a ratable basis.

Under current U.S. federal income tax law, a distribution of Debentures to you on the dissolution of a series of the Trust would not be a taxable event to you. However, if the relevant series of the Trust were characterized for U.S. federal income tax purposes as an association taxable as a corporation at the time it is dissolved or if there is a change in law, the distribution of Debentures could be a taxable event to you.

The FRB may be able to restrict the ability of Ally to pay interest on or to redeem the Debentures, or of a series of the Trust to make distributions with respect to or redeem the Trust Preferred Securities of that series.

The FRB will have the right to supervise the Trust or any series of the Trust and their respective activities. Under certain circumstances, including any determination that a payment, distribution or redemption or Ally s relationship to the Trust or any series of the Trust would constitute or result in an unsafe and unsound banking practice, the FRB may have the authority to restrict the ability of Ally to make interest payments on or to redeem the Debentures, or of the relevant series of the Trust to make distributions on or to redeem the relevant series of Trust Preferred Securities.

An active trading market for the Trust Preferred Securities or the Debentures may not develop.

There can be no assurance that an active trading market for the Trust Preferred Securities or the Debentures of any series of the Trust will develop, or, if developed, that an active trading market will be maintained. As a result, neither Ally nor the relevant series of the Trust can assure you that you will be able to sell, or at what price you may be able to sell, your Trust Preferred Securities or the Debentures if such series of the Trust distributes them to you.

Ally has the right to defer interest on the Debentures for five years without causing an event of default.

Ally has the right to defer interest on one or both series of the Debentures for one or more consecutive interest periods not to exceed 20 consecutive quarters. During any such deferral period, holders of the corresponding series of Trust Preferred Securities may receive no current payments on their Trust Preferred Securities and, so long as Ally is otherwise in compliance with its obligations, such holders will have no remedies against Ally, the Trust or any series of the Trust for nonpayment. If Ally has paid all deferred interest on a series of Debentures, then it may at any time commence a new deferral period with respect to the corresponding series of Trust Preferred Securities.

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If you hold Trust Preferred Securities of a particular series, you cannot prevent the trustee for that series from taking actions you may not agree with.

As a holder of Trust Preferred Securities, you will have limited voting rights. In particular, except for the limited exceptions described later in this prospectus, only Ally can elect or remove any trustee for either the series 1 securities or the series 2 securities. See Description of the Series 1 Trust Preferred Securities Voting Rights and Description of the Series 2 Trust Preferred Securities Voting Rights below.

You have limited remedies for defaults under the Amended and Restated Indenture.

Although various events may constitute defaults under the Amended and Restated Indenture, a default that is not an event of default with respect to a particular series will not trigger the acceleration of principal and interest on the Debentures of such series. An acceleration of principal and interest with respect to a series of Debentures will occur only upon Ally s failure to pay in full all interest accrued on such series upon the conclusion of an extension period of 20 consecutive quarters or as a result of specified events of bankruptcy, insolvency or reorganization of Ally. See Description of the Series 1 Debentures Indenture Events of Default and Acceleration and Description of the Series 2 Debentures Indenture Events of Default and Acceleration.

The Trust Preferred Securities are not securities of Ally.

The Trust Preferred Securities are issued by the specified series of the Trust, not Ally, and represent beneficial interests only in the Debentures designated to a specified series of the Trust. In an event of a default on the Trust Preferred Securities of a particular series, the remedies that holders of that series of Trust Preferred Securities have against Ally are limited to those described in, as applicable, Description of the Series 1 Trust Preferred Securities Declaration Defaults, Description of the Series 2 Trust Preferred Securities Declaration Defaults, Description of the Series 1 Debentures Indenture Defaults, Description of the Series 2 Debentures Indenture Defaults, Description of the Guarantees in this prospectus. Neither any series of the Trust nor you will have, by virtue of ownership of Trust Preferred Securities, any control rights at Ally, including any rights to vote for Ally s board of directors or to direct Ally to take any action, except those actions associated with enforcing your rights with respect to the series of Trust Preferred Securities that you hold. If Ally elects to dissolve any series of the Trust, you will be entitled only to the assets of the relevant series of the Trust as described in Description of the Series 1 Trust Preferred Securities Distribution of the Series 1 Debentures and Description of the Series 2 Trust Preferred Securities Distribution of the Series 2 Debentures.

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DESCRIPTION OF THE SERIES 1 TRUST PREFERRED SECURITIES

The trust preferred securities and common securities of Series 1 were originally issued pursuant to the terms of the Declaration as 8.00% trust preferred securities and 8.00% common securities, respectively, and will be designated the 8.0% Trust Preferred Securities, Series 1 (the Series 1 Trust Preferred Securities) and 8.0% Common Securities, Series 1 (the Series 1 Common Securities), respectively, pursuant to the Amended and Restated Declaration. The institutional trustee for Series 1 under the Amended and Restated Declaration, The Bank of New York Mellon, will act as indenture trustee for Series 1 under the Amended and Restated Declaration, for purposes of compliance with the provisions of the Trust Indenture Act of 1939, as amended (the Trust Indenture Act). The terms of the Series 1 Trust Preferred Securities include those stated in the Amended and Restated Declaration and those made part of the Amended and Restated Declaration by the Trust Indenture Act. The following summary of the material terms and provisions of the Series 1 Trust Preferred Securities is not intended to be complete and is qualified by the Amended and Restated Declaration, the Statutory Trust Act of the State of Delaware and the Trust Indenture Act. Certain provisions of the Amended and Restated Declaration applicable to all series 1 securities are described in this prospectus only with respect to the Series 1 Trust Preferred Securities. The form of the Amended and Restated Declaration is filed as an exhibit to the registration statement of which this prospectus is a part.

General

The Amended and Restated Declaration authorizes the administrative trustees for Series 1 to act, on behalf of Series 1, with respect to the Series 1 Common Securities and the Series 1 Trust Preferred Securities (collectively, the series 1 securities, and together with the series 2 securities (as defined in the Description of the Series 2 Trust Preferred Securities), the trust securities). The series 1 securities represent undivided beneficial interests in Ally s 8.0% Junior Subordinated Deferrable Interest Debentures due 2040 (the Series 1 Debentures), which will be the only assets designated to Series 1. All of the Series 1 Common Securities are owned by Ally. The Series 1 Common Securities rank equally, and payments will be made on the Series 1 Common Securities on a ratable basis, with the Series 1 Trust Preferred Securities. If a default under the Amended and Restated Declaration applicable to Series 1 occurs and continues, however, the rights of the holders of the Series 1 Common Securities to receive payment of periodic distributions and payments upon liquidation, redemption and otherwise will be subordinated to the rights of the holders of the Series 1 Trust Preferred Securities.

Pursuant to the Amended and Restated Declaration, the institutional trustee for Series 1 holds title to the Series 1 Debentures for the benefit of the holders of the series 1 securities. The payment of distributions out of money held by Series 1 with respect to the Series 1 Trust Preferred Securities, and payments upon redemption of the Series 1 Trust Preferred Securities or liquidation of Series 1 out of money held by Series 1 with respect to the Series 1 Trust Preferred Securities, are guaranteed by Ally to the extent described under Description of the Guarantees. The Series 1 Guarantee is held by The Bank of New York Mellon, the guarantee trustee for the Series 1 Guarantee, for the benefit of the holders of the Series 1 Trust Preferred Securities. The Series 1 Guarantee does not cover payment of distributions when Series 1 does not have sufficient funds available to pay such distributions. In such event, the remedy of a holder of Series 1 Trust Preferred Securities is to:

- vote to direct the institutional trustee for Series 1 to exercise any trust or power under the Amended and Restated Declaration, including the enforcement of the institutional trustee s rights under the Series 1 Debentures; or

- if the failure of Series 1 to pay distributions is attributable to the failure of Ally to pay interest or principal on the Series 1 Debentures, sue Ally, on or after the respective due dates specified in the Series 1 Debentures, for enforcement of payment to such holder of the principal or interest on the Series 1 Debentures having a principal amount equal to the aggregate liquidation amount of the Series 1 Trust Preferred Securities of such holder.

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Distributions

Distributions on the Series 1 Trust Preferred Securities are fixed at a rate per annum of 8.0% of the stated liquidation amount of $1,000 per Series 1 Trust Preferred Security. Distributions not paid when due, or when they would be due if not for any extension period or default by Ally on the Series 1 Debentures, will themselves accumulate additional interest at the annual rate of 8.0% thereof, compounded quarterly. When this prospectus refers to any payment of distributions, distributions include any such interest payable unless otherwise stated. The amount of distributions payable for any period will be computed for any full quarterly distribution period on the basis of a 360-day year of twelve 30-day months and for any period shorter than a full quarterly distribution period for which distributions are computed, distributions will be computed on the basis of the actual number of days elapsed in a partial month in such period.

Distributions on the Series 1 Trust Preferred Securities are cumulative, began accruing from and including December 30, 2009, and are payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, beginning on February 15, 2010. When, as and if available for payment, distributions are made by the institutional trustee for Series 1, except as otherwise described below.

The distribution rate and the distribution payment dates and other payment dates for the Series 1 Trust Preferred Securities correspond to the interest rate and interest payment dates and other payment dates on the Series 1 Debentures.

***Deferral of Distributions*.** Ally has the right under the Amended and Restated Indenture to defer interest payments on the Series 1 Debentures for an extension period not exceeding 20 consecutive quarters, subject to certain conditions, during which no interest shall be due and payable. A deferral of interest payments cannot extend, however, beyond the maturity of the Series 1 Debentures. An extension period begins in the quarter in which notice of the extension period is given. As a consequence of Ally s extension of the interest payment period, quarterly distributions on the Series 1 Trust Preferred Securities would be deferred during any such extended interest payment period. During an extension period, the amount of distributions due to holders of Series 1 Trust Preferred Securities will continue to accumulate and such deferred distributions will themselves accrue interest to the extent and in the amount that interest accrues and compounds on the underlying Series 1 Debentures. In the event that Ally exercises its right to extend an interest payment period, then:

(i) Ally and any of its subsidiaries (other than a subsidiary that is a depository institution or a subsidiary thereof) will not declare or pay any dividend on, make any distributions relating to, or redeem, purchase, acquire or make a liquidation payment relating to, any of Ally s capital stock or make any guarantee payment with respect thereto other than:

(a) redemptions, purchases or other acquisitions of shares of capital stock of Ally in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice;

(b) the acquisition by Ally or any of its subsidiaries of record ownership in capital stock of Ally for the beneficial ownership of any other persons (other than Ally or any of its subsidiaries), including trustees or custodians;

(c) as a result of an exchange or conversion of any class or series of Ally s capital stock for any other class or series of Ally s capital stock, in each case, solely to the extent required pursuant to binding contractual agreements entered into prior to or on December 30, 2009 or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for capital stock of Ally;

(d) distributions by or among any wholly-owned subsidiary of Ally;

(e) redemptions of securities held by Ally or any wholly-owned subsidiary of Ally; and

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(f) unpaid tax distributions to holders of membership interests of GMAC LLC pursuant to Section 4(b) of GMAC LLC s Plan of Conversion, dated June 30, 2009; and

(ii) Ally and any of its subsidiaries (other than a subsidiary that is a depository institution or a subsidiary thereof) will not make any payment of interest, principal or premium on, or repay, repurchase or redeem, any debt securities or guarantees issued by Ally that rank equally with or junior to the Series 1 Debentures (Series 1 Junior Subordinated Indebtedness, together with Series 2 Junior Subordinated Indebtedness (as defined in the Description of the Series 2 Trust Preferred Securities), Junior Subordinated Indebtedness) other than:

(a) redemptions, purchases or other acquisitions of Series 1 Junior Subordinated Indebtedness in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice;

(b) the acquisition by Ally or any of its subsidiaries of record ownership in Series 1 Junior Subordinated Indebtedness for the beneficial ownership of any other persons (other than Ally or any of its subsidiaries), including trustees or custodians;

(c) as a result of an exchange or conversion of any class or series of Series 1 Junior Subordinated Indebtedness for any other class or series of Series 1 Junior Subordinated Indebtedness;

(d) redemptions of securities held by Ally or any wholly-owned subsidiary of Ally; and

(e) any payment of interest on Series 1 Junior Subordinated Indebtedness paid *pro rata* with interest paid on the Series 1 Debentures 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 Series 1 Debentures and all Series 1 Junior Subordinated Indebtedness bear to each other.

These restrictions, however, will not apply (1) to any stock dividends paid by Ally where the dividend stock is the same stock as that on which the dividend is being paid or (2) dividends or distributions by or other transactions solely among Ally and any wholly-owned subsidiary of Ally or solely among wholly-owned subsidiaries of Ally. Series 1 shall have the right to make partial distributions during an extension period if a corresponding payment of interest is made on the Series 1 Debentures. Prior to the termination of any extension period, Ally may further extend such extension period, so long as such extension period, together with all such other extension periods, does not exceed 20 consecutive quarters. An extension period cannot extend, however, beyond the maturity of the Series 1 Debentures.

Upon the termination of any extension period with respect to Series 1 and the payment of all amounts then due, Ally may commence a new extension period with respect to the Series 1 Debentures, which must comply with the above requirements. Consequently, there could be several extension periods of varying lengths throughout the term of the Series 1 Debentures. The administrative trustees for Series 1 shall give the holders of the Series 1 Trust Preferred Securities notice of any extension period upon their receipt of notice thereof from Ally. If distributions are deferred, the deferred distributions and accrued interest on such distributions will be paid to holders of record of the Series 1 Trust Preferred Securities as they appear on the securities register of Series 1 on the record date immediately preceding the termination of the related extension period. See Description of the Series 1 Debentures Interest and Option to Extend Interest Payment Period.

***Payment of Distributions*.** Distributions on the Series 1 Trust Preferred Securities are payable to the extent that Series 1 has funds available for the payment of such distributions. The funds of Series 1 available for distribution to the holders of the Series 1 Trust Preferred Securities are limited to payments received from Ally on the Series 1 Debentures. The payment of distributions out of monies held by Series 1 with respect to the Series 1 Trust Preferred Securities is guaranteed by Ally only to the extent set forth under Description of the Guarantees. See also Description of the Series 1 Debentures.

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Distributions on the Series 1 Trust Preferred Securities are payable to the holders named on the securities register of Series 1 at the close of business on the relevant record dates. While the Series 1 Trust Preferred Securities are in definitive, fully-registered form, subject to the rules of any securities exchange on which the Series 1 Trust Preferred Securities are listed, the relevant record dates shall be 15 days prior to the relevant distribution dates or such other record date fixed by the administrative trustee for Series 1 that is not more than 60 nor less than 10 days prior to such relevant distribution dates. If the Series 1 Trust Preferred Securities are in book-entry only form, the record date will be one business day before the relevant distribution dates. Distributions will be paid through the institutional trustee for Series 1 who will hold amounts received in respect of the Series 1 Debentures in the property account for the benefit of the holders of the series 1 securities. Unless any applicable laws and regulations and the provisions of the Amended and Restated Declaration state otherwise, each such payment will be made as described under Form of Certificates below.

In the event that any date on which distributions are to be made on the Series 1 Trust Preferred Securities is not a business day, then payment of the distributions payable 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, except that if such next business day is in the next succeeding calendar year, such payment shall be made on the immediately preceding business day, in each case with the same force and effect as if made on such date. A business day means any day other than a Saturday, Sunday or any other day on which banking institutions in the State of New York generally are authorized or required by law or other governmental action to close. Any day that is a distribution record date shall be a distribution record date whether or not such day is a business day.

Exchanges

If at any time Ally or any of its affiliates is the holder or beneficial owner of any Series 1 Trust Preferred Securities, Ally or such affiliate, as applicable, has the right to deliver to the institutional trustee for Series 1 all or such portion of its Series 1 Trust Preferred Securities as it elects and, subject to the terms of the Amended and Restated Indenture, receive, in exchange therefor, Series 1 Debentures having an aggregate principal amount equal to the aggregate Liquidation Amount of the Series 1 Trust Preferred Securities exchanged therefor. After such exchange, such Series 1 Trust Preferred Securities shall be cancelled and shall no longer be deemed to be outstanding and all rights of Ally or such affiliate, as applicable, as holder with respect to such Series 1 Trust Preferred Securities shall cease. In the event of any such exchange, Ally shall also have a similar option with respect to a proportionate amount of the Series 1 Common Securities that it holds.

Redemption of Series 1 Trust Preferred Securities

The Series 1 Trust Preferred Securities have no stated maturity date but will be redeemed upon the maturity of the Series 1 Debentures. In addition, the Series 1 Trust Preferred Securities may be redeemed prior to maturity of the Series 1 Debentures on the dates and to the extent the Series 1 Debentures are redeemed. See Description of the Series 1 Debentures Optional Redemption. The Series 1 Debentures will mature on February 15, 2040 (see Description of the Series 1 Debentures General) and may be redeemed, in whole or in part, at any time on or after December 30, 2014, or at any time if either the Series 1 Trust Preferred Securities or the Series 1 Debentures are held by the U.S. government as part of assistance provided to Ally under TARP or a similar or related U.S. government program, subject to the receipt of any required approvals from the FRB. The Series 1 Debentures can also be redeemed at any time, in whole or in part, in certain circumstances upon the occurrence of a Tax Event, an Investment Company Event or a Regulatory Capital Event with respect to Series 1. See Special Event Redemption below.

If then required, Ally will obtain the concurrence or approval of the FRB before exercising its redemption rights described in the preceding paragraph.

Upon the maturity of the Series 1 Debentures, the proceeds of their repayment will simultaneously be applied to redeem all outstanding Series 1 Trust Preferred Securities at the redemption price. Upon the redemption of the Series 1 Debentures, whether in whole or in part, either at the option of Ally or pursuant to a

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Special Event, Series 1 will use the cash it receives upon the redemption to redeem Series 1 Trust Preferred Securities and Series 1 Common Securities having an aggregate liquidation amount equal to the aggregate principal amount of the Series 1 Debentures so redeemed at the redemption price. Before such redemption, holders of Series 1 Trust Preferred Securities will be given not less than 30 nor more than 60 days notice. Prior to any redemption with respect to Series 1, Ally will obtain any required regulatory approval. In the event that fewer than all of the outstanding Series 1 Trust Preferred Securities are to be redeemed, the Series 1 Trust Preferred Securities will be redeemed on a ratable basis as described under Form of Certificates below. See Special Event Redemption and Description of the Series 1 Debentures Optional Redemption.

Special Event Redemption

Tax Event means that the administrative trustees for Series 1 will have received an opinion of a nationally recognized independent tax counsel experienced in such matters that states that, as a result of any:

- amendment to, or change (including any announced prospective change) in, the laws or associated regulations of the United States or any political subdivision or taxing authority of the United States on or after December 30, 2009; or
- amendment to, or change in, an interpretation or application of such laws or regulations by any legislative body, court, governmental agency or regulatory authority, including the enactment of any legislation and the publication of any judicial decision, regulatory determination, or administrative pronouncement on or after December 30, 2009,

there is more than an insubstantial risk that:

- Series 1 would be subject to U.S. federal income tax relating to interest accrued or received on the Series 1 Debentures;
- interest payable to Series 1 on the Series 1 Debentures would not be deductible, in whole or in part, by Ally for U.S. federal income tax purposes; or
- Series 1 would be subject to more than a minimal amount of other taxes, duties or other governmental charges.

Investment Company Event means that the administrative trustees for Series 1 will have received an opinion of a nationally recognized independent counsel experienced in such matters to the effect that, as a result of the occurrence of a change in law or regulation or a written change in interpretation or application of law or regulation by any legislative body, court, governmental agency or regulatory authority, there is more than an insubstantial risk that the Trust or Series 1 is or will be considered an investment company that is required to be registered under the Investment Company Act of 1940 (the 1940 Act), which change becomes effective on or after December 30, 2009.

Regulatory Capital Event means that if Ally determines, based on an opinion of counsel experienced in such matters, who may be an employee of Ally or any of its affiliates, that, as a result of

- any amendment to, clarification of or change (including any announced prospective change) in applicable laws or regulations or official interpretations thereof or policies with respect thereto, announced or effective after December 30, 2009, or
- any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, announced or effective after December 30, 2009,

there is more than an insubstantial risk that the Series 1 Trust Preferred Securities will no longer constitute Tier 1 capital of Ally or any bank holding company of which Ally is a subsidiary for purposes of the capital adequacy

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guidelines or policies of the FRB; *provided*, *however*, that the distribution of the Series 1 Debentures in connection with the liquidation of the Trust or Series 1 shall not in and of itself constitute a Regulatory Capital Event unless such liquidation shall have occurred in connection with a Tax Event or an Investment Company Event.

This prospectus refers to a Tax Event, an Investment Company Event or a Regulatory Capital Event as a Special Event. Provided that Ally obtains any required regulatory approval, if a Special Event occurs and continues, Ally may, upon not less than 30 nor more than 60 days notice, redeem the Series 1 Debentures, in whole or in part, for cash within 90 days following the occurrence of such Special Event. Following such redemption, series 1 securities with an aggregate liquidation amount equal to the aggregate principal amount of the Series 1 Debentures so redeemed shall be redeemed by Series 1 at the redemption price on a ratable basis. If, however, at the time there is available to Ally or the Trust acting with respect to Series 1 the opportunity to eliminate, within such 90-day period, the Special Event by taking some ministerial action, such as filing a form or making an election or pursuing some other similar reasonable measure that will have no adverse effect on Series 1, Ally or the holders of the Series 1 Trust Preferred Securities or the Series 1 Debentures, then Ally or the Trust acting with respect to Series 1 will pursue such measure instead of redemption.

Distribution of the Series 1 Debentures

Ally will have the right to dissolve Series 1, subject to the receipt of any required regulatory approvals. Pursuant to the Amended and Restated Indenture, Ally has agreed not to do so other than in connection with a Special Event or in connection with certain mergers, consolidations or amalgamations permitted by the Amended and Restated Declaration. In the event of any dissolution of the Trust or Series 1 and after satisfaction of the claims and obligations of Series 1 as provided by applicable law, the Trust acting with respect to Series 1 may cause the Series 1 Debentures to be distributed to the holders of the Series 1 Trust Preferred Securities in an aggregate stated principal amount equal to the aggregate stated liquidation amount of such securities then outstanding. Prior to any such distribution, Ally must obtain any required regulatory approvals.

If the Series 1 Trust Preferred Securities are listed on the New York Stock Exchange (NYSE) or on any other national securities exchange and if the Series 1 Debentures are distributed to the holders of the Series 1 Trust Preferred Securities upon dissolution of Series 1, then Ally will use its best efforts to cause the Series 1 Debentures to be listed on the NYSE or on such other exchange as the Series 1 Trust Preferred Securities are then listed.

After the date for any distribution of Series 1 Debentures upon dissolution of Series 1:

- the Series 1 Trust Preferred Securities will no longer be deemed to be outstanding;
- if any global securities have been issued, the securities depositary or its nominee, as the record holder of the Series 1 Trust Preferred Securities, will receive a registered global certificate or certificates representing the Series 1 Debentures to be delivered upon such distribution; and
- any certificates representing Series 1 Trust Preferred Securities not held by the depositary or its nominee will be deemed to represent Debentures having an aggregate principal amount equal to the aggregate stated liquidation amount of, with an interest rate identical to the coupon rate of, and with accrued and unpaid interest equal to accrued and unpaid distributions on, such Series 1 Trust Preferred Securities until such certificates are presented to Ally or its agent for transfer or reissuance.

Redemption Procedures

Series 1 may not redeem fewer than all of the outstanding Series 1 Trust Preferred Securities unless all accrued and unpaid distributions have been paid on all Series 1 Trust Preferred Securities for all quarterly distribution periods terminating on or prior to the date of redemption.

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If (i) the Trust acting with respect to Series 1 gives an irrevocable notice of redemption of the Series 1 Trust Preferred Securities, and (ii) if Ally has paid to the institutional trustee for Series 1 a sufficient amount of cash in connection with the related redemption or maturity of the Series 1 Debentures, then (x) if the Series 1 Trust Preferred Securities are in book-entry form, by 12:00 noon, New York City time, on the redemption date, the institutional trustee for Series 1 will irrevocably deposit with the depositary or its nominee funds sufficient to pay the applicable redemption price and will also give the depositary irrevocable instructions and authority to pay the redemption price to the holders of the Series 1 Trust Preferred Securities or (y) if the Series 1 Trust Preferred Securities are in definitive form, the institutional trustee for Series 1 will pay the applicable redemption price to the applicable holder of Series 1 Trust Preferred Securities by check mailed to such holder.

Once notice of redemption is given and redemption funds are deposited, distributions will cease to accrue and all rights of holders of the Series 1 Trust Preferred Securities called for redemption will cease, except the right of the holders to receive the redemption price, but without interest on such redemption price. If any redemption date is not a business day, then payment of the redemption price payable on such date will be made on the next succeeding day that is a business day, without any interest or other payment in respect of any such delay, except that if such business day falls in the next calendar year, such payment will be made on the immediately preceding business day, in each case with the same force and effect as if made on such date.

If payment of the redemption price for any Series 1 Trust Preferred Securities is improperly withheld or refused and not paid either by Series 1 or by Ally pursuant to the Series 1 Guarantee, distributions on such Series 1 Trust Preferred Securities will continue to accrue from the original redemption date to the date of payment. In this case, the actual payment date will be the redemption date for purposes of calculating the redemption price. See Form of Certificates.

In the event that fewer than all of the outstanding Series 1 Trust Preferred Securities are to be redeemed, the Series 1 Trust Preferred Securities held by the depositary or its nominee will be redeemed in accordance with the depositary s or nominee s standard procedures. See Form of Certificates.

Ally or its affiliates may, at any time, and from time to time, purchase outstanding Series 1 Trust Preferred Securities by tender, in the open market or by private agreement.

Liquidation Distribution upon Dissolution

This prospectus refers to any voluntary or involuntary liquidation, dissolution, winding-up or termination of the Trust or any series of the Trust as a liquidation. If a liquidation occurs with respect to the Trust or Series 1, the holders of the Series 1 Trust Preferred Securities will be entitled to receive out of the assets of Series 1, after satisfaction of claims and obligations of Series 1, pursuant to applicable law, distributions in an amount equal to the aggregate of the stated liquidation amount of $1,000 per Series 1 Trust Preferred Security plus accumulated and unpaid distributions thereon to the date of payment. However, such holders will not receive such distribution if Ally instead distributes on a ratable basis to the holders of the Series 1 Trust Preferred Securities, the Series 1 Debentures in an aggregate stated principal amount equal to the aggregate stated liquidation amount of, with an interest rate identical to the distribution rate of, and with accrued and unpaid interest equal to accrued and unpaid distributions on, the Series 1 Trust Preferred Securities outstanding at such time. See Distribution of the Series 1 Debentures.

If this distribution can be paid only in part because Series 1 has insufficient assets available to pay in full the aggregate distribution, then the amounts directly payable with respect to Series 1 shall be paid on a ratable basis. The holders of the Series 1 Common Securities will be entitled to receive distributions upon any such liquidation on a ratable basis with the holders of the Series 1 Trust Preferred Securities. However, if a declaration default (as defined below) with respect to Series 1 has occurred and is continuing, the Series 1 Trust Preferred Securities will have a preference over the Series 1 Common Securities with regard to such distributions.

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Pursuant to the Amended and Restated Declaration, the Trust will dissolve and wind up its affairs on the date following the date upon which the last series of the Trust has terminated.

Pursuant to the Amended and Restated Declaration, Series 1 will terminate:

(i) on December 30, 2064, the expiration of the term of Series 1;

(ii) upon the bankruptcy of Ally or any holder of the Series 1 Common Securities;

(iii) upon the filing of a certificate of dissolution or its equivalent with respect to Ally or the revocation of Ally s charter and the expiration of 90 days after the date of revocation without a reinstatement thereof;

(iv) upon the entry of a decree of judicial dissolution of any holder of the Series 1 Common Securities, Ally, the Trust or Series 1;

(v) subject to obtaining any required regulatory approval, when all of the series 1 securities have been called for redemption;

(vi) subject to obtaining any required regulatory approval, upon the exchange of all of the then-outstanding Series 1 Trust Preferred Securities; or

(vii) subject to obtaining any required regulatory approval, when Series 1 shall have been dissolved in accordance with the terms of the Series 1 Trust Preferred Securities upon election by Ally of its right to terminate Series 1 and distribute all of the Series 1 Debentures to the holders of the Series 1 Trust Preferred Securities in exchange for all of the Series 1 Trust Preferred Securities.

Declaration Defaults

An indenture default with respect to Series 1 is a default under the Amended and Restated Indenture (as defined below in Description of the Series 1 Debentures) relating to the Series 1 Debentures and also constitutes a declaration default with respect to Series 1, which is a default under the Amended and Restated Declaration relating to Series 1. Pursuant to the Amended and Restated Declaration, the holder of the Series 1 Common Securities will be deemed to have waived all declaration defaults relating to the Series 1 Common Securities until all declaration defaults relating to the Series 1 Trust Preferred Securities have been cured, waived or otherwise eliminated. Until such declaration defaults relating to the Series 1 Trust Preferred Securities have been cured, waived or otherwise eliminated, the institutional trustee for Series 1 will be deemed to be acting solely on behalf of the holders of the Series 1 Trust Preferred Securities and only the holders of the Series 1 Trust Preferred Securities will have the right to direct the institutional trustee for Series 1 as to matters under the Amended and Restated Declaration, and therefore the Amended and Restated Indenture. In the event that any declaration default relating to the Series 1 Trust Preferred Securities is waived by the holders of the Series 1 Trust Preferred Securities as provided in the Amended and Restated Declaration, such waiver also constitutes a waiver of such declaration default relating to the Series 1 Common Securities for all purposes under the Amended and Restated Declaration without any further act, vote or consent of the holders of Series 1 Common Securities. See Voting Rights.

To the fullest extent permitted by law, if the institutional trustee for Series 1 fails to enforce its rights under the Series 1 Debentures, any holder of Series 1 Trust Preferred Securities may directly institute a legal proceeding against Ally to enforce these rights without first suing the institutional trustee for Series 1 or any other person or entity. If a declaration default has occurred and is continuing with respect Series 1 and such event is attributable to the failure of Ally to pay interest or principal (or premium, if any) on the Series 1 Debentures on the date such interest or principal (or premium, if any) is otherwise payable, or in the case of redemption, on the redemption date, then a holder of Series 1 Trust Preferred Securities may also bring a direct action. This means

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that a holder may directly sue for enforcement of payment to such holder of the principal of or interest (or premium, if any) on the Series 1 Debentures having a principal amount equal to the aggregate liquidation amount of the Series 1 Trust Preferred Securities of such holder on or after the respective due date specified in the Series 1 Debentures. Such holder need not first (i) direct the institutional trustee for Series 1 to enforce the terms of the Series 1 Debentures or (ii) sue Ally to enforce the institutional trustee s rights under the Series 1 Debentures. Notwithstanding anything to the contrary in the Amended and Restated Declaration, for so long as the U.S. government is a holder of 100% of the Series 1 Trust Preferred Securities, the U.S. government shall have (i) the right to exercise its rights under Section 5.06 of the Amended and Restated Indenture and Section 5.04 of the Amended and Restated Guarantee Agreements and, if the U.S. government shall exercise any such rights, the institutional trustee shall not take any contradictory action and (ii) the exclusive power, duty and authority (in lieu of the administrative trustees for Series 1) to exercise the rights set forth in Section 3.07(g) of the Amended and Restated Declaration. Except as described herein, the holders of Series 1 Trust Preferred Securities will not be able to exercise directly any other remedy available to the holders of the Series 1 Debentures.

In connection with such direct action, Ally will be subrogated to the rights of such holder of Series 1 Trust Preferred Securities under the Amended and Restated Declaration to the extent of any payment made by Ally to such holder of Series 1 Trust Preferred Securities in such direct action. This means that Ally will be entitled to payment of amounts that a holder of Series 1 Trust Preferred Securities receives in respect of an unpaid distribution that resulted in the bringing of a direct action to the extent that such holder receives or has already received full payment relating to such unpaid distribution from Series 1.

Upon the occurrence of an indenture event of default with respect to the Series 1 Debentures, the indenture trustee or the institutional trustee for Series 1, as the sole holder of the Series 1 Debentures, will have the right under the Amended and Restated Indenture to declare the principal of and interest on the Series 1 Debentures to be immediately due and payable, provided that if such a declaration is not made, the holders of at least 25% in aggregate liquidation amount of the Series 1 Trust Preferred Securities then outstanding will have the right to make such declaration. See Description of the Series 1 Debentures Indenture Events of Default and Acceleration.

Ally and Series 1 are each required to file annually with the institutional trustee for Series 1 an officers certificate as to its compliance with all conditions and covenants under the Amended and Restated Declaration.

Voting Rights

Except as described in the next succeeding paragraph, in Modification of the Amended and Restated Declaration, and in this prospectus under Description of the Guarantees Modification of the Guarantees; Assignment, and except as provided under the Statutory Trust Act, the Trust Indenture Act, the Amended and Restated Declaration and as otherwise required by law, the holders of the Series 1 Trust Preferred Securities have no voting rights.

So long as any Series 1 Trust Preferred Securities are outstanding, the vote or consent of the holders of a majority in aggregate liquidation amount of the Series 1 Trust Preferred Securities, voting separately as a class, shall be necessary for effecting or validating:

Any authorization or issuance of equity securities with respect to Series 1 ranking senior to the Series 1 Trust Preferred Securities with respect to either or both of the payment of distributions and/or the distribution of assets on any liquidation, dissolution or winding-up of Series 1;

Any amendment, alteration or repeal of any provision of the Amended and Restated Indenture or Amended and Restated Declaration (including, with certain exceptions, any amendment, alteration or repeal by means of a merger, consolidation or otherwise) so as to adversely affect the rights, preferences, privileges or voting powers of the Series 1 Trust Preferred Securities; or

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Any consummation of a binding exchange or reclassification involving the Series 1 Trust Preferred Securities, unless in each case (x) the Series 1 Trust Preferred Securities remain outstanding or, in the case of any such merger or consolidation with respect to which Ally is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent and (y) such units remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of Series 1 Trust Preferred Securities immediately prior to such consummation, taken as a whole.

The holders of a majority in aggregate liquidation amount of the Series 1 Trust Preferred Securities have the right to direct the exercise of any trust or power conferred upon the institutional trustee for Series 1 or to direct any proceeding for any remedy available to the institutional trustee for Series 1 so long as the institutional trustee for Series 1 receives the tax opinion discussed below, including the right to direct the institutional trustee for Series 1, as holder of the Series 1 Debentures, to:

(i) direct any proceeding for any remedy available to the indenture trustee, or exercise any trust or power conferred on the indenture trustee, with respect to the Series 1 Debentures;

(ii) waive any past indenture default with respect to the Series 1 Debentures that is waivable under Section 5.6 of the Amended and Restated Indenture;

(iii) exercise any right to rescind or annul an acceleration of the maturity of the Series 1 Debentures; or

(iv) consent to any amendment, modification or termination of the Amended and Restated Indenture or the Series 1 Debentures where such consent is required.

Where a consent or action under the Amended and Restated Indenture would require the consent or act of holders of more than a majority in principal amount of the Series 1 Debentures, or a super majority, then only holders of that super majority of Series 1 Trust Preferred Securities may direct the institutional trustee for Series 1 to give such consent or take such action. Further, the institutional trustee for Series 1 can refrain from following any directions of the holders that violate the Amended and Restated Declaration or conflict with any applicable rule of law or would involve the institutional trustee for Series 1 in personal liability against which indemnity would, in its opinion, not be adequate. If the institutional trustee for Series 1 fails to enforce its rights under the Series 1 Debentures, any record holder of Series 1 Trust Preferred Securities may directly sue Ally to enforce the institutional trustee s rights under the Series 1 Debentures. The record holder does not have to sue the institutional trustee for Series 1 or any other person or entity before bringing such a direct action.

The institutional trustee for Series 1 is required to notify all holders of the Series 1 Trust Preferred Securities of any default actually known to certain officers of the institutional trustee and of any notice of default with respect to the Series 1 Debentures received from the indenture trustee. The notice is required to state that the default with respect to the Series 1 Debentures also constitutes a declaration default with respect to the Series 1 Trust Preferred Securities. Except for directing the time, method and place of conducting a proceeding for a remedy available to the institutional trustee for Series 1, the institutional trustee for Series 1, as holder of the Series 1 Debentures, will not take any of the actions described in clauses (i), (ii), (iii) or (iv) above unless the institutional trustee for Series 1 receives an opinion of a nationally recognized independent tax counsel to the effect that, such action will not (x) cause the Trust or Series 1 (as applicable) to be classified (i) as other than either a grantor trust or a partnership or (ii) as an entity taxable as a corporation, in either case, for U.S. federal income tax purposes, or (y) materially reduce the likelihood of the Trust or Series 1 (as applicable) being classified as a grantor trust for U.S. federal income tax purposes.

If the consent of the institutional trustee for Series 1, as holder of the Series 1 Debentures, is required under the Amended and Restated Indenture for any amendment, modification or termination of the Amended and

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Restated Indenture or the Series 1 Debentures, the institutional trustee for Series 1 is required to request the written direction of the holders of the series 1 securities. The institutional trustee for Series 1 will vote as directed by a majority in liquidation amount of the series 1 securities voting together as a single class. Where any amendment, modification or termination under the Amended and Restated Indenture would require the consent of a super majority, however, the institutional trustee for Series 1 may only give such consent at the direction of the holders of the same super majority of the holders of the series 1 securities. The institutional trustee for Series 1 is not required to take any such action in accordance with the directions of the holders of the series 1 securities unless the institutional trustee for Series 1 has obtained a tax opinion to the effect described above.

A waiver of an indenture default with respect to the Series 1 Debentures (i) by the institutional trustee for Series 1 at the direction of the holders of the Series 1 Trust Preferred Securities or (ii) for so long as the U.S. government is a holder of 100% of the Series 1 Trust Preferred Securities, the U.S. government acting directly in accordance with the Amended and Restated Indenture, will constitute a waiver of the corresponding declaration default with respect to Series 1.

Any required approval or direction of holders of Series 1 Trust Preferred Securities may be given at a separate meeting of holders of Series 1 Trust Preferred Securities convened for such purpose, at a meeting of all of the holders of series 1 securities or by written consent. The administrative trustees for Series 1 will mail to each holder of record of Series 1 Trust Preferred Securities a notice of any meeting at which such holders are entitled to vote, or of any matter upon which action by written consent of such holders is to be taken. Each such notice will include a statement setting forth the following information:

- the date of such meeting or the date by which such action is to be taken;
- a description of any resolution proposed for adoption at such meeting on which such holders are entitled to vote or of such matter upon which written consent is sought; and
- instructions for the delivery of proxies or consents.

No vote or consent of the holders of Series 1 Trust Preferred Securities will be required for the Trust acting with respect to Series 1 to redeem and cancel Series 1 Trust Preferred Securities or distribute Series 1 Debentures in accordance with the Amended and Restated Declaration and the terms of the Series 1 Trust Preferred Securities.

Despite the fact that holders of Series 1 Trust Preferred Securities are entitled to vote or consent under the circumstances described above, any Series 1 Trust Preferred Securities that are owned at the time by Ally or any entity directly or indirectly controlling or controlled by, or under direct or indirect common control with, Ally, will not be entitled to vote or consent. Instead, these Series 1 Trust Preferred Securities will be treated as if they were not outstanding. These limitations will apply to the U.S. government only to the extent required by the Trust Indenture Act.

Voting and consensual rights available to or in favor of holders or beneficial owners of Series 1 Trust Preferred Securities may, to the extent permitted by applicable rule or law, be exercised only by a United States Person within the meaning of Section 7701(a)(30) of the U.S. Internal Revenue Code of 1986, as amended (the Code) that is a beneficial owner of a Series 1 Trust Preferred Security or by a United States Person acting as irrevocable agent with discretionary powers for the beneficial owner of a Series 1 Trust Preferred Security that is not a United States person. Beneficial owners of a Series 1 Trust Preferred Security that are not United States Persons must, to the extent permitted by applicable rule or law, irrevocably appoint a United States Person with discretionary powers to act as their agent with respect to such voting and consensual rights.

The procedures by which holders of Series 1 Trust Preferred Securities may exercise their voting rights are described below. See Form of Certificates.

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Holders of the Series 1 Trust Preferred Securities generally have no rights to appoint or remove the administrative trustees for Series 1. Instead, these trustees for Series 1 may be appointed, removed or replaced solely by Ally as the indirect or direct holder of all of the Series 1 Common Securities.

Modification of the Amended and Restated Declaration

The Amended and Restated Declaration may be modified and amended if approved by the administrative trustees for Series 1, and in certain circumstances, the institutional trustee for Series 1 and/or the Delaware trustee. If, however, any proposed amendment provides for, or the administrative trustees for Series 1 otherwise propose to effect:

(i) any action that would adversely affect the powers, preferences or rights of the series 1 securities, whether by way of amendment to the Amended and Restated Declaration or otherwise or

(ii) the dissolution, winding-up or termination of Series 1 other than pursuant to the terms of the Amended and Restated Declaration,

then the holders of the series 1 securities voting together as a single class will be entitled to vote on such amendment or proposal. Such amendment or proposal shall not be effective except with the approval of holders of at least a majority in liquidation amount of the series 1 securities affected thereby. If, however, any amendment or proposal referred to in clause (i) above would adversely affect only the Series 1 Trust Preferred Securities or only the Series 1 Common Securities, then only holders of the affected class will be entitled to vote on such amendment or proposal, and such amendment or proposal shall not be effective except with the approval of holders of a majority in liquidation amount of such class.

Despite the foregoing, no amendment or modification may be made to the Amended and Restated Declaration if such amendment or modification would:

(i)(x) cause the Trust or Series 1 (as applicable) to be classified (a) as other than either a grantor trust or a partnership or (b) as an entity taxable as a corporation, in either case, for U.S. federal income tax purposes, or (y) materially reduce the likelihood of the Trust or Series 1 (as applicable) being classified as a grantor trust for U.S. federal income tax purposes, *provided* that the foregoing shall not limit the amendments to all or a portion of Series 1 to designate one or more new series with such terms as specified with respect to such new series, to the extent 100% of the holders of the Series 1 Common Securities have consented to any such amendment, *provided further* that the consent of the holders of the Series 1 Common Securities shall not be required for the designation of a special new series with the same economic terms and otherwise substantially identical terms (except as provided in the Amended and Restated Declaration) to the Series 1 Trust Preferred Securities in connection with the sale of such securities in a transaction exempt from registration under the Securities Act;

(ii) reduce or otherwise adversely affect the powers of the institutional trustee for Series 1 in contravention of the Trust Indenture Act; or

(iii) cause the Trust or Series 1 to be deemed an investment company that is required to be registered under the 1940 Act.

Mergers, Consolidations or Amalgamations

The Trust may not consolidate, amalgamate, merge with or into, or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to, any corporation or other body except as described below. The Trust may, with the unanimous consent of the administrative trustees for each series of the Trust and without the consent of the holders of the trust securities of any series of the Trust, the Delaware trustee or the

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institutional trustee for any series, consolidate, amalgamate, merge with or into, or be replaced by a trust organized as such under the laws of any State, provided that:

(i) such successor entity either:

(a) expressly assumes all of the obligations of the Trust with respect to each series of trust securities or

(b) substitutes for the Trust Preferred Securities of each series other successor securities having substantially the same terms as that series of Trust Preferred Securities, so long as the successor securities rank the same as that series of Trust Preferred Securities rank regarding distributions and payments upon liquidation, redemption and otherwise;

(ii) Ally expressly acknowledges with respect to each series of the Trust a trustee for each such series of the successor entity that possesses the same powers and duties as the institutional trustee for such series;

(iii) the Trust Preferred Securities of each series or any successor securities of such series are listed, or any successor securities of such series will be listed upon notification of issuance, on any national securities exchange or with another organization on which the Trust Preferred Securities of such series are then listed or quoted;

(iv) such merger, consolidation, amalgamation or replacement does not cause the Trust Preferred Securities of any series, including any successor securities of such series, to be downgraded by any nationally recognized statistical rating organization;

(v) such merger, consolidation, amalgamation or replacement does not adversely affect the rights, preferences and privileges of the holders of the trust securities of any series, including any successor securities with respect to such series, in any material respect, other than in connection with any dilution of the holders interest in the new entity;

(vi) such successor entity has a purpose substantially identical to that of the Trust with respect to each series of the Trust;

(vii) prior to such merger, consolidation, amalgamation or replacement, each series of the Trust has received an opinion of a nationally recognized independent counsel to the Trust acting for each such series experienced in such matters, to the effect that:

(a) such merger, consolidation, amalgamation or replacement does not adversely affect the rights, preferences and privileges of the holders of the trust securities of any series, including any successor securities of such series, in any material respect, other than in connection with any dilution of the holders interest in the new entity;

(b) following such merger, consolidation, amalgamation or replacement, neither the Trust nor such successor entity nor any series of the Trust will be required to register as an investment company under the 1940 Act; and

(c) (x) following such merger, consolidation, amalgamation or replacement, the Trust or any series (or any successor thereto), as applicable, will be classified, for U.S. federal income tax purposes, as either a grantor trust or a partnership, and not as an entity taxable as a corporation, and (y) such merger, consolidation, amalgamation or replacement will not materially reduce the likelihood of the Trust or any series (or any successor thereto), as applicable, being classified as a grantor trust for U.S. federal income tax purposes; and

(viii) Ally guarantees the obligations of such successor entity with respect to each series of the Trust under the successor securities with respect to each such series at least to the extent provided by the relevant Amended and Restated Guarantee Agreement.

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Form of Certificates

The Series 1 Trust Preferred Securities, on original issuance, were issued, and pursuant to the Amended and Restated Declaration, will continue to be in the form of definitive, fully registered Trust Preferred Security Certificates (the Definitive Trust Preferred Security Certificates). The Series 1 Trust Preferred Securities may, upon the instruction of Ally, be issued in the form of one or more fully registered global Series 1 Trust Preferred Security Certificates, without distribution coupons (each, a Global Certificate). If so issued, each Global Certificate will be deposited with, or on behalf of, The Depository Trust Company (DTC), a securities depositary, and will be registered in the name of DTC or a nominee of DTC. DTC will thus be the only registered holder of these Series 1 Trust Preferred Securities and will be considered the sole owner of the Series 1 Trust Preferred Securities for purposes of the Amended and Restated Declaration. The Trust acting with respect to Series 1 and the trustees shall have no obligation to the beneficial owners of the Series 1 Trust Preferred Securities.

If the Series 1 Trust Preferred Securities are held as Global Certificates, purchasers of Series 1 Trust Preferred Securities may hold interests in the global Series 1 Trust Preferred Securities only through DTC, if they are a participant in the DTC system. Purchasers may also hold interests through a securities intermediary banks, brokerage houses and other institutions that maintain securities accounts for customers that has an account with DTC or its nominee (participants). DTC will maintain accounts showing the Series 1 Trust Preferred Securities holdings of its participants, and these participants will in turn maintain accounts showing the Series 1 Trust Preferred Securities holdings of their customers. Some of these customers may themselves be securities intermediaries holding Series 1 Trust Preferred Securities for their customers. Thus, each beneficial owner of a book-entry Series 1 Trust Preferred Security will hold such Series 1 Trust Preferred Security indirectly through a hierarchy of intermediaries, with DTC at the top and the beneficial owner s own securities intermediary at the bottom.

If the Series 1 Trust Preferred Securities are held as Global Certificates, the Series 1 Trust Preferred Securities of each beneficial owner will be evidenced solely by entries on the books of the beneficial owner s securities intermediary. The actual purchaser of the Series 1 Trust Preferred Securities will generally not be entitled to have the Series 1 Trust Preferred Securities represented by the Global Certificates registered in its name and will not be considered the owner under the Amended and Restated Declaration.

If Ally determines that the Series 1 Trust Preferred Securities no longer require the private placement legend, it will deliver to the institutional trustee for Series 1 an opinion of counsel to the effect that the Series 1 Trust Preferred Securities are eligible to be transferred without restriction, and certificates not bearing the private placement legend will be issued. While the Series 1 Trust Preferred Securities do bear the legend, they will be subject to certain restrictions on transfer.

Before registering for transfer or exchange of any Series 1 Trust Preferred Securities, the institutional trustee for Series 1, which has been appointed the securities registrar for purposes of registering or transferring such securities, may require an opinion of counsel or other satisfactory evidence that either (1) no portion of the purchase consideration constitutes assets of any employee benefit plan subject to Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended (ERISA), any plan, account or other arrangement subject to Section 4975 of the Code, or any similar provisions, or any entity whose underlying assets are considered to include plan assets of any such employee benefit plan or other plan, account or arrangement or (2) the purchase and holding of the Series 1 Trust Preferred Securities will not constitute a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable similar law.

In this prospectus, for book-entry Series 1 Trust Preferred Securities, references to actions taken by securityholders will mean actions taken by DTC upon instructions from its participants, and references to payments and notices of redemption to securityholders will mean payments and notices of redemption to DTC as the registered holder of the Series 1 Trust Preferred Securities for distribution to participants in accordance with DTC s procedures.

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If the Series 1 Trust Preferred Securities are held as Global Certificates, a beneficial owner of book-entry securities represented by a Global Certificate may exchange the Series 1 Trust Preferred Securities for Definitive Trust Preferred Security Certificates only if:

(1) DTC elects to discontinue its services as depositary with respect to the Series 1 Trust Preferred Securities and the administrative trustees for Series 1 do not appoint a replacement for DTC within 90 days; or

(2) the administrative trustees for Series 1 elect after consultation with Ally and subject to the procedures of DTC to terminate the book entry system through the DTC with respect to the Series 1 Trust Preferred Securities.

Upon surrender of Global Certificates for exchange, the administrative trustees for Series 1 and the securities registrar shall cause Definitive Trust Preferred Security Certificates to be delivered to the beneficial owners of Series 1 Trust Preferred Securities in accordance with the instructions of DTC.

DTC is a limited purpose trust company organized under the laws of the State of New York, a banking organization within the meaning of the New York banking law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered under Section 17A of the Exchange Act. The rules applicable to DTC and its participants are on file with the SEC.

Ally and the administrative trustees for Series 1 will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interest in the book-entry securities or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

If Global Certificates are issued in the future, DTC may discontinue providing its services as securities depositary with respect to the Series 1 Trust Preferred Securities. Under such circumstances, in the event that a successor securities depositary is not obtained, Definitive Trust Preferred Security Certificates are required to be printed and delivered. Additionally, the administrative trustees for Series 1, with the consent of Ally, may decide to discontinue use of the system of book-entry transfers through DTC or any successor depositary with respect to the Series 1 Trust Preferred Securities. In that event, certificates for the Series 1 Trust Preferred Securities will be printed and delivered.

The information in this section concerning DTC and DTC s book-entry system has been obtained from sources that Ally and the Trust acting with respect to Series 1 believe to be reliable, but neither Ally nor the Trust acting with respect to Series 1 takes responsibility for the accuracy thereof.

Information Concerning the Institutional Trustee

Prior to the occurrence of a default with respect to Series 1, the institutional trustee for Series 1 undertakes to perform only such duties with respect to Series 1 as are specifically set forth in the Amended and Restated Declaration. After a default with respect to Series 1, the institutional trustee for Series 1 will exercise the rights and powers vested in it by the Amended and Restated Declaration using the same degree of care and skill as a prudent individual would exercise in the conduct of his or her own affairs. The institutional trustee for Series 1 is under no obligation to exercise any of the rights or powers vested in it by the Amended and Restated Declaration at the request of any holder of Series 1 Trust Preferred Securities unless offered security and indemnity reasonably satisfactory to it by such holder against the costs, expenses and liabilities that might be incurred thereby. Despite the foregoing, the institutional trustee for Series 1, upon the occurrence of a declaration default with respect to Series 1, shall not be relieved of its obligation to exercise the rights and powers vested in it by the Amended and Restated Declaration. The institutional trustee for Series 1 will not be liable for any special, indirect or consequential loss or damage of any kind (including lost profits), nor will it be responsible or liable for any failure or delay in the performance of its obligations arising out of forces beyond its reasonable control.

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Paying Agent/Security Registrar

While the Series 1 Trust Preferred Securities are in definitive form, the following provisions apply:

- the institutional trustee for Series 1 may authorize one or more paying agents for Series 1 and designate or remove an additional or substitute paying agent at any time;

- the security registrar for Series 1 will affect the registration of transfers of Series 1 Trust Preferred Securities without charge but only upon payment, with the giving of such indemnity as the security registrar may require, in respect of any tax or other government charges that may be imposed in relation to the registration of transfers; and

- neither the administrative trustees for Series 1 nor the Trust acting with respect to Series 1 will be required to register or cause to be registered the transfer of Series 1 Trust Preferred Securities after such Series 1 Trust Preferred Securities have been called for redemption.

Governing Law

The Amended and Restated Declaration for all purposes will be governed by and construed in accordance with the laws of the State of Delaware.

Miscellaneous

The administrative trustees for Series 1 are authorized in carrying out the activities of the Trust provided for in the Amended and Restated Declaration to take any action, not inconsistent with the Amended and Restated Declaration or applicable law, that they determine to be necessary or desirable in carrying out such activities with respect to Series 1 including, but not limited to (i) causing the Trust and Series 1 not to be deemed to be an investment company required to be registered under the 1940 Act, (ii) taking any action to the extent necessary or prudent to (x) ensure that the Trust or Series 1 (as applicable) will be classified, for U.S. federal income tax purposes, as either a grantor trust or a partnership, and not as an entity taxable as a corporation, or (y) increase the likelihood of the Trust or Series 1 (as applicable) being classified as a grantor trust for U.S. federal income tax purposes, and (iii) cooperating with Ally to ensure that the Series 1 Debentures will be treated as indebtedness of Ally for U.S. federal income tax purposes. However, the administrative trustees for Series 1 may not take such action if doing so would adversely affect the interests of the holders of the Series 1 Trust Preferred Securities.

Holders of the Series 1 Trust Preferred Securities have no preemptive rights.

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DESCRIPTION OF THE SERIES 2 TRUST PREFERRED SECURITIES

The trust preferred securities and common securities of Series 2 will be designated the Fixed Rate/Floating Rate Trust Preferred Securities, Series 2 (the Series 2 Trust Preferred Securities) and the Fixed Rate/Floating Rate Common Securities, Series 2 (the Series 2 Common Securities), respectively, pursuant to the Amended and Restated Declaration. The institutional trustee for Series 2 under the Amended and Restated Declaration, The Bank of New York Mellon, will act as indenture trustee for Series 2 under the Amended and Restated Declaration, for purposes of compliance with the provisions of the Trust Indenture Act. The terms of the Series 2 Trust Preferred Securities include those stated in the Amended and Restated Declaration and those made part of the Amended and Restated Declaration by the Trust Indenture Act. The following summary of the material terms and provisions of the Series 2 Trust Preferred Securities is not intended to be complete and is qualified by the Amended and Restated Declaration, the Statutory Trust Act of the State of Delaware and the Trust Indenture Act. Certain provisions of the Amended and Restated Declaration applicable to all series 2 securities, are described in this prospectus only with respect to the Series 2 Trust Preferred Securities. The form of the Amended and Restated Declaration is filed as an exhibit to the registration statement of which this prospectus is a part.

General

The Amended and Restated Declaration authorizes the administrative trustees for Series 2 to act, on behalf of Series 2, with respect to the Series 2 Common Securities and the Series 2 Trust Preferred Securities (collectively, the series 2 securities, and together with the series 1 securities, the trust securities). The series 2 securities represent undivided beneficial interests in Ally s Fixed Rate/Floating Rate Junior Subordinated Deferrable Interest Debentures due 2040 (the Series 2 Debentures), which will be the only assets designated to Series 2. All of the Series 2 Common Securities are owned by Ally. The Series 2 Common Securities rank equally, and payments will be made on the Series 2 Common Securities on a ratable basis, with the Series 2 Trust Preferred Securities. If a default under the Amended and Restated Declaration applicable to Series 2 occurs and continues, however, the rights of the holders of the Series 2 Common Securities to receive payment of periodic distributions and payments upon liquidation, redemption and otherwise will be subordinated to the rights of the holders of the Series 2 Trust Preferred Securities.

Pursuant to the Amended and Restated Declaration, the institutional trustee for Series 2 holds title to the Series 2 Debentures for the benefit of the holders of the series 2 securities. The payment of distributions out of money held by Series 2 with respect to the Series 2 Trust Preferred Securities, and payments upon redemption of the Series 2 Trust Preferred Securities or liquidation of Series 2 out of money held by Series 2 with respect to the Series 2 Trust Preferred Securities, are guaranteed by Ally to the extent described under Description of the Guarantees. The Series 2 Guarantee is held by The Bank of New York Mellon, the guarantee trustee for the Series 2 Guarantee, for the benefit of the holders of the Series 2 Trust Preferred Securities. The Series 2 Guarantee does not cover payment of distributions when Series 2 does not have sufficient funds available to pay such distributions. In such event, the remedy of a holder of Series 2 Trust Preferred Securities is to:

- vote to direct the institutional trustee for Series 2 to exercise any trust or power under the Amended and Restated Declaration, including the enforcement of the institutional trustee s rights under the Series 2 Debentures; or

- if the failure of Series 2 to pay distributions is attributable to the failure of Ally to pay interest or principal on the Series 2 Debentures, sue Ally, on or after the respective due dates specified in the Series 2 Debentures, for enforcement of payment to such holder of the principal or interest on the Series 2 Debentures having a principal amount equal to the aggregate liquidation amount of the Series 2 Trust Preferred Securities of such holder.

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Distributions

Distributions on the Series 2 Trust Preferred Securities are payable on the stated liquidation amount of $25 per Series 2 Trust Preferred Security as follows:

from the date of Designation, to but excluding February 15, 2016, at a fixed rate to be agreed among Ally, Series 1 and Treasury at the time of Designation payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, beginning August 15, 2011; and

from and including February 15, 2016 to but excluding February 15, 2040, at an annual rate equal to three-month LIBOR plus a spread to be agreed among Ally, Series 1 and Treasury at the time of Designation payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, beginning May 15, 2016.

Distributions not paid when due, or when they would be due if not for any extension period or default by Ally on the Series 2 Debentures, will bear interest, compounded quarterly at the applicable coupon rate and without regard for any extension period. When this prospectus refers to any payment of distributions, distributions include any such interest payable unless otherwise stated. The amount of distributions accruing from the date of Designation to but excluding February 15, 2016 will be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of distributions accruing from and including February 15, 2016 to but excluding February 15, 2040 will be computed on the basis of a 360-day year and the actual number of days elapsed.

Distributions on the Series 2 Trust Preferred Securities are cumulative and will be made by the institutional trustee for Series 2, except as otherwise described below, when, as and if available for payment.

The distribution rate and the distribution payment dates and other payment dates for the Series 2 Trust Preferred Securities correspond to the interest rate and interest payment dates and other payment dates on the Series 2 Debentures.

***Deferral of Distributions*.** Ally has the right under the Amended and Restated Indenture to defer interest payments on the Series 2 Debentures for an extension period not exceeding 20 consecutive quarters, subject to certain conditions, during which no interest shall be due and payable. A deferral of interest payments cannot extend, however, beyond the maturity of the Series 2 Debentures. An extension period begins in the quarter in which notice of the extension period is given. As a consequence of Ally s extension of the interest payment period, distributions on the Series 2 Trust Preferred Securities would be deferred during any such extended interest payment period. During an extension period, the amount of distributions due to holders of Series 2 Trust Preferred Securities will continue to accumulate and such deferred distributions will themselves accrue interest to the extent and in the amount that interest accrues and compounds on the underlying Series 2 Debentures.

In the event that Ally exercises its right to extend an interest payment period, then:

(i) Ally and any of its subsidiaries (other than a subsidiary that is a depository institution or a subsidiary thereof) will not declare or pay any dividend on, make any distributions relating to, or redeem, purchase, acquire or make a liquidation payment relating to, any of Ally s capital stock or make any guarantee payment with respect thereto other than:

(a) redemptions, purchases or other acquisitions of shares of capital stock of Ally in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice;

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(b) the acquisition by Ally or any of its subsidiaries of record ownership in capital stock of Ally for the beneficial ownership of any other persons (other than Ally or any of its subsidiaries), including trustees or custodians;

(c) as a result of an exchange or conversion of any class or series of Ally s capital stock for any other class or series of Ally s capital stock, in each case, solely to the extent required pursuant to binding contractual agreements entered into prior to or on December 30, 2009 or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for capital stock of Ally;

(d) distributions by or among any wholly-owned subsidiary of Ally;

(e) redemptions of securities held by Ally or any wholly-owned subsidiary of Ally; and

(f) unpaid tax distributions to holders of membership interests of GMAC LLC pursuant to Section 4(b) of GMAC LLC s Plan of Conversion, dated June 30, 2009; and

(ii) Ally and any of its subsidiaries (other than a subsidiary that is a depository institution or a subsidiary thereof) will not make any payment of interest, principal or premium on, or repay, repurchase or redeem, any debt securities or guarantees issued by Ally that rank equally with or junior to the Series 2 Debentures (Series 2 Junior Subordinated Indebtedness, and together with Series 1 Junior Subordinated Indebtedness, the Junior Subordinated Indebtedness) other than:

(a) 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;

(b) the acquisition by Ally or any of its subsidiaries of record ownership in Junior Subordinated Indebtedness for the beneficial ownership of any other persons (other than Ally or any of its subsidiaries), including trustees or custodians;

(c) 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;

(d) redemptions of securities held by Ally or any wholly-owned subsidiary of Ally; and

(e) any payment of interest on Junior Subordinated Indebtedness paid pro rata with interest paid on the Series 2 Debentures 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 Series 2 Debentures and all Junior Subordinated Indebtedness bear to each other.

These restrictions, however, will not apply (1) to any stock dividends paid by Ally where the dividend stock is the same stock as that on which the dividend is being paid or (2) dividends or distributions by or other transactions solely among Ally and any wholly-owned subsidiary of Ally or solely among wholly-owned subsidiaries of Ally. Series 2 shall have the right to make partial distributions during an extension period if a corresponding payment of interest is made on the Series 2 Debentures. Prior to the termination of any extension period, Ally may further extend such extension period, so long as such extension period, together with all such other extension periods, does not exceed 20 consecutive quarters. An extension period cannot extend, however, beyond the maturity of the Series 2 Debentures.

Upon the termination of any extension period with respect to Series 2 and the payment of all amounts then due, Ally may commence a new extension period with respect to the Series 2 Debentures, which must comply with the above requirements. Consequently, there could be several extension periods of varying lengths throughout the term of the Series 2 Debentures. The administrative trustees for Series 2 shall give the holders of

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the Series 2 Trust Preferred Securities notice of any extension period upon their receipt of notice thereof from Ally. If distributions are deferred, the deferred distributions and accrued interest on such distributions will be paid to holders of record of the Series 2 Trust Preferred Securities as they appear on the securities register of Series 2 on the record date immediately preceding the termination of the related extension period. See Description of the Series 2 Debentures Interest and Option to Extend Interest Payment Period.

Payment of Distributions. Distributions on the Series 2 Trust Preferred Securities are payable to the extent that Series 2 has funds available for the payment of such distributions. The funds of Series 2 available for distribution to the holders of the Series 2 Trust Preferred Securities are limited to payments received from Ally on the Series 2 Debentures. The payment of distributions out of monies held by Series 2 with respect to the Series 2 Trust Preferred Securities is guaranteed by Ally only to the extent set forth under Description of the Guarantees. See also Description of the Series 2 Debentures.

Distributions on the Series 2 Trust Preferred Securities are payable to the holders named on the securities register of Series 2 at the close of business on the relevant record dates. While the Series 2 Trust Preferred Securities are in definitive, fully-registered form, subject to the rules of any securities exchange on which the Series 2 Trust Preferred Securities are listed, the relevant record dates shall be 15 days prior to the relevant distribution dates or such other record date fixed by the administrative trustee for Series 2 that is not more than 60 nor less than 10 days prior to such relevant distribution dates. If the Series 2 Trust Preferred Securities are in book-entry only form, the record date will be one business day before the relevant distribution dates. Distributions will be paid through the institutional trustee for Series 2 who will hold amounts received in respect of the Series 2 Debentures in the property account for the benefit of the holders of the series 2 securities. Unless any applicable laws and regulations and the provisions of the Amended and Restated Declaration state otherwise, each such payment will be made as described under Form of Certificates below.

In the event that any date on which distributions are to be made on the Series 2 Trust Preferred Securities on or prior to February 15, 2016 is not a business day, then payment of the distributions payable 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. If any date on which distributions are to be made on the Series 2 Trust Preferred Securities after February 15, 2016 is not a business day, then payment of the distribution payable on such date will be made on the next succeeding day that is a business day and interest will accrue to but excluding the date interest is paid. However, if such business day is in the next succeeding calendar month, such payment shall be made on, and interest will accrue to but excluding, the immediately preceding business day. A business day means any day other than a Saturday, Sunday or any other day on which banking institutions in the State of New York generally are authorized or required by law or other governmental action to close.

Exchanges

If at any time Ally or any of its affiliates is the holder or beneficial owner of any Series 2 Trust Preferred Securities, Ally or such affiliate, as applicable, has the right to deliver to the institutional trustee for Series 2 all or such portion of its Series 2 Trust Preferred Securities as it elects and, subject to the terms of the Amended and Restated Indenture, receive, in exchange therefor, Series 2 Debentures having an aggregate principal amount equal to the aggregate Liquidation Amount of the Series 2 Trust Preferred Securities exchanged therefor. After such exchange, such Series 2 Trust Preferred Securities shall be cancelled and shall no longer be deemed to be outstanding and all rights of Ally or such affiliate, as applicable, as holder with respect to such Series 2 Trust Preferred Securities shall cease. In the event of any such exchange, Ally shall also have a similar option with respect to a proportionate amount of the Series 2 Common Securities that it holds.

Redemption of Series 2 Trust Preferred Securities

The Series 2 Trust Preferred Securities have no stated maturity date but will be redeemed upon the maturity of the Series 2 Debentures. In addition, the Series 2 Trust Preferred Securities may be redeemed prior to maturity of the Series 2 Debentures on the dates and to the extent the Series 2 Debentures are redeemed. See Description

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of the Series 2 Debentures Optional Redemption. The Series 2 Debentures will mature on February 15, 2040 (see Description of the Series 2 Debentures General) and, subject to obtaining any required regulatory approval, may be redeemed, in whole or in part, at any time on or after February 15, 2016, or at any time, in whole or in part, in certain circumstances upon the occurrence of a Tax Event or an Investment Company Event with respect to Series 2. See Special Event Redemption below.

If then required, Ally will obtain the concurrence or approval of the FRB before exercising its redemption rights described in the preceding paragraph.

Upon the maturity of the Series 2 Debentures, the proceeds of their repayment will simultaneously be applied to redeem all outstanding Series 2 Trust Preferred Securities at the redemption price. Upon the redemption of the Series 2 Debentures, whether in whole or in part, either at the option of Ally or pursuant to a Special Event, Series 2 will use the cash it receives upon the redemption to redeem Series 2 Trust Preferred Securities and Series 2 Common Securities having an aggregate liquidation amount equal to the aggregate principal amount of the Series 2 Debentures so redeemed at the redemption price. Before such redemption, holders of Series 2 Trust Preferred Securities will be given not less than 30 nor more than 60 days notice. Prior to any redemption with respect to Series 2, Ally will obtain any required regulatory approval. In the event that fewer than all of the outstanding Series 2 Trust Preferred Securities are to be redeemed, the Series 2 Trust Preferred Securities will be redeemed on a ratable basis as described under Form of Certificates below. See Special Event Redemption and Description of the Series 2 Debentures Optional Redemption.

Special Event Redemption

Tax Event means that the administrative trustees for Series 2 will have received an opinion of a nationally recognized independent tax counsel experienced in such matters that states that, as a result of any:

- amendment to, or change (including any announced prospective change) in, the laws or associated regulations of the United States or any political subdivision or taxing authority of the United States on or after December 30, 2009; or
- amendment to, or change in, an interpretation or application of such laws or regulations by any legislative body, court, governmental agency or regulatory authority, including the enactment of any legislation and the publication of any judicial decision, regulatory determination, or administrative pronouncement on or after December 30, 2009,

there is more than an insubstantial risk that:

- Series 2 would be subject to U.S. federal income tax relating to interest accrued or received on the Series 2 Debentures;
- interest payable to Series 2 on the Series 2 Debentures would not be deductible, in whole or in part, by Ally for U.S. federal income tax purposes; or
- Series 2 would be subject to more than a minimal amount of other taxes, duties or other governmental charges.

Investment Company Event means that the administrative trustees for Series 2 will have received an opinion of a nationally recognized independent counsel experienced in such matters to the effect that, as a result of the occurrence of a change in law or regulation or a written change in interpretation or application of law or regulation by any legislative body, court, governmental agency or regulatory authority, there is more than an insubstantial risk that the Trust or Series 2 is or will be considered an investment company that is required to be registered under the Investment Company Act of 1940 (the 1940 Act), which change becomes effective on or after December 30, 2009.

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This prospectus refers to a Tax Event or an Investment Company Event as a Special Event. Provided that Ally obtains any required regulatory approval, if a Special Event occurs and continues, Ally may, upon not less than 30 nor more than 60 days notice, redeem the Series 2 Debentures, in whole or in part, for cash within 90 days following the occurrence of such Special Event. Following such redemption, series 2 securities with an aggregate liquidation amount equal to the aggregate principal amount of the Series 2 Debentures so redeemed shall be redeemed by Series 2 at the redemption price on a ratable basis. If, however, at the time there is available to Ally or the Trust acting with respect to Series 2 the opportunity to eliminate, within such 90-day period, the Special Event by taking some ministerial action, such as filing a form or making an election or pursuing some other similar reasonable measure that will have no adverse effect on Series 2, Ally or the holders of the Series 2 Trust Preferred Securities or the Series 2 Debentures, then Ally or the Trust acting with respect to Series 2 will pursue such measure instead of redemption.

Distribution of the Series 2 Debentures

Ally will have the right to dissolve Series 2, subject to the receipt of any required regulatory approvals. Pursuant to the Amended and Restated Indenture, Ally has agreed not to do so other than in connection with a Special Event or in connection with certain mergers, consolidations or amalgamations permitted by the Amended and Restated Declaration. In the event of any dissolution of the Trust or Series 2 and after satisfaction of the claims and obligations of Series 2 as provided by applicable law, the Trust acting with respect to Series 2 may cause the Series 2 Debentures to be distributed to the holders of the Series 2 Trust Preferred Securities in an aggregate stated principal amount equal to the aggregate stated liquidation amount of such securities then outstanding. Prior to any such distribution, Ally must obtain any required regulatory approvals.

If the Series 2 Trust Preferred Securities are listed on the New York Stock Exchange (NYSE) or on any other national securities exchange and if the Series 2 Debentures are distributed to the holders of the Series 2 Trust Preferred Securities upon dissolution of Series 2, then Ally will use its best efforts to cause the Series 2 Debentures to be listed on the NYSE or on such other exchange as the Series 2 Trust Preferred Securities are then listed.

After the date for any distribution of Series 2 Debentures upon dissolution of Series 2:

- the Series 2 Trust Preferred Securities will no longer be deemed to be outstanding;
- if any global securities have been issued, the securities depositary or its nominee, as the record holder of the Series 2 Trust Preferred Securities, will receive a registered global certificate or certificates representing the Series 2 Debentures to be delivered upon such distribution; and
- any certificates representing Series 2 Trust Preferred Securities not held by the depositary or its nominee will be deemed to represent Debentures having an aggregate principal amount equal to the aggregate stated liquidation amount of, with an interest rate identical to the coupon rate of, and with accrued and unpaid interest equal to accrued and unpaid distributions on, such Series 2 Trust Preferred Securities until such certificates are presented to Ally or its agent for transfer or reissuance.

Redemption Procedures

Series 2 may not redeem fewer than all of the outstanding Series 2 Trust Preferred Securities unless all accrued and unpaid distributions have been paid on all Series 2 Trust Preferred Securities for all distribution periods terminating on or prior to the date of redemption.

If (i) the Trust acting with respect to Series 2 gives an irrevocable notice of redemption of the Series 2 Trust Preferred Securities, and (ii) if Ally has paid to the institutional trustee for Series 2 a sufficient amount of cash in connection with the related redemption or maturity of the Series 2 Debentures, then (x) if the Series 2 Trust Preferred Securities are in book-entry form, by 12:00 noon, New York City time, on the redemption date, the

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institutional trustee for Series 2 will irrevocably deposit with the depositary or its nominee funds sufficient to pay the applicable redemption price and will also give the depositary irrevocable instructions and authority to pay the redemption price to the holders of the Series 2 Trust Preferred Securities or (y) if the Series 2 Trust Preferred Securities are in definitive form, the institutional trustee for Series 2 will pay the applicable redemption price to the applicable holder of Series 2 Trust Preferred Securities by check mailed to such holder.

Once notice of redemption is given and redemption funds are deposited, distributions will cease to accrue and all rights of holders of the Series 2 Trust Preferred Securities called for redemption will cease, except the right of the holders to receive the redemption price, but without interest on such redemption price. If any redemption date is not a business day, then payment of the redemption price payable on such date will be made on the next succeeding day that is a business day, without any interest or other payment in respect of any such delay, except that if such business day falls in the next calendar year, such payment will be made on the immediately preceding business day, in each case with the same force and effect as if made on such date.

If payment of the redemption price for any Series 2 Trust Preferred Securities is improperly withheld or refused and not paid either by Series 2 or by Ally pursuant to the Series 2 Guarantee, distributions on such Series 2 Trust Preferred Securities will continue to accrue at the then applicable rate from the original redemption date to the date of payment. In this case, the actual payment date will be the redemption date for purposes of calculating the redemption price. See Form of Certificates.

In the event that fewer than all of the outstanding Series 2 Trust Preferred Securities are to be redeemed, the Series 2 Trust Preferred Securities held by the depositary or its nominee will be redeemed in accordance with the depositary s or nominee s standard procedures. See Form of Certificates.

Ally or its affiliates may, at any time, and from time to time, purchase outstanding Series 2 Trust Preferred Securities by tender, in the open market or by private agreement.

Liquidation Distribution upon Dissolution

This prospectus refers to any voluntary or involuntary liquidation, dissolution, winding-up or termination of the Trust or any series of the Trust as a liquidation. If a liquidation occurs with respect to the Trust or Series 2, the holders of the Series 2 Trust Preferred Securities will be entitled to receive out of the assets of Series 2, after satisfaction of claims and obligations of Series 2, pursuant to applicable law, distributions in an amount equal to the aggregate of the stated liquidation amount of $25 per Series 2 Trust Preferred Security plus accumulated and unpaid distributions thereon to the date of payment. However, such holders will not receive such distribution if Ally instead distributes on a ratable basis to the holders of the Series 2 Trust Preferred Securities, the Series 2 Debentures in an aggregate stated principal amount equal to the aggregate stated liquidation amount of, with an interest rate identical to the distribution rate of, and with accrued and unpaid interest equal to accrued and unpaid distributions on, the Series 2 Trust Preferred Securities outstanding at such time. See Distribution of the Series 2 Debentures.

If this distribution can be paid only in part because Series 2 has insufficient assets available to pay in full the aggregate distribution, then the amounts directly payable with respect to Series 2 shall be paid on a ratable basis. The holders of the Series 2 Common Securities will be entitled to receive distributions upon any such liquidation on a ratable basis with the holders of the Series 2 Trust Preferred Securities. However, if a declaration default (as defined below) with respect to Series 2 has occurred and is continuing, the Series 2 Trust Preferred Securities will have a preference over the Series 2 Common Securities with regard to such distributions.

Pursuant to the Amended and Restated Declaration, the Trust will dissolve and wind up its affairs on the date following the date upon which the last series of the Trust has terminated.

Pursuant to the Amended and Restated Declaration, Series 2 will terminate:

(i) on December 30, 2064, the expiration of the term of Series 2;

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(ii) upon the bankruptcy of Ally or any holder of the Series 2 Common Securities;

(iii) upon the filing of a certificate of dissolution or its equivalent with respect to Ally or the revocation of Ally s charter and the expiration of 90 days after the date of revocation without a reinstatement thereof;

(iv) upon the entry of a decree of judicial dissolution of any holder of the Series 2 Common Securities, Ally, the Trust or Series 2;

(v) subject to obtaining any required regulatory approval, when all of the series 2 securities have been called for redemption;

(vi) subject to obtaining any required regulatory approval, upon the exchange of all of the then-outstanding Series 2 Trust Preferred Securities; or

(vii) subject to obtaining any required regulatory approval, when Series 2 shall have been dissolved in accordance with the terms of the Series 2 Trust Preferred Securities upon election by Ally of its right to terminate Series 2 and distribute all of the Series 2 Debentures to the holders of the Series 2 Trust Preferred Securities in exchange for all of the Series 2 Trust Preferred Securities.

Declaration Defaults

An indenture default with respect to Series 2 is a default under the Amended and Restated Indenture (as defined below in Description of the Series 2 Debentures) relating to the Series 2 Debentures and also constitutes a declaration default with respect to Series 2, which is a default under the Amended and Restated Declaration relating to Series 2. Pursuant to the Amended and Restated Declaration, the holder of the Series 2 Common Securities will be deemed to have waived all declaration defaults relating to the Series 2 Common Securities until all declaration defaults relating to the Series 2 Trust Preferred Securities have been cured, waived or otherwise eliminated. Until such declaration defaults relating to the Series 2 Trust Preferred Securities have been cured, waived or otherwise eliminated, the institutional trustee for Series 2 will be deemed to be acting solely on behalf of the holders of the Series 2 Trust Preferred Securities and only the holders of the Series 2 Trust Preferred Securities will have the right to direct the institutional trustee for Series 2 as to matters under the Amended and Restated Declaration, and therefore the Amended and Restated Indenture. In the event that any declaration default relating to the Series 2 Trust Preferred Securities is waived by the holders of the Series 2 Trust Preferred Securities as provided in the Amended and Restated Declaration, such waiver also constitutes a waiver of such declaration default relating to the Series 2 Common Securities for all purposes under the Amended and Restated Declaration without any further act, vote or consent of the holders of Series 2 Common Securities. See Voting Rights.

To the fullest extent permitted by law, if the institutional trustee for Series 2 fails to enforce its rights under the Series 2 Debentures, any holder of Series 2 Trust Preferred Securities may directly institute a legal proceeding against Ally to enforce these rights without first suing the institutional trustee for Series 2 or any other person or entity. If a declaration default has occurred and is continuing with respect to Series 2 and such event is attributable to the failure of Ally to pay interest or principal (or premium, if any) on the Series 2 Debentures on the date such interest or principal (or premium, if any) is otherwise payable, or in the case of redemption, on the redemption date, then a holder of Series 2 Trust Preferred Securities may also bring a direct action. This means that a holder may directly sue for enforcement of payment to such holder of the principal of or interest (or premium, if any) on the Series 2 Debentures having a principal amount equal to the aggregate liquidation amount of the Series 2 Trust Preferred Securities of such holder on or after the respective due date specified in the Series 2 Debentures. Such holder need not first (i) direct the institutional trustee for Series 2 to enforce the terms of the Series 2 Debentures or (ii) sue Ally to enforce the institutional trustee s rights under the Series 2 Debentures. The holders of Series 2 Trust Preferred Securities will not be able to exercise directly any other remedy available to the holders of the Series 2 Debentures.

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In connection with such direct action, Ally will be subrogated to the rights of such holder of Series 2 Trust Preferred Securities under the Amended and Restated Declaration to the extent of any payment made by Ally to such holder of Series 2 Trust Preferred Securities in such direct action. This means that Ally will be entitled to payment of amounts that a holder of Series 2 Trust Preferred Securities receives in respect of an unpaid distribution that resulted in the bringing of a direct action to the extent that such holder receives or has already received full payment relating to such unpaid distribution from Series 2.

Upon the occurrence of an indenture event of default with respect to the Series 2 Debentures, the indenture trustee or the institutional trustee for Series 2, as the sole holder of the Series 2 Debentures, will have the right under the Amended and Restated Indenture to declare the principal of and interest on the Series 2 Debentures to be immediately due and payable, provided that if such a declaration is not made, the holders of at least 25% in aggregate liquidation amount of the Series 2 Trust Preferred Securities then outstanding will have the right to make such declaration. See Description of the Series 2 Debentures Indenture Events of Default and Acceleration.

Ally and Series 2 are each required to file annually with the institutional trustee for Series 2 an officers certificate as to its compliance with all conditions and covenants under the Amended and Restated Declaration.

Voting Rights

Except as described in the next succeeding paragraph, in Modification of the Amended and Restated Declaration, and in this prospectus under Description of the Guarantees Modification of the Guarantees; Assignment, and except as provided under the Statutory Trust Act, the Trust Indenture Act, the Amended and Restated Declaration and as otherwise required by law, the holders of the Series 2 Trust Preferred Securities have no voting rights.

The holders of a majority in aggregate liquidation amount of the Series 2 Trust Preferred Securities, voting separately as a class, have the right to direct the exercise of any trust or power conferred upon the institutional trustee for Series 2 or to direct any proceeding for any remedy available to the institutional trustee for Series 2 so long as the institutional trustee for Series 2 receives the tax opinion discussed below, including the right to direct the institutional trustee for Series 2, as holder of the Series 2 Debentures, to:

(i) direct any proceeding for any remedy available to the indenture trustee, or exercise any trust or power conferred on the indenture trustee, with respect to the Series 2 Debentures;

(ii) waive any past indenture default with respect to the Series 2 Debentures that is waivable under Section 5.6 of the Amended and Restated Indenture;

(iii) exercise any right to rescind or annul an acceleration of the maturity of the Series 2 Debentures; or

(iv) consent to any amendment, modification or termination of the Amended and Restated Indenture or the Series 2 Debentures where such consent is required.

Where a consent or action under the Amended and Restated Indenture would require the consent or act of holders of more than a majority in principal amount of the Series 2 Debentures, or a super majority, then only holders of that super majority of Series 2 Trust Preferred Securities may direct the institutional trustee for Series 2 to give such consent or take such action. Further, the institutional trustee for Series 2 can refrain from following any directions of the holders that violate the Amended and Restated Declaration or conflict with any applicable rule of law or would involve the institutional trustee for Series 2 in personal liability against which indemnity would, in its opinion, not be adequate. If the institutional trustee for Series 2 fails to enforce its rights under the Series 2 Debentures, any record holder of Series 2 Trust Preferred Securities may directly sue Ally to enforce the institutional trustee s rights under the Series 2 Debentures. The record holder does not have to sue the institutional trustee for Series 2 or any other person or entity before bringing such a direct action.

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The institutional trustee for Series 2 is required to notify all holders of the Series 2 Trust Preferred Securities of any default actually known to certain officers of the institutional trustee and of any notice of default with respect to the Series 2 Debentures received from the indenture trustee. The notice is required to state that the default with respect to the Series 2 Debentures also constitutes a declaration default with respect to the Series 2 Trust Preferred Securities. Except for directing the time, method and place of conducting a proceeding for a remedy available to the institutional trustee for Series 2, the institutional trustee for Series 2, as holder of the Series 2 Debentures, will not take any of the actions described in clauses (i), (ii), (iii) or (iv) above unless the institutional trustee for Series 2 receives an opinion of a nationally recognized independent tax counsel to the effect that, such action will not (x) cause the Trust or Series 2 (as applicable) to be classified (i) as other than either a grantor trust or a partnership or (ii) as an entity taxable as a corporation, in either case, for U.S. federal income tax purposes, or (y) materially reduce the likelihood of the Trust or Series 2 (as applicable) being classified as a grantor trust for U.S. federal income tax purposes.

If the consent of the institutional trustee for Series 2, as holder of the Series 2 Debentures, is required under the Amended and Restated Indenture for any amendment, modification or termination of the Amended and Restated Indenture or the Series 2 Debentures, the institutional trustee for Series 2 is required to request the written direction of the holders of the series 2 securities. The institutional trustee for Series 2 will vote as directed by a majority in liquidation amount of the series 2 securities voting together as a single class. Where any amendment, modification or termination under the Amended and Restated Indenture would require the consent of a super majority, however, the institutional trustee for Series 2 may only give such consent at the direction of the holders of the same supermajority of the holders of the series 2 securities. The institutional trustee for Series 2 is not required to take any such action in accordance with the directions of the holders of the series 2 securities unless the institutional trustee for Series 2 has obtained a tax opinion to the effect described above.

A waiver of an indenture default with respect to the Series 2 Debentures by the institutional trustee for Series 2 at the direction of the holders of the Series 2 Trust Preferred Securities will constitute a waiver of the corresponding declaration default with respect to Series 2.

Any required approval or direction of holders of Series 2 Trust Preferred Securities may be given at a separate meeting of holders of Series 2 Trust Preferred Securities convened for such purpose, at a meeting of all of the holders of series 2 securities or by written consent. The administrative trustees for Series 2 will mail to each holder of record of Series 2 Trust Preferred Securities a notice of any meeting at which such holders are entitled to vote, or of any matter upon which action by written consent of such holders is to be taken. Each such notice will include a statement setting forth the following information:

- the date of such meeting or the date by which such action is to be taken;
- a description of any resolution proposed for adoption at such meeting on which such holders are entitled to vote or of such matter upon which written consent is sought; and
- instructions for the delivery of proxies or consents.

No vote or consent of the holders of Series 2 Trust Preferred Securities will be required for the Trust acting with respect to Series 2 to redeem and cancel Series 2 Trust Preferred Securities or distribute Series 2 Debentures in accordance with the Amended and Restated Declaration and the terms of the Series 2 Trust Preferred Securities.

Despite the fact that holders of Series 2 Trust Preferred Securities are entitled to vote or consent under the circumstances described above, any Series 2 Trust Preferred Securities that are owned at the time by Ally or any entity directly or indirectly controlling or controlled by, or under direct or indirect common control with, Ally, will not be entitled to vote or consent. Instead, these Series 2 Trust Preferred Securities will be treated as if they were not outstanding.

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Voting and consensual rights available to or in favor of holders or beneficial owners of Series 2 Trust Preferred Securities may, to the extent permitted by applicable rule or law, be exercised only by a United States Person that is a beneficial owner of a Series 2 Trust Preferred Security or by a United States Person acting as irrevocable agent with discretionary powers for the beneficial owner of a Series 2 Trust Preferred Security that is not a United States person. Beneficial owners of a Series 2 Trust Preferred Security that are not United States Persons must, to the extent permitted by applicable rule or law, irrevocably appoint a United States Person with discretionary powers to act as their agent with respect to such voting and consensual rights.

The procedures by which holders of Series 2 Trust Preferred Securities may exercise their voting rights are described below. See Form of Certificates.

Holders of the Series 2 Trust Preferred Securities generally have no rights to appoint or remove the administrative trustees for Series 2. Instead, these trustees for Series 2 may be appointed, removed or replaced solely by Ally as the indirect or direct holder of all of the Series 2 Common Securities.

Modification of the Amended and Restated Declaration

The Amended and Restated Declaration may be modified and amended if approved by the administrative trustees for Series 2, and in certain circumstances, the institutional trustee for Series 2 and/or the Delaware trustee. If, however, any proposed amendment provides for, or the administrative trustees for Series 2 otherwise propose to effect:

(i) any action that would adversely affect the powers, preferences or rights of the series 2 securities, whether by way of amendment to the Amended and Restated Declaration or otherwise or

(ii) the dissolution, winding-up or termination of Series 2 other than pursuant to the terms of the Amended and Restated Declaration,

then the holders of the series 2 securities voting together as a single class will be entitled to vote on such amendment or proposal. Such amendment or proposal shall not be effective except with the approval of holders of at least a majority in liquidation amount of the series 2 securities affected thereby. If, however, any amendment or proposal referred to in clause (i) above would adversely affect only the Series 2 Trust Preferred Securities or only the Series 2 Common Securities, then only holders of the affected class will be entitled to vote on such amendment or proposal, and such amendment or proposal shall not be effective except with the approval of holders of a majority in liquidation amount of such class.

Despite the foregoing, no amendment or modification may be made to the Amended and Restated Declaration if such amendment or modification would:

(i)(x) cause the Trust or Series 2 (as applicable) to be classified (a) as other than either a grantor trust or a partnership or (b) as an entity taxable as a corporation, in either case, for U.S. federal income tax purposes, or (y) materially reduce the likelihood of the Trust or Series 2 (as applicable) being classified as a grantor trust for U.S. federal income tax purposes;

(ii) reduce or otherwise adversely affect the powers of the institutional trustee for Series 2 in contravention of the Trust Indenture Act; or

(iii) cause the Trust or Series 2 to be deemed an investment company that is required to be registered under the 1940 Act.

Mergers, Consolidations or Amalgamations

The Trust may not consolidate, amalgamate, merge with or into, or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to, any corporation or other body except as described

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below. The Trust may, with the unanimous consent of the administrative trustees for each series of the Trust and without the consent of the holders of the trust securities of any series of the Trust, the Delaware trustee or the institutional trustee for any series, consolidate, amalgamate, merge with or into, or be replaced by a trust organized as such under the laws of any State, provided that:

(i) such successor entity either:

(a) expressly assumes all of the obligations of the Trust with respect to each series of trust securities or

(b) substitutes for the Trust Preferred Securities of each series other successor securities having substantially the same terms as that series of Trust Preferred Securities, so long as the successor securities rank the same as that series of Trust Preferred Securities rank regarding distributions and payments upon liquidation, redemption and otherwise;

(ii) Ally expressly acknowledges with respect to each series of the Trust a trustee for each such series of the successor entity that possesses the same powers and duties as the institutional trustee for such series;

(iii) the Trust Preferred Securities of each series or any successor securities of such series are listed, or any successor securities of such series will be listed upon notification of issuance, on any national securities exchange or with another organization on which the Trust Preferred Securities of such series are then listed or quoted;

(iv) such merger, consolidation, amalgamation or replacement does not cause the Trust Preferred Securities of any series, including any successor securities of such series, to be downgraded by any nationally recognized statistical rating organization;

(v) such merger, consolidation, amalgamation or replacement does not adversely affect the rights, preferences and privileges of the holders of the trust securities of any series, including any successor securities with respect to such series, in any material respect, other than in connection with any dilution of the holders interest in the new entity;

(vi) such successor entity has a purpose substantially identical to that of the Trust with respect to each series of the Trust;

(vii) prior to such merger, consolidation, amalgamation or replacement, each series of the Trust has received an opinion of a nationally recognized independent counsel to the Trust acting for each such series experienced in such matters, to the effect that:

(a) such merger, consolidation, amalgamation or replacement does not adversely affect the rights, preferences and privileges of the holders of the trust securities of any series, including any successor securities of such series, in any material respect, other than in connection with any dilution of the holders interest in the new entity;

(b) following such merger, consolidation, amalgamation or replacement, neither the Trust nor such successor entity nor any series of the Trust will be required to register as an investment company under the 1940 Act; and

(c) (x) following such merger, consolidation, amalgamation or replacement, the Trust or any series (or any successor thereto), as applicable, will be classified, for U.S. federal income tax purposes, as either a grantor trust or a partnership, and not as an entity taxable as a corporation, and (y) such merger, consolidation, amalgamation or replacement will not materially reduce the likelihood of the Trust or any series (or any successor thereto), as applicable, being classified as a grantor trust for U.S. federal income tax purposes; and

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(viii) Ally guarantees the obligations of such successor entity with respect to each series of the Trust under the successor securities with respect to each such series at least to the extent provided by the relevant Amended and Restated Guarantee Agreement.

Form of Certificates

The Series 2 Trust Preferred Securities will initially be in the form of definitive, fully registered Trust Preferred Security Certificates (the Definitive Trust Preferred Security Certificates). The Series 2 Trust Preferred Securities may, upon the instruction of Ally, be issued in the form of one or more fully registered global Series 2 Trust Preferred Security Certificates, without distribution coupons (each, a Global Certificate). If so issued, each Global Certificate will be deposited with, or on behalf of, The Depository Trust Company (DTC), a securities depositary, and will be registered in the name of DTC or a nominee of DTC. DTC will thus be the only registered holder of these Series 2 Trust Preferred Securities and will be considered the sole owner of the Series 2 Trust Preferred Securities for purposes of the Amended and Restated Declaration. The Trust acting with respect to Series 2 and the trustees shall have no obligation to the beneficial owners of the Series 2 Trust Preferred Securities.

If the Series 2 Trust Preferred Securities are held as Global Certificates, purchasers of Series 2 Trust Preferred Securities may hold interests in the global Series 2 Trust Preferred Securities only through DTC, if they are a participant in the DTC system. Purchasers may also hold interests through a securities intermediary banks, brokerage houses and other institutions that maintain securities accounts for customers that has an account with DTC or its nominee (participants). DTC will maintain accounts showing the Series 2 Trust Preferred Securities holdings of its participants, and these participants will in turn maintain accounts showing the Series 2 Trust Preferred Securities holdings of their customers. Some of these customers may themselves be securities intermediaries holding Series 2 Trust Preferred Securities for their customers. Thus, each beneficial owner of a book-entry Series 2 Trust Preferred Security will hold such Series 2 Trust Preferred Security indirectly through a hierarchy of intermediaries, with DTC at the top and the beneficial owner s own securities intermediary at the bottom.

If the Series 2 Trust Preferred Securities are held as Global Certificates, the Series 2 Trust Preferred Securities of each beneficial owner will be evidenced solely by entries on the books of the beneficial owner s securities intermediary. The actual purchaser of the Series 2 Trust Preferred Securities will generally not be entitled to have the Series 2 Trust Preferred Securities represented by the Global Certificates registered in its name and will not be considered the owner under the Amended and Restated Declaration.

In this prospectus, for book-entry Series 2 Trust Preferred Securities, references to actions taken by securityholders will mean actions taken by DTC upon instructions from its participants, and references to payments and notices of redemption to securityholders will mean payments and notices of redemption to DTC as the registered holder of the Series 2 Trust Preferred Securities for distribution to participants in accordance with DTC s procedures.

If the Series 2 Trust Preferred Securities are held as Global Certificates, a beneficial owner of book-entry securities represented by a Global Certificate may exchange the Series 2 Trust Preferred Securities for Definitive Trust Preferred Security Certificates only if:

(1) DTC elects to discontinue its services as depositary with respect to the Series 2 Trust Preferred Securities and the administrative trustees for Series 2 do not appoint replacement for DTC within 90 days; or

(2) the administrative trustees for Series 2 elect after consultation with Ally and subject to the procedures of DTC to terminate the book entry system through the DTC with respect to the Series 2 Trust Preferred Securities.

Upon surrender of Global Certificates for exchange, the administrative trustees for Series 2 and the securities registrar shall cause Definitive Trust Preferred Security Certificates to be delivered to the beneficial owners of Series 2 Trust Preferred Securities in accordance with the instructions of DTC.

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DTC is a limited purpose trust company organized under the laws of the State of New York, a banking organization within the meaning of the New York banking law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered under Section 17A of the Exchange Act. The rules applicable to DTC and its participants are on file with the SEC.

Ally and the administrative trustees for Series 2 will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interest in the book-entry securities or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

If Global Certificates are issued in the future, DTC may discontinue providing its services as securities depositary with respect to the Series 2 Trust Preferred Securities. Under such circumstances, in the event that a successor securities depositary is not obtained, Definitive Trust Preferred Security Certificates are required to be printed and delivered. Additionally, the administrative trustees for Series 2, with the consent of Ally, may decide to discontinue use of the system of book-entry transfers through DTC or any successor depositary with respect to the Series 2 Trust Preferred Securities. In that event, certificates for the Series 2 Trust Preferred Securities will be printed and delivered.

The information in this section concerning DTC and DTC s book-entry system has been obtained from sources that Ally and the Trust acting with respect to Series 2 believe to be reliable, but neither Ally nor the Trust acting with respect to Series 2 takes responsibility for the accuracy thereof.

Information Concerning the Institutional Trustee

Prior to the occurrence of a default with respect to Series 2, the institutional trustee for Series 2 undertakes to perform only such duties with respect to Series 2 as are specifically set forth in the Amended and Restated Declaration. After a default with respect to Series 2, the institutional trustee for Series 2 will exercise the rights and powers vested in it by the Amended and Restated Declaration using the same degree of care and skill as a prudent individual would exercise in the conduct of his or her own affairs. The institutional trustee for Series 2 is under no obligation to exercise any of the rights or powers vested in it by the Amended and Restated Declaration at the request of any holder of Series 2 Trust Preferred Securities unless offered security and indemnity reasonably satisfactory to it by such holder against the costs, expenses and liabilities that might be incurred thereby. Despite the foregoing, the institutional trustee for Series 2, upon the occurrence of a declaration default with respect to Series 2, shall not be relieved of its obligation to exercise the rights and powers vested in it by the Amended and Restated Declaration. The institutional trustee for Series 2 will not be liable for any special, indirect or consequential loss or damage of any kind (including lost profits), nor will it be responsible or liable for any failure or delay in the performance of its obligations arising out of forces beyond its reasonable control.

Paying Agent/Security Registrar

While the Series 2 Trust Preferred Securities are in definitive form, the following provisions apply:

- the institutional trustee for Series 2 may authorize one or more paying agents for Series 2 and designate or remove an additional or substitute paying agent at any time;

- the security registrar for Series 2 will affect the registration of transfers of Series 2 Trust Preferred Securities without charge, but only upon payment, with the giving of such indemnity as the security registrar may require, in respect of any tax or other government charges that may be imposed in relation to the registration of transfers; and

- neither the administrative trustees for Series 2 nor the Trust acting with respect to Series 2 will be required to register or cause to be registered the transfer of Series 2 Trust Preferred Securities after such Series 2 Trust Preferred Securities have been called for redemption.

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Governing Law

The Amended and Restated Declaration for all purposes will be governed by and construed in accordance with the laws of the State of Delaware.

Miscellaneous

The administrative trustees for Series 2 are authorized in carrying out the activities of the Trust provided for in the Amended and Restated Declaration to take any action, not inconsistent with the Amended and Restated Declaration or applicable law, that they determine to be necessary or desirable in carrying out such activities with respect to Series 2 including, but not limited to (i) causing the Trust and Series 2 not to be deemed to be an investment company required to be registered under the 1940 Act, (ii) taking any action to the extent necessary or prudent to (x) ensure that the Trust or Series 2 (as applicable) will be classified, for U.S. federal income tax purposes, as either a grantor trust or a partnership, and not as an entity taxable as a corporation, or (y) increase the likelihood of the Trust or Series 2 (as applicable) being classified as a grantor trust for U.S. federal income tax purposes, and (iii) cooperating with Ally to ensure that the Series 2 Debentures will be treated as indebtedness of Ally for U.S. federal income tax purposes. However, the administrative trustees for Series 2 may not take such action if doing so would adversely affect the interests of the holders of the Series 2 Trust Preferred Securities.

Holders of the Series 2 Trust Preferred Securities have no preemptive rights.

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DESCRIPTION OF THE SERIES 1 DEBENTURES

Set forth below is a description of the specific terms of the Series 1 Debentures in which Series 1 of the Trust has invested the proceeds from the issuance and sale of the series 1 securities. The terms of the Series 1 Debentures include those stated in the Amended and Restated Indenture and by the Trust Indenture Act. The following description is not intended to be complete and is qualified by the Amended and Restated Indenture and by the Trust Indenture Act. The form of the Amended and Restated Indenture is filed as an exhibit to the registration statement of which this prospectus is a part. Several capitalized terms used herein are defined in the Amended and Restated Indenture. Wherever particular sections or defined terms of the Amended and Restated Indenture are referred to, such sections or defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference.

Under circumstances discussed more fully below involving the dissolution of the Trust or Series 1, provided that any required regulatory approval is obtained, the Series 1 Debentures will be distributed to the holders of the series 1 securities in liquidation of the Trust or Series 1. See Description of the Series 1 Trust Preferred Securities Distribution of the Series 1 Debentures.

General

The Series 1 Debentures were originally issued pursuant to the terms of the Indenture as 8.00% junior subordinated deferrable interest debentures due 2040 and will be designated as 8.0% Junior Subordinated Deferrable Interest Debentures due 2040 (the Series 1 Debentures) pursuant to the Amended and Restated Indenture. The Series 1 Debentures are unsecured debt under the Amended and Restated Indenture and represent an aggregate principal amount equal to the sum of the aggregate stated liquidation amount of the Series 1 Trust Preferred Securities and Series 1 Common Securities.

The entire principal amount of the Series 1 Debentures will mature and become due and payable, together with any accrued and unpaid interest thereon including compound interest, on February 15, 2040.

If the Series 1 Debentures are distributed to holders of the Series 1 Trust Preferred Securities in liquidation of such holders interests in Series 1, such Series 1 Debentures may be issued in the form of one or more global securities (as described below) or in certificated form. If the Series 1 Debentures are issued in the form of global securities, the Series 1 Debentures may be issued in certificated form in exchange for a global security as described below under Discontinuance of the Depositary s Services. In the event that the Series 1 Debentures are issued in certificated form, such Series 1 Debentures will be in denominations of $1,000 and integral multiples thereof and may be transferred or exchanged at the offices described below. Payments on Series 1 Debentures 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 Series 1 Debentures. In the event the Series 1 Debentures are issued in certificated form, principal and interest will be payable, the transfer of the Series 1 Debentures will be registrable and the Series 1 Debentures will be exchangeable for Series 1 Debentures of other denominations of a like aggregate principal amount at the corporate trust office of the indenture trustee in New York, New York. Payment of interest may be made at the option of Ally by check mailed to the address of the persons entitled thereto. See Book-Entry and Settlement.

Ally has not issued, and does not intend to issue, the Series 1 Debentures to anyone other than the Trust.

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Subordination

The Amended and Restated Indenture provides that the Series 1 Debentures are subordinated and junior, both in liquidation and in priority of payment, to the extent specified in the Amended and Restated Indenture, to all Senior Indebtedness (as defined below) of Ally. This means that no payment of principal, including redemption payments, premium, if any, or interest on the Series 1 Debentures may be made if:

- any Senior Indebtedness of Ally has not been paid when due and any applicable grace period relating to such default has ended and such default has not been cured or been waived or ceased to exist; or

- 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 Ally must be paid in full before the holders of Series 1 Debentures are entitled to receive or retain any payment. Subject to satisfaction of all claims related to all Senior Indebtedness of Ally, the rights of the holders of the Series 1 Debentures 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 Series 1 Debentures 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 obligations in respect of:

(i) any indebtedness issued under the Amended and Restated Indenture;

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(ii) any guarantee entered into by Ally in respect of any series of preferred securities, capital securities or preference stock of the Trust (or any similar trust established for the purpose of issuing trust preferred securities in connection with the issuance of securities under the Amended and Restated 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 Series 1 Debentures and the issuance of which (x) has received the concurrence or approval of the FRB or its staff or (y) does not at the time of issuance prevent the Series 1 Debentures 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 has received the concurrence or approval of the FRB or its staff.

The Series 1 Debentures rank senior to all of Ally s equity securities, including preferred stock.

The Amended and Restated 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 Amended and Restated Indenture to enforce any of the covenants in the Amended and Restated Indenture.

Optional Redemption

Ally will have the right to redeem the Series 1 Debentures, in whole or in part at any time, (i) on or after December 30, 2014, (ii) while the Series 1 Trust Preferred Securities or the Series 1 Debentures are held by the U.S. government as part of assistance provided to Ally under TARP or a similar or related U.S. government program or (iii) in certain circumstances upon the occurrence of a Special Event with respect to Series 1, as described in Description of the Series 1 Trust Preferred Securities Special Event Redemption. Any optional redemption must be made upon not less than 30 nor more than 60 days notice and, with respect to a redemption upon a Special Event, within 90 days following the occurrence of such Special Event.

Ally may not redeem the Series 1 Debentures unless it receives the prior approval of the FRB to do so, if such approval is then required by the FRB.

The redemption price will be equal to 100% of the principal amount to be redeemed plus any accrued and unpaid interest to the redemption date. If the Series 1 Trust Preferred Securities are listed on a national securities exchange and a partial redemption of the Series 1 Trust Preferred Securities resulting from a partial redemption of the Series 1 Debentures would result in the delisting of the Series 1 Trust Preferred Securities, Ally may only redeem the Series 1 Debentures in whole.

Interest

The Series 1 Debentures bear interest at the annual rate of 8.0%, from and including December 30, 2009, or from the most recent interest payment date to which interest has been paid or provided for, payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, beginning February 15, 2010. Each date on which interest is payable is called an interest payment date. Interest will be paid to the person in whose name such Series 1 Debentures are registered, with limited exceptions, at the close of business on the business day preceding such interest payment date. In the event the Series 1 Debentures shall be held in book-entry form by a party other than the institutional trustee for Series 1, the record date shall be the date 15 days prior to the interest payment date, or such other record date fixed by the administrative trustees for Series 1 of the Trust that is not more than 60 nor less than 10 days prior to such interest payment date.

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The amount of interest payable for any period will be computed on the basis of a 360-day year of twelve 30-day months. The amount of interest payable for any period shorter than a full quarterly period will be computed on the basis of the actual number of days elapsed in a partial month in such period. In the event that any date on which interest is payable on the Series 1 Debentures is not a business day, then payment of the interest payable 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, except that if such business day is in the next succeeding calendar year, then such payment shall be made on the immediately preceding business day, in each case with the same force and effect as if made on such date.

Option to Extend Interest Payment Period

Ally has the right to defer interest payments by extending the interest payment period of the Series 1 Debentures for an extension period not exceeding 20 consecutive quarters, so long as no event of default with respect to the Series 1 Debentures has occurred and is continuing. However, no extension period may extend beyond the maturity of the Series 1 Debentures. At the end of any extension period, Ally will pay all interest then accrued and unpaid, together with interest thereon at the rate specified for the Series 1 Debentures to the extent permitted by applicable law. An extension period begins in the quarter in which notice of the extension period is given.

During any such extension period:

(i) Ally and any of its subsidiaries (other than a subsidiary that is a depository institution or a subsidiary thereof) will not declare or pay any dividend on, make any distributions relating to, or redeem, purchase, acquire or make a liquidation payment relating to, any of Ally s capital stock or make any guarantee payment with respect thereto other than:

(a) redemptions, purchases, or other acquisitions of shares of capital stock of Ally in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice;

(b) the acquisition by Ally or any of its subsidiaries of record ownership in capital stock of Ally for the beneficial ownership of any other persons (other than Ally or any of its subsidiaries), including trustees or custodians;

(c) as a result of an exchange or conversion of any class or series of Ally s capital stock for any other class or series of Ally s capital stock, in each case, solely to the extent required pursuant to binding contractual agreements entered into prior to or on December 30, 2009 or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for capital stock of Ally;

(d) distributions by or among any wholly-owned subsidiary of Ally;

(e) redemptions of securities held by Ally or any wholly-owned subsidiary of Ally; and

(f) unpaid tax distributions to holders of membership interests of GMAC LLC pursuant to Section 4(b) of GMAC LLC s Plan of Conversion, dated June 30, 2009; and

(ii) Ally and any of its subsidiaries (other than a subsidiary that is a depository institution or a subsidiary thereof) will not make any payment of interest, principal or premium, if any, on, or repay, repurchase or redeem, any Series 1 Junior Subordinated Indebtedness (as defined in the Description of the Series 1 Trust Preferred Securities) other than:

(a) redemptions, purchases or other acquisitions of Series 1 Junior Subordinated Indebtedness in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice;

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(b) the acquisition by Ally or any of its subsidiaries of record ownership in Series 1 Junior Subordinated Indebtedness for the beneficial ownership of any other persons (other than Ally or any of its subsidiaries), including trustees or custodians;

(c) as a result of an exchange or conversion of any class or series of Series 1 Junior Subordinated Indebtedness for any other class or series of Series 1 Junior Subordinated Indebtedness;

(d) redemptions of securities held by Ally or any wholly-owned subsidiary of Ally; and

(e) any payment of interest on Series 1 Junior Subordinated Indebtedness paid pro rata with interest paid on the Series 1 Debentures 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 the Series 1 Debentures and all Series 1 Junior Subordinated Indebtedness bear to each other.

The foregoing, however, will not apply to any stock dividends paid by Ally where the dividend stock is the same stock as that on which the dividend is being paid, or dividends or distributions by or other transactions solely among Ally and any wholly-owned subsidiary of Ally or solely among wholly-owned subsidiaries of Ally. Prior to the termination of any extension period, Ally may further defer payments of interest by extending such extension period. Such extension period, including all such other extensions, however, may not exceed 20 consecutive quarters, including the quarterly interest period in which notice of such extension period is given. No extension period may extend beyond the maturity of the Series 1 Debentures. At the termination of any extension period and upon the payment of all amounts then due, Ally may commence a new extension period, if consistent with the terms set forth in this section. No interest during an extension period, except at the end of such period, shall be due and payable. However, Ally has the right to prepay all or any portion of accrued interest during an extension period.

Ally has no present intention of exercising its right to defer payments of interest by extending the interest payment period on the Series 1 Debentures.

If the institutional trustee for Series 1 of the Trust is the sole holder of the Series 1 Debentures at the time Ally selects an extended interest payment period, Ally will give the administrative trustees and institutional trustee for Series 1 notice of its selection of such extension period at least one business day prior to the earlier of:

(i) the next date on which distributions on the Series 1 Trust Preferred Securities would be payable, if not for such extension period, or

(ii) the date the administrative trustees for Series 1 are required to give notice to the NYSE or other applicable self-regulatory organization or to holders of the Series 1 Trust Preferred Securities of the record date or the date such distributions are payable;

provided, that, in any event, Ally is not required to give the administrative trustees for Series 1 or the institutional trustee for Series 1 notice of its selection of such extension period more than 15 business days, and must give such notice no less than 5 business days, before the next succeeding interest payment date on the Series 1 Debentures. The administrative trustees for Series 1 Trust Preferred Securities will give notice of Ally s selection of such extension period to the holders of the Series 1 Trust Preferred Securities.

If the institutional trustee for Series 1 is not the sole holder of the Series 1 Debentures at the time Ally selects an extended interest payment period, Ally will give the holders of the Series 1 Debentures, the administrative trustees for Series 1 and the indenture trustee for Series 1 notice of its selection of such extension period at least ten business days before the earlier of:

(i) the next succeeding interest payment date; or

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(ii) the date upon which Ally is required to give notice to the NYSE or other applicable self-regulatory organization or to holders of the Series 1 Debentures of the record or payment date of such interest payment.

provided, that, in any event, Ally is not required to give the holders of the Series 1 Debentures, the administrative trustees for Series 1 or the indenture trustees for Series 1 notice of its selection of such extension period more than 15 business days, and must give such notice no less than 5 business days, before the next succeeding interest payment date.

Indenture Events of Default and Acceleration

The Amended and Restated Indenture provides that the following are indenture events of default with respect to the Series 1 Debentures:

(i) failure to pay in full interest accrued on any Series 1 Debenture upon the conclusion of a period consisting of 20 consecutive quarters commencing with the earliest quarter for which interest (including interest accrued on deferred payments) has not been paid in full and continuance of such failure to pay for a period of 30 days; or

(ii) specified events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee of Ally.

If any indenture event of default with respect to the Series 1 Debentures shall occur and be continuing, the indenture trustee or the institutional trustee for Series 1, as the sole holder of the Series 1 Debentures, will have the right to declare the principal of all the Series 1 Debentures then outstanding to be immediately due and payable, upon which the principal and the accrued interest on the Series 1 Debentures shall be immediately due and payable. The institutional trustee for Series 1 may also enforce its other rights as a creditor relating to the Series 1 Debentures.

If, upon an indenture event of default with respect to the Series 1 Debentures, the indenture trustee or the institutional trustee for Series 1, as the sole holder of the Series 1 Debentures, fails to declare the principal of all the Series 1 Debentures then outstanding to be immediately due and payable, the holders of at least 25% in aggregate liquidation amount of the Series 1 Trust Preferred Securities then outstanding will have the right to do so.

Indenture Defaults

The Amended and Restated Indenture provides that the following are indenture defaults with respect to the Series 1 Debentures:

(i) an indenture event of default with respect to the Series 1 Debentures;

(ii) a failure of Ally to pay the principal of, or premium, if any, on, any Series 1 Debenture when and as the same shall become payable;

(iii) a failure of Ally to pay any installment of interest on any Series 1 Debenture when and as the same shall become payable, which failure shall have (taking into account any extension period) continued unremedied for 30 days;

(iv) the failure of Ally for 90 days following written notice of such failure to observe and perform any other covenant or Agreement in respect of the Series 1 Debentures; and

(v) the Trust or Series 1 shall have voluntarily or involuntarily dissolved, wound up its business or otherwise terminated its existence, except in connection with (a) the distribution of the Series 1 Debentures to holders of

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the series 1 securities in liquidation of their interests in Series 1, (b) the redemption of all of the outstanding series 1 securities or (c) certain mergers, consolidations or amalgamations permitted by the Amended and Restated Declaration of Series 1.

There is no right of acceleration with respect to indenture defaults with respect to the Series 1 Debentures, except for those that are indenture events of default with respect to the Series 1 Debentures. An indenture default with respect to the Series 1 Debentures also constitutes a declaration default with respect to the series 1 securities. The holders of Series 1 Trust Preferred Securities in limited circumstances have the right to direct the institutional trustee for Series 1 to exercise its rights as the holder of the Series 1 Debentures. See Description of the Series 1 Trust Preferred Securities Declaration Defaults and Voting Rights.

Any deferral of interest on the Series 1 Debentures made in accordance with the provisions described above in Option to Extend Interest Payment Period will not constitute a default under the Amended and Restated Indenture for the Series 1 Debentures.

The indenture trustee may withhold notice to the holders of the Series 1 Debentures of any default with respect thereto, except a default in the payment of principal, premium or interest, if it considers such withholding to be in the interest of such holders. The indenture trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Amended and Restated Indenture at the request or direction of any of the holders pursuant to the Amended and Restated Indenture, unless such holders shall have offered to the indenture trustee security or indemnity satisfactory to the indenture trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

The holders of a majority in aggregate principal amount of the Series 1 Debentures may direct the proceeding for any remedy available to the indenture trustee for Series 1 and the exercise of any trust or power conferred on the indenture trustee for Series 1 with respect to the Series 1 Debentures. Notwithstanding anything to the contrary in the Amended and Restated Indenture, for so long as the U.S. government is a holder of 100% of the Series 1 Trust Preferred Securities, the U.S. government shall have the right to institute and conduct any proceeding for any remedy, or to exercise any trust or power, conferred upon the indenture trustee with respect to the Series 1 Debentures.

Despite the foregoing, if an indenture default has occurred and is continuing with respect to Series 1 and such event is attributable to the failure of Ally to pay interest or principal (or premium, if any) on the Series 1 Debentures when such interest or principal (or premium, if any) otherwise payable, or in the case of redemption, the redemption date, Ally acknowledges that, in such event, a holder of Series 1 Trust Preferred Securities may sue for payment on or after the respective due date specified in the Series 1 Debentures. Despite any payment made to such holder of Series 1 Trust Preferred Securities by Ally in connection with a direct action, Ally shall remain obligated to pay the principal of or interest on the Series 1 Debentures held by Series 1 or the institutional trustee for Series 1. Ally shall be subrogated to the rights of the holder of such Series 1 Trust Preferred Securities relating to payments on the Series 1 Trust Preferred Securities to the extent of any payments made by Ally to such holder in any direct action. The holders of the Series 1 Trust Preferred Securities will not be able to exercise directly any other remedy available to the holders of the Series 1 Debentures.

Modifications and Amendments

Modifications and amendments to the Amended and Restated Indenture with respect to Series 1 through a supplemental indenture may be made by Ally and the indenture trustee with the consent of the holders of a majority in principal amount of the Series 1 Debentures 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 Series 1 Debenture affected thereby:

(i) modify certain terms of payment of principal, premium, or interest on such Series 1 Debentures;

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(ii) reduce the percentage of principal amount of Series 1 Debentures the consent of whose holders is necessary to modify or amend the Amended and Restated Indenture or waive compliance by Ally with any covenant or past default on the Series 1 Debentures;

(iii) subject to certain exceptions, modify provisions of the Amended and Restated Indenture relating to (a) the ability to enter into certain supplemental indentures, (b) the rights of holders of Series 1 Debentures to direct the proceeding for any remedy available to the indenture trustee or the exercise of any trust or power conferred upon the indenture trustee with respect to the Series 1 Debentures or (c) the ability of holders of Series 1 Debentures to waive certain past defaults; or

(iv) remove or impair the rights of any holder of a Series 1 Debenture to bring a direct action against Ally upon the occurrence of certain indenture defaults. (See Indenture Defaults above.)

If the Series 1 Debentures are held by Series 1 or a trustee of Series 1, such supplemental indenture shall not be effective until the holders of a majority in liquidation preference of the series 1 securities shall have consented to such supplemental indenture. If the consent of the holder of each outstanding Series 1 Debenture is required, such supplemental indenture shall not be effective until each holder of the series 1 securities shall have consented to such supplemental indenture.

Discharge and Defeasance

Ally may discharge most of its obligations to holders of the Series 1 Debentures under the Amended and Restated Indenture if all such Series 1 Debentures that have not already been delivered to the indenture trustee for cancellation have become due and payable or are by their terms due and payable within one year, or are to be called for redemption within one year. Ally discharges its obligations by depositing with the indenture trustee an amount sufficient to pay when due the principal of and premium, if any, and interest on all outstanding Series 1 Debentures and to make any mandatory scheduled installment payments thereon when due.

Unless otherwise specified in this prospectus relating to the Series 1 Debentures, Ally, at its option:

(i) will be released from any and all obligations in respect of the Series 1 Debentures, which is known as defeasance and discharge ; or

(ii) need not comply with certain covenants specified herein regarding the Series 1 Debentures, which is known as covenant defeasance.

If Ally exercises its covenant defeasance option, the failure to comply with any defeased covenant contained in the Amended and Restated Indenture or any supplemental indenture will no longer be a default under the Amended and Restated Indenture.

To exercise either its defeasance and discharge or covenant defeasance option, Ally must:

(i) deposit with the indenture trustee, in trust, cash or U.S. government obligations in an amount sufficient to pay all the principal of and premium, if any, and any interest on the Series 1 Debentures when such payments are due and deliver a written certification of a nationally recognized accounting firm that the amount deposited is sufficient; and

(ii) 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 Internal Revenue Service (the IRS), or a change in applicable U.S. federal income tax law) to the effect that the holders of the Series 1 Debentures 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.

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When there is a defeasance and discharge, the Amended and Restated Indenture will no longer govern the Series 1 Debentures, Ally will no longer be liable for payment, and the holders of such Series 1 Debentures will be entitled only to the deposited funds. When there is a covenant defeasance, however, Ally will continue to be obligated for payments when due if the deposited funds are not sufficient to pay the holders.

The obligations under the Amended and Restated Indenture to pay all expenses of the Trust relating to Series 1, to register the transfer or exchange of Series 1 Debentures, to replace mutilated, defaced, destroyed, lost or stolen Series 1 Debentures, and to maintain paying agents and hold monies for payment in trust will continue even if Ally exercises its defeasance and discharge or covenant defeasance option.

Concerning the Indenture Trustee

Ally and certain of its subsidiaries may also maintain bank accounts, borrow money and have other customary commercial banking or investment banking relationships with the indenture trustee in the ordinary course of business.

Consolidation, Merger and Sale of Assets

The Amended and Restated Indenture provides that Ally will not consolidate with or merge into another corporation or convey, transfer or lease its assets substantially as an entirety unless:

(i) the successor is a corporation organized in the United States and expressly assumes the due and punctual payment of the principal of, and premium, if any, and interest on all the Series 1 Debentures and the Series 2 Debentures and the performance of every other covenant of the Amended and Restated Indenture on the part of Ally; and

(ii) immediately thereafter no indenture default and no event that, after notice or lapse of time, or both, would become an indenture default with respect to either Series 1 Debentures or Series 2 Debentures, shall have happened and be continuing.

Upon any such consolidation, merger, conveyance or transfer, the successor corporation shall succeed to and be substituted for and may exercise every right and power of Ally under the Amended and Restated Indenture. Thereafter the predecessor corporation shall be relieved of all obligations and covenants under the Amended and Restated Indenture and the Series 1 Debentures.

Book-Entry and Settlement

The Series 1 Debentures, on original issuance, were issued, and pursuant to the Amended and Restated Indenture, will be issued in fully registered certificated form without interest coupons. If distributed to holders of the Series 1 Trust Preferred Securities in connection with the involuntary or voluntary dissolution, winding-up or liquidation of Series 1 as a result of the occurrence of a Special Event, (i) any definitive certificates representing the Series 1 Debentures held by Series 1 or the institutional trustee for Series 1 will be presented to the institutional trustee in exchange for one or more global certificates registered in the name of the depositary or its nominee in an aggregate principal amount of all outstanding Series 1 Debentures issued to Series 1 and (ii) any definitive certificates representing the Series 1 Trust Preferred Securities (except any Series 1 Trust Preferred Securities held by DTC, its nominee or any other clearing agency or its nominee) will be deemed to represent beneficial interests in the Series 1 Debentures having an aggregate principal amount equal to the aggregate liquidation amount of, with an interest rate identical to the distribution rate of, the Series 1 Trust Preferred Securities, and accrued and unpaid interest equal to accrued and unpaid distributions on such Series 1 Trust Preferred Securities until such certificates are presented to Ally or its agent for transfer or reissue.

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Each global certificate is referred to as a global security. Except under the limited circumstances described below under Discontinuance of the Depositary s Services, the Series 1 Debentures represented by a global security will not be exchangeable for, and will not otherwise be issuable as, the Series 1 Debentures in definitive form. The global securities may not be transferred except by the depositary to a nominee of the depositary or by a nominee of the depositary to the depositary or another nominee of the depositary or to a successor depositary or its nominee.

The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. These laws may impair the ability to transfer or pledge beneficial interests in a global security.

Except as provided below, owners of beneficial interests in a global security will not be entitled to receive physical delivery of the Series 1 Debentures in definitive form and will not be considered the holders, as defined in the Amended and Restated Indenture, of the global security for any purpose under the Amended and Restated Indenture. A global security representing Series 1 Debentures is only exchangeable for another global security of like denomination and tenor to be registered in the name of the depositary or its nominee or to a successor depositary or its nominee. This means that each beneficial owner must rely on the procedures of the depositary, or if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the Amended and Restated Indenture.

The Depositary

If the Series 1 Debentures are issued in the form of a global certificate, DTC will act as securities depositary for the Series 1 Debentures. As of the date of this prospectus, the description in this prospectus of DTC s book-entry system and DTC s practices as they relate to purchases, transfers, notices and payments relating to the Series 1 Trust Preferred Securities apply in all material respects to any debt obligations represented by one or more global securities held by DTC. Ally may appoint a successor to DTC or any successor depositary in the event DTC or such successor depositary is unable or unwilling to continue as a depositary for the global securities. For a description of DTC and the specific terms of the depositary arrangements, see Description of the Series 1 Trust Preferred Securities Form of Certificates and Description of the Series 2 Trust Preferred Securities Form of Certificates.

None of Ally, the Trust, the indenture trustee, any paying agent and any other agent of Ally or the indenture trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a global security for such Series 1 Debentures or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Discontinuance of the Depositary s Services

A global security shall be exchangeable for the Series 1 Debentures registered in the names of persons other than the depositary or its nominee only if:

(i) the depositary notifies Ally that it is unwilling or unable to continue as a depositary for the Series 1 Debentures and/or the Series 2 Debentures and no successor depositary shall have been appointed within 90 days of the depositary so notifying Ally;

(ii) the depositary, at any time, ceases to be registered or in good standing under the Exchange Act or other applicable statute or regulation and no successor depositary shall have been appointed within 90 days of Ally becoming aware of the condition; or

(iii) Ally, in its sole discretion, determines that such global security shall be so exchangeable.

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Any global security that is exchangeable pursuant to the preceding sentence shall be exchangeable for the Series 1 Debentures registered in such names and in such authorized denominations as the depositary shall direct. It is expected that such instructions will be based upon directions received by the depositary from its direct or indirect participants or otherwise relating to ownership of beneficial interests in such global security.

Certain Covenants

If there shall have occurred and be continuing a default under the Amended and Restated Indenture with respect to the Series 1 Debentures, or Ally shall have given notice of its election to defer payments of interest on the Series 1 Debentures by extending the interest payment period and such period, or any extension of such period, shall be continuing, then:

(i) Ally and any of its subsidiaries (other than a subsidiary that is a depository institution or a subsidiary thereof) will not declare or pay any dividend on, make any distributions relating to, or redeem, purchase, acquire or make a liquidation payment relating to, any of Ally s capital stock or make any guarantee payment with respect thereto other than:

(a) redemptions, purchases, or other acquisitions of shares of capital stock of Ally in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice;

(b) the acquisition by Ally or any of its subsidiaries of record ownership in capital stock of Ally for the beneficial ownership of any other persons (other than Ally or any of its subsidiaries), including trustees or custodians;

(c) as a result of an exchange or conversion of any class or series of Ally s capital stock for any other class or series of Ally s capital stock, in each case, solely to the extent required pursuant to binding contractual agreements entered into prior to or on December 30, 2009 or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for capital stock of Ally;

(d) distributions by or among any wholly-owned subsidiary of Ally;

(e) redemptions of securities held by Ally or any wholly-owned subsidiary of Ally; and

(f) unpaid tax distributions to holders of membership interests of GMAC LLC pursuant to Section 4(b) of GMAC LLC s Plan of Conversion, dated June 30, 2009; and

(ii) Ally and any of its subsidiaries (other than a subsidiary that is a depository institution or a subsidiary thereof) will not make any payment of interest, principal or premium, if any, on, or repay, repurchase or redeem, any Series 1 Junior Subordinated Indebtedness other than:

(a) redemptions, purchases or other acquisitions of Series 1 Junior Subordinated Indebtedness in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice;

(b) the acquisition by Ally or any of its subsidiaries of record ownership in Series 1 Junior Subordinated Indebtedness for the beneficial ownership of any other persons (other than Ally or any of its subsidiaries), including trustees or custodians;

(c) as a result of an exchange or conversion of any class or series of Series 1 Junior Subordinated Indebtedness for any other class or series of Series 1 Junior Subordinated Indebtedness;

(d) redemptions of securities held by Ally or any wholly-owned subsidiary of Ally; and

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(e) any payment of interest on Series 1 Junior Subordinated Indebtedness paid pro rata with interest paid on the Series 1 Debentures 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 the Series 1 Debentures and all Series 1 Junior Subordinated Indebtedness bear to each other.

These restrictions, however, will not apply to any stock dividends paid by Ally where the dividend stock is the same stock as that on which the dividend is being paid, or dividends or distributions by or other transactions solely among Ally and any wholly-owned subsidiary of Ally or solely among wholly-owned subsidiaries of Ally.

So long as the series 1 securities remain outstanding, Ally will covenant to:

(i) directly or indirectly maintain 100% ownership of the Series 1 Common Securities, unless a permitted successor of Ally succeeds to Ally s ownership of the Series 1 Common Securities;

(ii) not voluntarily dissolve, wind up or terminate Series 1 or the Trust, except in connection with:

(a) a distribution of the Series 1 Debentures upon a Special Event; or

(b) certain mergers, consolidations or amalgamations permitted by the Amended and Restated Declaration;

(iii) timely perform its duties as sponsor of Series 1;

(iv) use its reasonable efforts to cause Series 1 to remain a statutory trust, except in connection with the distribution of the Series 1 Debentures to the holders of series 1 securities in liquidation of their interests in Series 1, the redemption of all of the outstanding series 1 securities, or mergers, consolidations or amalgamations permitted by the Amended and Restated Declaration; and

(v) not knowingly take any action that would (x) cause the Trust or Series 1 (as applicable) to be classified (a) as other than either a grantor trust or a partnership or (b) as an entity taxable as a corporation, in either case, for U.S. federal income tax purposes, or (y) materially reduce the likelihood of the Trust or Series 1 (as applicable) being classified as a grantor trust for U.S. federal income tax purposes.

Governing Law

The Amended and Restated Indenture and the Series 1 Debentures for all purposes are governed by and construed in accordance with the laws of the State of New York.

Fees and Expenses

The Amended and Restated Indenture provides that Ally will pay certain fees and expenses of Series 1, including all fees and expenses related to:

(i) the costs and expenses of Series 1 including, but not limited to, the costs and expenses related to the organization of the Trust;

(ii) the fees and expenses of the institutional trustee, the administrative trustees for Series 1 and the Delaware trustee;

(iii) the costs and expenses relating to the operation, maintenance and dissolution of Series 1; and

(iv) the enforcement by the institutional trustee for Series 1 of the rights of the holders of the Series 1 Trust Preferred Securities.

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DESCRIPTION OF THE SERIES 2 DEBENTURES

Set forth below is a description of the specific terms of the Series 2 Debentures in which Series 2 of the Trust has invested the proceeds from the issuance and sale of the series 2 securities. The terms of the Series 2 Debentures include those stated in the Amended and Restated Indenture and by the Trust Indenture Act. The following description is not intended to be complete and is qualified by the Amended and Restated Indenture and by the Trust Indenture Act. The form of the Amended and Restated Indenture is filed as an exhibit to the registration statement of which this prospectus is a part. Several capitalized terms used herein are defined in the Amended and Restated Indenture. Wherever particular sections or defined terms of the Amended and Restated Indenture are referred to, such sections or defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference.

Under circumstances discussed more fully below involving the dissolution of the Trust or Series 2, provided that any required regulatory approval is obtained, the Series 2 Debentures will be distributed to the holders of the series 2 securities in liquidation of the Trust or Series 2. See Description of the Series 2 Trust Preferred Securities Distribution of the Series 2 Debentures.

General

The Series 2 Debentures will be issued by Ally as Fixed Rate/Floating Rate Junior Subordinated Deferrable Interest Debentures due 2040 pursuant to the Amended and Restated Indenture. The Series 2 Debentures are unsecured debt under the Amended and Restated Indenture and represent an aggregate principal amount equal to the sum of the aggregate stated liquidation amount of the Series 2 Trust Preferred Securities and Series 2 Common Securities.

The entire principal amount of the Series 2 Debentures will mature and become due and payable, together with any accrued and unpaid interest thereon including compound interest on February 15, 2040.

If the Series 2 Debentures are distributed to holders of the Series 2 Trust Preferred Securities in liquidation of such holders interests in Series 2, such Series 2 Debentures may be issued in the form of one or more global securities (as described below) or in certificated form. If the Series 2 Debentures are issued in the form of global securities, the Series 2 Debentures may be issued in certificated form in exchange for a global security as described below under Discontinuance of the Depositary s Services. In the event that the Series 2 Debentures are issued in certificated form, such Series 2 Debentures will be in denominations of $25 and integral multiples thereof and may be transferred or exchanged at the offices described below. Payments on Series 2 Debentures 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 Series 2 Debentures. In the event the Series 2 Debentures are issued in certificated form, principal and interest will be payable, the transfer of the Series 2 Debentures will be registrable and the Series 2 Debentures will be exchangeable for Series 2 Debentures of other denominations of a like aggregate principal amount at the corporate trust office of the indenture trustee in New York, New York. Payment of interest may be made at the option of Ally by check mailed to the address of the persons entitled thereto. See Book-Entry and Settlement.

Ally has not issued, and does not intend to issue, the Series 2 Debentures to anyone other than the Trust.

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Subordination

The Amended and Restated Indenture provides that the Series 2 Debentures are subordinated and junior, both in liquidation and in priority of payment, to the extent specified in the Amended and Restated Indenture, to all Senior Indebtedness (as defined below) of Ally. This means that no payment of principal, including redemption payments, premium, if any, or interest on the Series 2 Debentures may be made if:

any Senior Indebtedness of Ally has not been paid when due and any applicable grace period relating to such default has ended and such default has not been cured or been waived or ceased to exist; or

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 Ally must be paid in full before the holders of Series 2 Debentures are entitled to receive or retain any payment. Subject to satisfaction of all claims related to all Senior Indebtedness of Ally, the rights of the holders of the Series 2 Debentures 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 Series 2 Debentures 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 obligations in respect of:

(i) any indebtedness issued under the Amended and Restated Indenture;

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(ii) any guarantee entered into by Ally in respect of any series of preferred securities, capital securities or preference stock of the Trust (or any similar trust established for the purpose of issuing trust preferred securities in connection with the issuance of securities under the Amended and Restated 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 Series 2 Debentures and the issuance of which (x) has received the concurrence or approval of the FRB or its staff or (y) does not at the time of issuance prevent the Series 2 Debentures 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 has received the concurrence or approval of the FRB or its staff.

The Series 2 Debentures rank senior to all of Ally s equity securities, including preferred stock.

The Amended and Restated 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 Amended and Restated Indenture to enforce any of the covenants in the Amended and Restated Indenture.

Optional Redemption

Ally will have the right to redeem the Series 2 Debentures, in whole or in part, at any time (i) on or after February 15, 2016 or (ii) in certain circumstances, upon the occurrence of a Special Event with respect to Series 2, as described in Description of the Series 2 Trust Preferred Securities Special Event Redemption. Any optional redemption must be made upon not less than 30 nor more than 60 days notice and, with respect to a redemption upon a Special Event, within 90 days following the occurrence of such Special Event.

Ally may not redeem the Series 2 Debentures unless it receives the prior approval of the FRB to do so, if such approval is then required by the FRB.

The redemption price will be equal to 100% of the principal amount to be redeemed plus any accrued and unpaid interest to the redemption date. If the Series 2 Trust Preferred Securities are listed on a national securities exchange and a partial redemption of the Series 2 Trust Preferred Securities resulting from a partial redemption of the Series 2 Debentures would result in the delisting of the Series 2 Trust Preferred Securities, Ally may only redeem the Series 2 Debentures in whole.

Interest

The Series 2 Debentures bear interest (i) from and including the date of Designation to but excluding February 15, 2016 at a fixed rate to be agreed among Ally, Series 1 and Treasury at the time of Designation, payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, beginning on August 15, 2011; and (ii) from and including February 15, 2016 to but excluding February 15, 2040, at an annual rate equal to three-month LIBOR plus a spread to be agreed among Ally, Series 1 and Treasury at the time of Designation , payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, beginning May 15, 2016. Each date on which interest is payable is called an interest payment date. Interest will be paid to the person in whose name such Series 2 Debentures are registered, with limited exceptions, at the close of business on the business day preceding such interest payment date. In the event the Series 2 Debentures shall be held in book-entry form by a party other than the institutional trustee for Series 2, the record date shall be the date 15 days prior to the interest payment date, or such other record date fixed by the administrative trustees for Series 2 of the Trust that is not more than 60 nor less than 10 days prior to such interest payment date.

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The amount of interest payable for any period ending on or before February 15, 2016 will be computed on the basis of a 360-day year of twelve 30-day months, and for any period after February 15, 2016 will be computed on the basis of a 360-day year and the actual number of days elapsed, including the first day of such period but excluding the date of maturity. In the event that any interest payment date on or prior to February 15, 2016 is not a business day, then payment of the interest payable on such interest payment 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. In the event that any interest payment date after February 15, 2016 is not a business day, then the interest payable on such interest payment date will be made on the next succeeding day that is a business day, and interest will accrue to but excluding the date interest is paid. However, if such business day is in the next succeeding calendar month, such payment shall be made on, and interest will accrue to but excluding, the immediately preceding business day, in each case with the same force and effect as if made on such date.

For the purposes of calculating interest accruing on the Series 2 Debentures from and including February 15, 2016:

Three-month LIBOR means, with respect to any quarterly interest period, the rate (expressed as a percentage per annum) for deposits in United States dollars for a three-month period, as applicable, commencing on the first day of that quarterly interest period that appears on the Reuters Screen LIBOR as of 11:00 a.m. (London time) on the LIBOR determination date for that quarterly interest period, as the case may be. If such rate does not appear on Reuters Screen LIBOR, three-month LIBOR will be determined on the basis of the rates at which deposits in United States dollars for a three-month period commencing on the first day of that quarterly interest period, as applicable, and in a principal amount of not less than $1 million are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Calculation Agent (after consultation with Ally), at approximately 11:00 a.m., London time, on the LIBOR determination date for that quarterly interest period. The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, three-month LIBOR with respect to that quarterly interest period, as applicable, will be the arithmetic mean (rounded upward if necessary to the nearest whole multiple of 0.00001%) of such quotations. If fewer than two quotations are provided, three-month LIBOR with respect to that quarterly interest period, as applicable, will be the arithmetic mean (rounded upward if necessary to the nearest whole multiple of 0.00001%) of the rates quoted by three major banks in New York City selected by the Calculation Agent, at approximately 11:00 a.m., New York City time, on the first day of that quarterly interest period, as applicable, for loans in United States dollars to leading European banks for a three-month period, as applicable, commencing on the first day of that quarterly interest period and in a principal amount of not less than $1 million. However, if fewer than three banks selected by the Calculation Agent to provide quotations are quoting as described above, three-month LIBOR for that quarterly interest period, as applicable, will be the same as three-month LIBOR as determined for the previous interest period or, in the case of the quarterly interest period beginning on February 15, 2016, 0.29000%. The establishment of three-month LIBOR for each quarterly interest period, as applicable, by the Calculation Agent shall (in the absence of manifest error) be final and binding;

Calculation Agent means The Bank of New York Mellon or any other successor appointed by Ally, acting as calculation agent;

LIBOR determination date means the second London banking day immediately preceding the first day of the relevant quarterly interest period;

London banking day means any day on which commercial banks are open for general business (including dealings in deposits in United States dollars) in London; and Reuters Screen LIBOR means the display designated on the Reuters Screen LIBOR (or such other page as may replace Reuters Screen LIBOR on the service or such other service as may be nominated by the British Bankers Association for the purpose of displaying London interbank offered rates for United States dollar deposits).

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Option to Extend Interest Payment Period

Ally has the right to defer interest payments by extending the interest payment period of the Series 2 Debentures for an extension period not exceeding 20 consecutive quarters, so long as no event of default with respect to the Series 2 Debentures has occurred and is continuing. However, no extension period may extend beyond the maturity of the Series 2 Debentures. At the end of any extension period, Ally will pay all interest then accrued and unpaid, together with interest thereon at the rate specified for the Series 2 Debentures to the extent permitted by applicable law. An extension period begins in the quarter in which notice of the extension period is given.

During any such extension period:

(i) Ally and any of its subsidiaries (other than a subsidiary that is a depository institution or a subsidiary thereof) will not declare or pay any dividend on, make any distributions relating to, or redeem, purchase, acquire or make a liquidation payment relating to, any of Ally s capital stock or make any guarantee payment with respect thereto other than:

(a) redemptions, purchases or other acquisitions of shares of capital stock of Ally in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice;

(b) the acquisition by Ally or any of its subsidiaries of record ownership in capital stock of Ally for the beneficial ownership of any other persons (other than Ally or any of its subsidiaries), including trustees or custodians;

(c) as a result of an exchange or conversion of any class or series of Ally s capital stock for any other class or series of Ally s capital stock, in each case, solely to the extent required pursuant to binding contractual agreements entered into prior to or on December 30, 2009 or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for capital stock of Ally;

(d) distributions by or among any wholly-owned subsidiary of Ally;

(e) redemptions of securities held by Ally or any wholly-owned subsidiary of Ally; and

(f) unpaid tax distributions to holders of membership interests of GMAC LLC pursuant to Section 4(b) of GMAC LLC s Plan of Conversion, dated June 30, 2009; and

(ii) Ally and any of its subsidiaries (other than a subsidiary that is a depository institution or a subsidiary thereof) will not make any payment of interest, principal or premium, if any, on, or repay, repurchase or redeem any Junior Subordinated Indebtedness (as defined in the Description of the Series 2 Trust Preferred Securities) other than:

(a) 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;

(b) the acquisition by Ally or any of its subsidiaries of record ownership in Junior Subordinated Indebtedness for the beneficial ownership of any other persons (other than Ally or any of its subsidiaries), including trustees or custodians;

(c) 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;

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(d) redemptions of securities held by Ally or any wholly-owned subsidiary of Ally; and

(e) any payment of interest on Junior Subordinated Indebtedness paid pro rata with interest paid on the Series 2 Debentures 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 the Series 2 Debentures and all Junior Subordinated Indebtedness bear to each other.

The foregoing, however, will not apply to any stock dividends paid by Ally where the dividend stock is the same stock as that on which the dividend is being paid, or dividends or distributions by or other transactions solely among Ally and any wholly-owned subsidiary of Ally or solely among wholly-owned subsidiaries of Ally. Prior to the termination of any extension period, Ally may further defer payments of interest by extending such extension period. Such extension period, including all such other extensions, however, may not exceed 20 consecutive quarters, including the interest period in which notice of such extension period is given. No extension period may extend beyond the maturity or early redemption of the Series 2 Debentures. At the termination of any extension period and upon the payment of all amounts then due, Ally may commence a new extension period, if consistent with the terms set forth in this section. No interest during an extension period, except at the end of such period, shall be due and payable. However, Ally has the right to prepay all or any portion of accrued interest during an extension period.

Ally has no present intention of exercising its right to defer payments of interest by extending the interest payment period on the Series 2 Debentures.

If the institutional trustee for Series 2 of the Trust is the sole holder of the Series 2 Debentures at the time Ally selects an extended interest payment period, Ally will give the administrative trustees and institutional trustee for Series 2 notice of its selection of such extension period at least one business day prior to the earlier of:

(i) the next date on which distributions on the Series 2 Trust Preferred Securities would be payable, if not for such extension period, or

(ii) the date the administrative trustees for Series 2 are required to give notice to the NYSE or other applicable self-regulatory organization or to holders of the Series 2 Trust Preferred Securities of the record date or the date such distributions are payable;

provided, that, in any event, Ally is not required to give the administrative trustees for Series 2 or the institutional trustee for Series 2 notice of its selection of such extension period more than 15 business days, and must give such notice no less than 5 business days, before the next succeeding interest payment date on the Series 2 Debentures. The administrative trustees for Series 2 Trust Preferred Securities will give notice of Ally s selection of such extension period to the holders of the Series 2 Trust Preferred Securities.

If the institutional trustee for Series 2 is not the sole holder of the Series 2 Debentures at the time Ally selects an extended interest payment period, Ally will give the holders of the Series 2 Debentures, the administrative trustees for Series 2 and the indenture trustee for Series 2 notice of its selection of such extension period at least ten business days before the earlier of:

(i) the next succeeding interest payment date; or

(ii) the date upon which Ally is required to give notice to the NYSE or other applicable self-regulatory organization or to holders of the Series 2 Debentures of the record or payment date of such related interest payment.

provided, that, in any event, Ally is not required to give the holders of the Series 2 Debentures, the administrative trustees for Series 2 or the indenture trustee for Series 2 notice of its selection of such extension period more than 15 business days, and must give such notice no less than 5 business days, before the next succeeding interest payment date.

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Indenture Events of Default and Acceleration

The Amended and Restated Indenture provides that the following are indenture events of default with respect to the Series 2 Debentures:

(i) failure to pay in full interest accrued on any Series 2 Debenture upon the conclusion of a period consisting of 20 consecutive quarters commencing with the earliest quarter for which interest (including interest accrued on deferred payments) has not been paid in full and continuance of such failure to pay for a period of 30 days; or

(ii) specified events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee of Ally.

If any indenture event of default with respect to the Series 2 Debentures shall occur and be continuing, the indenture trustee or the institutional trustee for Series 2, as the sole holder of the Series 2 Debentures, will have the right to declare the principal of all the Series 2 Debentures then outstanding to be immediately due and payable, upon which the principal and the accrued interest on the Series 2 Debentures shall be immediately due and payable. The institutional trustee for Series 2 may also enforce its other rights as a creditor relating to the Series 2 Debentures.

If, upon an indenture event of default with respect to the Series 2 Debentures, the indenture trustee or the institutional trustee for Series 2, as the sole holder of the Series 2 Debentures, fails to declare the principal of all the Series 2 Debentures then outstanding to be immediately due and payable, the holders of at least 25% in aggregate liquidation amount of the Series 2 Trust Preferred Securities then outstanding will have the right to do so.

Indenture Defaults

The Amended and Restated Indenture provides that the following are indenture defaults with respect to the Series 2 Debentures:

(i) an indenture event of default with respect to the Series 2 Debentures;

(ii) a failure of Ally to pay the principal of, or premium, if any, on, any Series 2 Debenture when and as the same shall become payable;

(iii) a failure of Ally to pay any installment of interest on any Series 2 Debenture when and as the same shall become payable, which failure shall have (taking into account any extension period) continued unremedied for 30 days;

(iv) the failure of Ally for 90 days following written notice of such failure to observe and perform any other covenant or Agreement in respect of the Series 2 Debentures; and

(v) the Trust or Series 2 shall have voluntarily or involuntarily dissolved, wound up its business or otherwise terminated its existence, except in connection with (a) the distribution of the Series 2 Debentures to holders of the series 2 securities in liquidation of their interests in Series 2, (b) the redemption of all of the outstanding series 2 securities or (c) certain mergers, consolidations or amalgamations permitted by the Amended and Restated Declaration of Series 2.

There is no right of acceleration with respect to indenture defaults with respect to the Series 2 Debentures, except for those that are indenture events of default with respect to the Series 2 Debentures. An indenture default with respect to the Series 2 Debentures also constitutes a declaration default with respect to the series 2

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securities. The holders of Series 2 Trust Preferred Securities in limited circumstances have the right to direct the institutional trustee for Series 2 to exercise its rights as the holder of the Series 2 Debentures. See Description of the Series 2 Trust Preferred Securities Declaration Defaults and Voting Rights.

Any deferral of interest on the Series 2 Debentures made in accordance with the provisions described above in Option to Extend Interest Payment Period will not constitute a default under the Amended and Restated Indenture for the Series 2 Debentures.

The indenture trustee may withhold notice to the holders of the Series 2 Debentures of any default with respect thereto, except a default in the payment of principal, premium or interest, if it considers such withholding to be in the interest of such holders. The indenture trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Amended and Restated Indenture at the request or direction of any of the holders pursuant to the Amended and Restated Indenture, unless such holders shall have offered to the indenture trustee security or indemnity satisfactory to the indenture trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Despite the foregoing, if an indenture default has occurred and is continuing with respect to Series 2 and such event is attributable to the failure of Ally to pay interest or principal (or premium, if any) on the Series 2 Debentures when such interest or principal (or premium, if any) is otherwise payable, or in the case of redemption, the redemption date, Ally acknowledges that, in such event, a holder of Series 2 Trust Preferred Securities may sue for payment on or after the respective due date specified in the Series 2 Debentures. Despite any payment made to such holder of Series 2 Trust Preferred Securities by Ally in connection with a direct action, Ally shall remain obligated to pay the principal of or interest on the Series 2 Debentures held by Series 2 or the institutional trustee for Series 2. Ally shall be subrogated to the rights of the holder of such Series 2 Trust Preferred Securities relating to payments on the Series 2 Trust Preferred Securities to the extent of any payments made by Ally to such holder in any direct action. The holders of the Series 2 Trust Preferred Securities will not be able to exercise directly any other remedy available to the holders of the Series 2 Debentures.

Modifications and Amendments

Modifications and amendments to the Amended and Restated Indenture with respect to Series 2 through a supplemental indenture may be made by Ally and the indenture trustee with the consent of the holders of a majority in principal amount of the Series 2 Debentures 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 Series 2 Debenture affected thereby:

(i) modify certain terms of payment of principal, premium, or interest on such Series 2 Debentures;

(ii) reduce the percentage of principal amount of Series 2 Debentures the consent of whose holders is necessary to modify or amend the Amended and Restated Indenture or waive compliance by Ally with any covenant or past default on the Series 2 Debentures;

(iii) subject to certain exceptions, modify provisions of the Amended and Restated Indenture relating to (a) the ability to enter into certain supplemental indentures, (b) the rights of holders of Series 2 Debentures to direct the proceeding for any remedy available to the indenture trustee or the exercise of any trust or power conferred upon the indenture trustee with respect to the Series 2 Debentures, or (c) the ability of holders of Series 2 Debentures to waive certain past defaults; or

(iv) remove or impair the rights of any holder of a Series 2 Debenture to bring a direct action against Ally upon the occurrence of certain indenture defaults. (See Indenture Defaults above.)

If the Series 2 Debentures are held by Series 2 or a trustee of Series 2, such supplemental indenture shall not be effective until the holders of a majority in liquidation preference of the series 2 securities shall have consented

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to such supplemental indenture. If the consent of the holder of each outstanding Series 2 Debenture is required, such supplemental indenture shall not be effective until each holder of the series 2 securities shall have consented to such supplemental indenture.

Discharge and Defeasance

Ally may discharge most of its obligations to holders of the Series 2 Debentures under the Amended and Restated Indenture if all such Series 2 Debentures that have not already been delivered to the indenture trustee for cancellation have become due and payable or are by their terms due and payable within one year, or are to be called for redemption within one year. Ally discharges its obligations by depositing with the indenture trustee an amount sufficient to pay when due the principal of and premium, if any, and interest on all outstanding Series 2 Debentures and to make any mandatory scheduled installment payments thereon when due.

Unless otherwise specified in this prospectus relating to the Series 2 Debentures, Ally, at its option:

(i) will be released from any and all obligations in respect of the Series 2 Debentures, which is known as defeasance and discharge ; or

(ii) need not comply with certain covenants specified herein regarding the Series 2 Debentures, which is known as covenant defeasance.

If Ally exercises its covenant defeasance option, the failure to comply with any defeased covenant contained in the Amended and Restated Indenture or any supplemental indenture will no longer be a default under the Amended and Restated Indenture.

To exercise either its defeasance and discharge or covenant defeasance option, Ally must:

(i) deposit with the indenture trustee, in trust, cash or U.S. government obligations in an amount sufficient to pay all the principal of and premium, if any, and any interest on the Series 2 Debentures when such payments are due and deliver a written certification of a nationally recognized accounting firm that the amount deposited is sufficient; and

(ii) 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 Internal Revenue Service (the IRS), or a change in applicable U.S. federal income tax law) to the effect that the holders of the Series 2 Debentures 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 Amended and Restated Indenture will no longer govern the Series 2 Debentures, Ally will no longer be liable for payment, and the holders of such Series 2 Debentures will be entitled only to the deposited funds. When there is a covenant defeasance, however, Ally will continue to be obligated for payments when due if the deposited funds are not sufficient to pay the holders.

The obligations under the Amended and Restated Indenture to pay all expenses of the Trust relating to Series 2, to register the transfer or exchange of Series 2 Debentures, to replace mutilated, defaced, destroyed, lost or stolen Series 2 Debentures, and to maintain paying agents and hold monies for payment in trust will continue even if Ally exercises its defeasance and discharge or covenant defeasance option.

Concerning the Indenture Trustee

Ally and certain of its subsidiaries may also maintain bank accounts, borrow money and have other customary commercial banking or investment banking relationships with the indenture trustee in the ordinary course of business.

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Consolidation, Merger and Sale of Assets

The Amended and Restated Indenture provides that Ally will not consolidate with or merge into another corporation or convey, transfer or lease its assets substantially as an entirety unless:

(i) the successor is a corporation organized in the United States and expressly assumes the due and punctual payment of the principal of, and premium, if any, and interest on all the Series 1 Debentures and the Series 2 Debentures and the performance of every other covenant of the Amended and Restated Indenture on the part of Ally; and

(ii) immediately thereafter no indenture default and no event that, after notice or lapse of time, or both, would become an indenture default with respect to either Series 1 Debentures or Series 2 Debentures, shall have happened and be continuing.

Upon any such consolidation, merger, conveyance or transfer, the successor corporation shall succeed to and be substituted for and may exercise every right and power of Ally under the Amended and Restated Indenture. Thereafter the predecessor corporation shall be relieved of all obligations and covenants under the Amended and Restated Indenture and the Series 2 Debentures.

Book-Entry and Settlement

The Series 2 Debentures will be issued in fully registered certificated form without interest coupons. If distributed to holders of the Series 2 Trust Preferred Securities in connection with the involuntary or voluntary dissolution, winding-up or liquidation of Series 2 as a result of the occurrence of a Special Event, (i) any definitive certificates representing the Series 2 Debentures held by Series 2 or the institutional trustee for Series 2 will be presented to the institutional trustee in exchange for one or more global certificates registered in the name of the depositary or its nominee in an aggregate principal amount of all outstanding Series 2 Debentures issued to Series 2 and (ii) any definitive certificates representing the Series 2 Trust Preferred Securities (except any Series 2 Trust Preferred Securities held by DTC, its nominee or any other clearing agency or its nominee) will be deemed to represent beneficial interests in the Series 2 Debentures having an aggregate principal amount equal to the aggregate liquidation amount of, with an interest rate identical to the distribution rate of, the Series 2 Trust Preferred Securities, and accrued and unpaid interest equal to accrued and unpaid distributions on such Series 2 Trust Preferred Securities until such certificates are presented to Ally or its agent for transfer or reissue.

Each global certificate is referred to as a global security. Except under the limited circumstances described below under Discontinuance of the Depositary s Services, the Series 2 Debentures represented by a global security will not be exchangeable for, and will not otherwise be issuable as, the Series 2 Debentures in definitive form. The global securities may not be transferred except by the depositary to a nominee of the depositary or by a nominee of the depositary to the depositary or another nominee of the depositary or to a successor depositary or its nominee.

The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. These laws may impair the ability to transfer or pledge beneficial interests in a global security.

Except as provided below, owners of beneficial interests in a global security will not be entitled to receive physical delivery of the Series 2 Debentures in definitive form and will not be considered the holders, as defined in the Amended and Restated Indenture, of the global security for any purpose under the Amended and Restated Indenture. A global security representing Series 2 Debentures is only exchangeable for another global security of like denomination and tenor to be registered in the name of the depositary or its nominee or to a successor depositary or its nominee. This means that each beneficial owner must rely on the procedures of the depositary, or if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the Amended and Restated Indenture.

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The Depositary

If the Series 2 Debentures are issued in the form of a global certificate, DTC will act as securities depositary for the Series 2 Debentures. As of the date of this prospectus, the description in this prospectus of DTC s book-entry system and DTC s practices as they relate to purchases, transfers, notices and payments relating to the Series 2 Trust Preferred Securities apply in all material respects to any debt obligations represented by one or more global securities held by DTC. Ally may appoint a successor to DTC or any successor depositary in the event DTC or such successor depositary is unable or unwilling to continue as a depositary for the global securities. For a description of DTC and the specific terms of the depositary arrangements, see Description of the Series 2 Trust Preferred Securities Form of Certificates and Description of the Series 2 Trust Preferred Securities Form of Certificates.

None of Ally, the Trust, the indenture trustee, any paying agent and any other agent of Ally or the indenture trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a global security for such Series 2 Debentures or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Discontinuance of the Depositary s Services

A global security shall be exchangeable for the Series 2 Debentures registered in the names of persons other than the depositary or its nominee only if:

(i) the depositary notifies Ally that it is unwilling or unable to continue as a depositary for the Series 1 Debentures and/or the Series 2 Debentures and no successor depositary shall have been appointed within 90 days of the depositary so notifying Ally;

(ii) the depositary, at any time, ceases to be registered or in good standing under the Exchange Act or other applicable statute or regulation and no successor depositary shall have been appointed within 90 days of Ally becoming aware of the condition; or

(iii) Ally, in its sole discretion, determines that such global security shall be so exchangeable.

Any global security that is exchangeable pursuant to the preceding sentence shall be exchangeable for the Series 2 Debentures registered in such names and in such authorized denominations as the depositary shall direct. It is expected that such instructions will be based upon directions received by the depositary from its direct or indirect participants or otherwise relating to ownership of beneficial interests in such global security.

Certain Covenants

If there shall have occurred and be continuing a default under the Amended and Restated Indenture with respect to the Series 2 Debentures, or Ally shall have given notice of its election to defer payments of interest on the Series 2 Debentures by extending the interest payment period and such period, or any extension of such period, shall be continuing, then:

(i) Ally and any of its subsidiaries (other than a subsidiary that is a depository institution or a subsidiary thereof) will not declare or pay any dividend on, make any distributions relating to, or redeem, purchase, acquire or make a liquidation payment relating to, any of Ally s capital stock or make any guarantee payment with respect thereto other than:

(a) redemptions, purchases or other acquisitions of shares of capital stock of Ally in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice;

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(b) the acquisition by Ally or any of its subsidiaries of record ownership in capital stock of Ally for the beneficial ownership of any other persons (other than Ally or any of its subsidiaries), including trustees or custodians;

(c) as a result of an exchange or conversion of any class or series of Ally s capital stock for any other class or series of Ally s capital stock, in each case, solely to the extent required pursuant to binding contractual agreements entered into prior to or on December 30, 2009 or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for capital stock of Ally;

(d) distributions by or among any wholly-owned subsidiary of Ally;

(e) redemptions of securities held by Ally or any wholly-owned subsidiary of Ally; and

(f) unpaid tax distributions to holders of membership interests of GMAC LLC pursuant to Section 4(b) of GMAC LLC s Plan of Conversion, dated June 30, 2009; and

(ii) Ally and any of its subsidiaries (other than a subsidiary that is a depository institution or a subsidiary thereof) will not make any payment of interest, principal or premium, if any, on, or repay, repurchase or redeem any Junior Subordinated Indebtedness other than:

(a) 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;

(b) the acquisition by Ally or any of its subsidiaries of record ownership in Junior Subordinated Indebtedness for the beneficial ownership of any other persons (other than Ally or any of its subsidiaries), including trustees or custodians;

(c) 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;

(d) redemptions of securities held by Ally or any wholly-owned subsidiary of Ally; and

(e) any payment of interest on Junior Subordinated Indebtedness paid pro rata with interest paid on the Series 2 Debentures 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 Series 2 Debentures and all Junior Subordinated Indebtedness bear to each other.

These restrictions, however, will not apply to any stock dividends paid by Ally where the dividend stock is the same stock as that on which the dividend is being paid or dividends or distributions by or other transactions solely among Ally and any wholly-owned subsidiary of Ally or solely among wholly-owned subsidiaries of Ally.

So long as the series 2 securities remain outstanding, Ally will covenant to:

(i) directly or indirectly maintain 100% ownership of the Series 2 Common Securities, unless a permitted successor of Ally succeeds to Ally s ownership of the Series 2 Common Securities;

(ii) not voluntarily dissolve, wind up or terminate Series 2 or the Trust, except in connection with:

(a) a distribution of the Series 2 Debentures upon a Special Event; or

(b) certain mergers, consolidations or amalgamations permitted by the Amended and Restated Declaration;

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(iii) timely perform its duties as sponsor of Series 2;

(iv) use its reasonable efforts to cause Series 2 to remain a statutory trust, except in connection with the distribution of the Series 2 Debentures to the holders of series 2 securities in liquidation of their interests in Series 2, the redemption of all of the outstanding series 2 securities, or mergers, consolidations or amalgamations permitted by the Amended and Restated Declaration; and

(v) not knowingly take any action that would (x) cause the Trust or Series 2 (as applicable) to be classified (a) as other than either a grantor trust or a partnership or (b) as an entity taxable as a corporation, in either case, for U.S. federal income tax purposes, or (y) materially reduce the likelihood of the Trust or Series 2 (as applicable) being classified as a grantor trust for U.S. federal income tax purposes.

Governing Law

The Amended and Restated Indenture and the Series 2 Debentures for all purposes are governed by and construed in accordance with the laws of the State of New York.

Fees and Expenses

The Amended and Restated Indenture provides that Ally will pay certain fees and expenses of Series 2, including all fees and expenses related to:

(i) the costs and expenses of Series 2 including, but not limited to, the costs and expenses related to the organization of the Trust;

(ii) the fees and expenses of the institutional trustee, the administrative trustees for Series 2 and the Delaware trustee;

(iii) the costs and expenses relating to the operation, maintenance and dissolution of Series 2; and

(iv) the enforcement by the institutional trustee for Series 2 of the rights of the holders of the Series 2 Trust Preferred Securities.

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DESCRIPTION OF THE GUARANTEES

Set forth below is a summary of information concerning the Amended and Restated Guarantee Agreements that will be executed and delivered by Ally for the benefit of the holders of Trust Preferred Securities. The Bank of New York Mellon will be acting as the guarantee trustee for each of the Series 1 Guarantee and the Series 2 Guarantee. The terms of the Guarantees are those set forth in the Amended and Restated Guarantee Agreements and those made part of the Guarantees by the Trust Indenture Act. The summary is not intended to be complete and is qualified in all respects by the provisions of the Amended and Restated Guarantee Agreements, the forms of which are filed as exhibits to the registration statement of which this prospectus forms a part, and the Trust Indenture Act. The Guarantee for each series of Trust Preferred Securities is held by the guarantee trustee for that series of Guarantee for the benefit of the holders of the respective series of Trust Preferred Securities.

General

Pursuant to and to the extent set forth in the Amended and Restated Guarantee Agreements, Ally irrevocably and unconditionally agrees to pay in full to the holders of each series of Trust Preferred Securities, except to the extent paid by the respective series of the Trust, as and when due, to the extent the relevant series of the Trust has funds available, regardless of any defense, right of set-off or counterclaim that such series of the Trust may have or assert, the following payments, which are referred to as guarantee payments, without duplication:

(i) any accrued and unpaid distributions that are required to be paid on a series of Trust Preferred Securities, to the extent that the relevant series of the Trust has funds available for such distributions;

(ii) the relevant redemption price per Trust Preferred Security, plus all accrued and unpaid distributions to the date of redemption, to the extent that the relevant series of the Trust has funds available for such redemptions, relating to any Trust Preferred Securities of that series called for redemption by the relevant series of the Trust; and

(iii) upon a voluntary or involuntary dissolution, winding-up or termination of a series of the Trust, other than in connection with the distribution of the respective series of Debentures to the holders of the respective series of Trust Preferred Securities, or the redemption of all of the respective series of Trust Preferred Securities upon the maturity or redemption of all of the corresponding series of Debentures, the lesser of:

(a) the aggregate of the liquidation amount and all accrued and unpaid distributions with respect to such series of Trust Preferred Securities to the date of payment, or

(b) the amount of assets of the relevant series of the Trust remaining underlying such series of Trust Preferred Securities for distribution to holders of that series of Trust Preferred Securities in liquidation of such series.

Ally s obligation to make a guarantee payment may be satisfied by direct payment of the required amounts by Ally to the holders of Trust Preferred Securities or by causing the Trust with respect to such series to pay such amounts to such holders.

The Guarantees do not apply to any payment of distributions or redemption price, or to payments upon the dissolution, winding-up or termination of the relevant series of the Trust, except to the extent such series of Trust has funds available for such payments. If Ally does not make interest payments on a series of Debentures, the corresponding series of the Trust will not pay distributions on the corresponding series of Trust Preferred Securities and will not have funds available for such payments. Ally s obligations in respect of the Guarantees are subordinated, both in liquidation and in priority of payment, to Senior Indebtedness of Ally to the same extent that the Debentures are subordinated to Senior Indebtedness of Ally. See Description of the Series 1 Debentures and Description of the Series 2 Debentures.

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Important Covenants of Ally

In the Amended and Restated Guarantee Agreements, Ally covenants that, so long as any Trust Preferred Securities of either series remain outstanding, if there shall have occurred and is continuing any event that would constitute a default under the Amended and Restated Indenture with respect to such series of the Debentures, then:

(i) Ally and any of its subsidiaries (except a subsidiary that is a depository institution or a subsidiary of a depository institution) will not declare or pay any dividend on, make any distributions relating to, or redeem, purchase, acquire or make a liquidation payment relating to, any of Ally s capital stock or make any guarantee payment with respect thereto other than:

(a) redemptions, purchases, or other acquisitions of shares of capital stock of Ally in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice;

(b) the acquisition by Ally or any of its subsidiaries of record ownership in capital stock of Ally for the beneficial ownership of any other persons (other than Ally or any of its subsidiaries), including trustees or custodians;

(c) as a result of an exchange or conversion of any class or series of Ally s capital stock for any other class or series of Ally s capital stock, in each case, solely to the extent required pursuant to binding contractual agreements entered into on or prior to December 30, 2009 or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for capital stock of Ally;

(d) distributions by or among any wholly-owned subsidiary of Ally;

(e) redemptions of securities held by Ally or any wholly-owned subsidiary of Ally; and

(f) unpaid tax distributions to holders of membership interests of GMAC LLC pursuant to Section 4(b) of GMAC LLC s Plan of Conversion, dated June 30, 2009; and

(ii) Ally and any of its subsidiaries (except a subsidiary that is a depository institution or a subsidiary of a depository institution) will not make any payment of interest, principal or premium, if any, on, or repay, repurchase or redeem, any Junior Subordinated Indebtedness corresponding to the series of Debentures in default other than:

(a) redemptions, purchases or other acquisitions of that series 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;

(b) the acquisition by Ally or any of its subsidiaries of record ownership in that series of Junior Subordinated Indebtedness for the beneficial ownership of any other persons (other than Ally or any of its subsidiaries), including trustees or custodians;

(c) as a result of an exchange or conversion of any class or series of that series of Junior Subordinated Indebtedness for any other class or series of that series of Junior Subordinated Indebtedness;

(d) redemptions of securities held by Ally or any wholly-owned subsidiary of Ally; and

(e) any payment of interest on that series of Junior Subordinated Indebtedness paid pro rata with interest paid on that series of the Debentures such that the respective amounts of such payments made shall

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bear the same ratio to each other as all accrued but unpaid interest per like-amount of Debentures and all that series of Junior Subordinated Indebtedness bear to each other.

The above restrictions, however, will not apply to any stock dividends paid by Ally where the dividend stock is the same stock as that on which the dividend is being paid, or dividends or distributions by or other transactions solely among Ally and any wholly-owned subsidiary of Ally or solely among wholly-owned subsidiaries of Ally.

Modification of the Guarantees; Assignment

With respect to each of Series of Trust Preferred Securities, the respective Guarantee may be amended only with the prior approval of the holders of not less than a majority in aggregate liquidation amount of the outstanding Trust Preferred Securities of that series. No approval will be required, however, for any changes that do not adversely affect the rights of holders of that series of Trust Preferred Securities. The Amended and Restated Guarantee Agreements shall be binding upon and inure to the benefit of the successors and permitted assigns of Ally. The Guarantees are not assignable without the prior written consent of all other parties to the Amended and Restated Guarantee Agreement, except in limited circumstances permitted by the Amended and Restated Indenture.

Events of Default

An event of default under the Guarantees with respect to a series of the Trust will occur upon the failure of Ally to perform any of its payment or other obligations with respect to such series required by the Amended and Restated Guarantee Agreements. The holders of a majority in aggregate liquidation amount of the Trust Preferred Securities of the relevant series have the right to direct the time, method and place of conducting any proceeding for any remedy available to the guarantee trustee for that series in respect of the relevant Guarantee or to direct the exercise of any trust or power conferred upon the guarantee trustee for that series in respect of the relevant Guarantee, unless (i) such direction is in conflict with any rule of law or with the relevant Amended and Restated Guarantee Agreement; or (ii) the guarantee trustee for such series declines to follow any such direction because it determines in good faith that the proceeding so directed would involve the guarantee trustee in personal liability, against which adequate indemnity, in its opinion, has not been provided.

If the guarantee trustee for a series of Guarantee fails to enforce its rights under the relevant Amended and Restated Guarantee Agreement, any holder of related Trust Preferred Securities may directly sue Ally to enforce the guarantee trustee s rights under the relevant Amended and Restated Guarantee Agreement without first suing the Trust, the guarantee trustee or any other person or entity. A holder of Trust Preferred Securities may also directly sue Ally to enforce such holder s right to receive payment under the relevant Amended and Restated Guarantee Agreement without first (i) directing the guarantee trustee for the relevant series of Guarantee to enforce the terms of the relevant Amended and Restated Guarantee Agreement or (ii) suing the Trust or any other person or entity.

Ally will be required to provide to the guarantee trustee of each series with such documents, reports and information as required by the Trust Indenture Act.

Information Concerning the Guarantee Trustee

Prior to the occurrence of a default relating to the Guarantee for a series of Trust Preferred Securities, the guarantee trustee for that series of trust securities undertakes to perform only such duties as are specifically set forth in the relevant Amended and Restated Guarantee Agreement. If such a default has occurred and has not been cured or waived, such guarantee trustee will exercise the rights and powers vested in it by the relevant Amended and Restated Guarantee Agreement with the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs. Provided that the foregoing requirements have been met with respect to a series, the guarantee trustee for each series is under no obligation to exercise any of the powers

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vested in it by the respective Amended and Restated Guarantee Agreement at the request of any holder of the relevant series of Trust Preferred Securities unless it is offered security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities that might be incurred thereby. However, the foregoing shall not relieve such guarantee trustee, upon the occurrence of an event of default, of its obligations to exercise the rights and powers vested in it by the relevant Amended and Restated Guarantee Agreement.

Termination of the Guarantees

The Guarantee with respect to a particular series will terminate upon full payment of the redemption price of all Trust Preferred Securities of that series, upon distribution of the Debentures of that series to holders of the Trust Preferred Securities of that series, or upon full payment of the amounts payable with respect to that series in accordance with the Amended and Restated Declaration upon liquidation of that series. The Guarantee with respect to a particular series will continue to be effective or will be reinstated, as the case may be, if at any time any holder of Trust Preferred Securities of that series must restore payment of any sums paid under that series of Trust Preferred Securities or the relevant Amended and Restated Guarantee Agreement.

Status of the Guarantees

The Guarantees constitute an unsecured obligation of Ally and ranks:

- junior in liquidation and in priority of payment to all Senior Indebtedness of Ally to the same extent provided in the Amended and Restated Indenture with respect to the respective series of Debentures; and

- equally with all other enhanced trust preferred security guarantees and related junior subordinated debt securities that Ally issues in the future.

The terms of the Trust Preferred Securities provide that each holder of Trust Preferred Securities of any series by acceptance of such securities agrees to the subordination provisions and other terms of the relevant Amended and Restated Guarantee Agreement.

The Guarantees constitute a guarantee of payment and not of collection. This means that the guaranteed party may directly sue Ally to enforce its rights under the Guarantees without suing any other person or entity.

Governing Law

The Amended and Restated Guarantee Agreements for all purposes are governed by and construed in accordance with the laws of the State of New York.

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EFFECT OF OBLIGATIONS UNDER THE DEBENTURES AND THE GUARANTEES

As set forth in the Amended and Restated Declaration, the purpose of each series of the Trust is to issue the Trust Preferred Securities and Common Securities and to invest the proceeds from such issuance in the respective series of Debentures.

As long as payments of interest and other payments are made when due on a series of the Debentures, such payments will be sufficient to cover the distributions and payments due on the corresponding series of Trust Preferred Securities and Common Securities. This is due to the following factors:

- the aggregate principal amount of each series of Debentures is equal to the aggregate stated liquidation amount of the corresponding series of Trust Preferred Securities and Common Securities;
- the interest rate and the interest and other payment dates on each series of the Debentures match the distribution rate and distribution and other payment dates for the corresponding series of Trust Preferred Securities;
- under the Amended and Restated Indenture, Ally will pay, and no series of the Trust will be obligated to pay, directly or indirectly, any costs, expenses, debts and obligations of the Trust other than those relating to the Trust Preferred Securities and Common Securities; and
- the Amended and Restated Declaration further provides that the administrative trustees for each series may not cause or permit the respective series to engage in any activity that is not consistent with the purposes of such series.

Payments of distributions with respect to a series of Trust Preferred Securities, to the extent that series of the Trust has funds available, and other payments due on a series of Trust Preferred Securities, to the extent that series of the Trust has funds available, are guaranteed by Ally to the extent described in this prospectus. If Ally does not make interest payments on a series of Debentures, the respective series will not have sufficient funds to pay distributions on the corresponding series of Trust Preferred Securities. The Guarantee for each series of Trust Preferred Securities is a subordinated guarantee in relation to that series of Trust Preferred Securities. The Guarantee for a series of Trust Preferred Securities does not apply to any payment of distributions with respect to that series of Trust Preferred Securities unless and until that series of the Trust has sufficient funds for the payment of such distributions. See Description of the Guarantees.

The Guarantee for any series of Trust Preferred Securities covers the payment of distributions and other payments on that series of Trust Preferred Securities only if and to the extent that Ally has made a payment of interest or principal or other payments on the corresponding series of Debentures. The Guarantees, when taken together with Ally s obligations under the Debentures and pursuant to the Amended and Restated Indenture and its obligations under the Amended and Restated Declaration, provide a full and unconditional guarantee of distributions, redemption payments and liquidation payments on the Trust Preferred Securities.

If Ally fails to make interest or other payments on a series of Debentures when due, taking account of any extension period, the Amended and Restated Declaration allows the holders of the corresponding series of Trust Preferred Securities to direct the institutional trustee for that series of trust securities to enforce its rights under the corresponding series of Debentures. If such institutional trustee fails to enforce these rights, any holder of that series of Trust Preferred Securities may directly sue Ally to enforce such rights without first suing such institutional trustee or any other person or entity. See Description of the Series 1 Trust Preferred Securities Declaration Defaults and Voting Rights and Description of the Series 2 Trust Preferred Securities Declaration Defaults and Voting Rights. Although various events may constitute defaults under the Amended and Restated Indenture, a default that is not an event of default with respect to a series of Debentures will not trigger the acceleration of principal and interest on such series of Debentures. An acceleration of

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principal and interest with respect to a series of Trust Preferred Securities will occur only upon Ally s failure to pay in full all interest accrued on such series of Trust Preferred Securities upon the conclusion of an extension period of 20 consecutive quarters or as a result of specified events of bankruptcy, insolvency or reorganization of Ally. See Description of the Series 1 Debentures Indenture Events of Default and Acceleration and Description of the Series 2 Debentures Indenture Events of Default and Acceleration.

A holder of Trust Preferred Securities of a particular series may institute a direct action if a declaration default has occurred with respect to that series of Trust Preferred Securities and is continuing and such event is attributable to the failure of Ally to pay interest or principal on the corresponding series of Debentures on the date such interest or principal is otherwise payable. A direct action may be brought without first (1) directing the institutional trustee for the relevant series of trust securities to enforce the terms of the corresponding series of Debentures or (2) suing Ally to enforce the institutional trustee s rights under the corresponding series of Debentures. In connection with such direct action, Ally will be subrogated to the rights of such holder of Trust Preferred Securities under the Amended and Restated Declaration to the extent of any payment made by Ally to such holder of Trust Preferred Securities. Consequently, Ally will be entitled to payment of amounts that a holder of Trust Preferred Securities receives in respect of an unpaid distribution to the extent that such holder receives or has already received full payment relating to such unpaid distribution from the Trust.

Ally acknowledges that the guarantee trustee for a series of Guarantee will enforce the Guarantee on behalf of the holders of that series of Trust Preferred Securities. If Ally fails to make payments under the Guarantee with respect to a series of Trust Preferred Securities, the Guarantee allows the holders of that series of Trust Preferred Securities to direct the guarantee trustee for that series of Guarantee to enforce its rights thereunder. If that guarantee trustee fails to enforce the Guarantee, any holder of that series of Trust Preferred Securities may directly sue Ally to enforce that guarantee trustee s rights under the Guarantee. Such holder need not first sue the respective series of the Trust, the guarantee trustee for that series of Guarantee, or any other person or entity. A holder of Trust Preferred Securities may also directly sue Ally to enforce such holder s right to receive payment under the Guarantee for that series of Trust Preferred Securities. Such holder need not first (i) direct the guarantee trustee for that series of Guarantee to enforce the terms of the Guarantee or (ii) sue the Trust or any other person or entity.

Ally and the Trust believe that the above mechanisms and obligations, taken together, are equivalent to a full and unconditional guarantee by Ally of payments due on the Trust Preferred Securities. See Description of the Guarantees General.

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USE OF PROCEEDS

Ally will not receive any proceeds from the sale of the securities. All proceeds of any sale will go to the selling securityholders.

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SELLING SECURITYHOLDERS

The selling securityholders may include (i) Treasury, which acquired all of the Trust Preferred Securities from us as described in Summary, and (ii) any other person or persons holding Trust Preferred Securities to whom Treasury has transferred its registration rights under the terms of the Purchase Agreement. Treasury is required to notify us in writing of any such transfer of its registration rights within ten days after the transfer, including the name and address of the transferee and the number and type of securities with respect to which the registration rights have been assigned. As of the date of this prospectus, Treasury has not notified us of any such transfer. Accordingly, Treasury currently holds 100% of the outstanding 8.00% trust preferred securities and, immediately following the Designation, will hold record and beneficial ownership of 100% of each of the Series 1 Trust Preferred Securities and the Series 2 Trust Preferred Securities. However, Treasury has notified us of its intention to distribute all or a portion of the Series 2 Trust Preferred Securities that it will own following the Designation to the public in an underwritten offering.

The securities to be offered under this prospectus for the account of the selling securityholders include Series 1 Trust Preferred Securities and Series 2 Trust Preferred Securities.

This prospectus is part of a registration statement that we filed with the SEC using a shelf registration process. Under this shelf registration process, the selling securityholders may from time to time sell or otherwise dispose of the securities described in this prospectus in one or more offerings. Each time the selling securityholders sell securities under this registration statement, we will provide a prospectus supplement that will contain specific information about the terms of that offering if and when necessary. For purposes of this prospectus, we have assumed that, after completion of the offering or series of offerings, none of the securities offered by this prospectus will be held by the selling securityholders.

We do not know when or in what amounts the selling securityholders may offer the securities for sale. The selling securityholders might not sell any or all of the securities offered by this prospectus. Because the selling securityholders may offer all or some of the securities pursuant to this offering, we cannot estimate the number of the securities that will be held by the selling securityholders after completion of the offering.

The only potential selling securityholder whose identity we are currently aware of is Treasury. Our relationship with Treasury includes, among other things, (i) the transactions and arrangements entered into in connection with Treasury s acquisition of Trust Preferred Securities from the Trust and Ally, (ii) the transactions and arrangements entered into in connection with Treasury s acquisition of approximately $11.4 billion in aggregate liquidation preference of our Fixed Rate Cumulative Mandatorily Convertible Preferred Stock, Series F-2 and the recent conversion of 110,000,000 shares of Ally s Fixed Rate Cumulative Mandatorily Convertible Preferred Stock, Series F-2 into 531,850 shares of Ally s common stock; (iii) the arrangements established by the Amended and Restated Governance Agreement, dated as of May 21, 2009, by and among Ally, Treasury and Ally s other common stockholders (the Governance Agreement); (iv) the Master Transaction Agreement entered into among Ally, Treasury, Chrysler and U.S. Dealer Automotive Receivables Transition LLC on May 21, 2009, in connection with the Master Automotive Financing Agreement between Ally and Chrysler; and (5) Treasury s ownership of approximately 73.8% of Ally s outstanding common stock.

Ally s operations are regulated by various U.S. governmental authorities, including in certain respects, by Treasury. Additionally, as of February 25, 2011, Treasury held 981,971 shares of Ally s common stock, 118,750,000 shares of Fixed Rate Cumulative Mandatorily Convertible Preferred Stock, Series F-2 and 2,667,000 trust preferred securities of the Trust. Treasury and Ally are also parties to certain agreements.

The following description of Treasury was provided by Treasury and derived from Treasury s website. Treasury is the executive agency of the U.S. government responsible for promoting economic prosperity and ensuring the financial security of the United States. Treasury is responsible for a wide range of activities, such as advising the President on economic and financial issues, encouraging sustainable economic growth and fostering

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improved governance in financial institutions. Treasury operates and maintains systems that are critical to the nation s financial infrastructure, such as the production of coin and currency, the disbursement of payments to the American public, revenue collection and the borrowing of funds necessary to run the federal government. Treasury works with other federal agencies, foreign governments and international financial institutions to encourage global economic growth, raise standards of living and, to the extent possible, predict and prevent economic and financial crises. Treasury also performs a critical and far-reaching role in enhancing national security by implementing economic sanctions against foreign threats to the United States, identifying and targeting the financial support networks of national security threats and improving the safeguards of our financial systems. In addition, under EESA, Treasury was given certain authority and facilities to restore the liquidity and stability of the financial system.

Governmental Immunity

The doctrine of sovereign immunity, as limited by the Federal Tort Claims Act, as amended (the FTCA), provides that claims may not be brought against the United States or any agency or instrumentality thereof unless specifically permitted by act of Congress. The FTCA bars claims for fraud or misrepresentation. The courts have held, in cases involving federal agencies and instrumentalities, that the United States may assert its sovereign immunity to claims brought under the federal securities laws. Thus, any attempt to assert a claim against Treasury alleging a violation of the federal securities laws, including the Securities Act and the Exchange Act, resulting from an alleged material misstatement in or material omission from this prospectus or the Registration Statement on Form S-3 of which this prospectus is a part, or any other act or omission in connection with any offering by Treasury to which this prospectus relates, likely would be barred. In addition, Treasury has advised us that Treasury and its members, 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. Accordingly, any attempt to assert such a claim against the members, officers, agents or employees of Treasury for a violation of the Securities Act or the Exchange Act resulting from an alleged material misstatement in or material omission from this prospectus or the Registration Statement on Form S-3 of which this prospectus is a part or resulting from any other act or omission in connection with any offering by Treasury to which this prospectus relates likely would be barred.

Information about the selling securityholders may change over time and changed information will be set forth in supplements to this prospectus if and when necessary.

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PLAN OF DISTRIBUTION

The selling securityholders may sell all or a portion of the securities beneficially owned by them and offered by this prospectus from time to time directly or through one or more underwriters, broker-dealers or agents. If securities are sold through underwriters or broker-dealers, the selling securityholders will be responsible for underwriting discounts or commissions or agent s commissions. The securities may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. These sales may be effected in transactions that may involve crosses or block transactions. The selling securityholders may use any one or more of the following methods when selling Trust Preferred Securities:

- on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale;
- in the over-the-counter market;
- in transactions other than on these exchanges or systems or in the over-the-counter market;
- through the writing of options, whether such options are listed on an options exchange or otherwise;
- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the units as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- broker-dealers may agree with the selling securityholders to sell a specified number of such units at a stipulated price per unit;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

The selling securityholders may also sell securities under Rule 144 under the Securities Act, if available, rather than under this prospectus.

Broker-dealers engaged by the selling securityholders may arrange for other brokers-dealers to participate in sales. If the selling securityholders effect such transactions by selling securities to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the selling securityholders, or commissions from purchasers of the securities for whom they may act as agent or to whom they may sell as principal. These discounts, concessions or commissions

as to any particular underwriter, broker-dealer or agent will be in amounts to be negotiated, which are not expected to be in excess of those customary in the types of transactions involved.

In connection with sales of securities, the selling securityholders may enter into hedging transactions with broker-dealers or other financial institutions. The selling securityholders may also loan or pledge securities to broker-dealers that in turn may sell such units. The selling securityholders may also enter into option or other

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transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities that require the delivery to such broker-dealer or other financial institution of units offered by this prospectus, which units such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The selling securityholders may pledge or grant a security interest in some or all of the securities owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the securities from time to time pursuant to this prospectus or any amendment or supplement to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act, amending, if necessary, the identification of selling securityholders to include the pledgee, transferee or other successors in interest as selling securityholders under this prospectus. The selling securityholders also may transfer and donate the securities in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

EURIBOR will be the offered rate for deposits in euros having the index maturity specified in your pricing supplement, beginning on the second ***euro business day*** after the relevant EURIBOR interest determination date, as that rate appears on ***Telerate pag***e 248 as of 11:00 A.M., Brussels time, on the relevant EURIBOR interest determination date.

If the rate described above does not appear on Telerate page 248, EURIBOR will be determined on the basis of the rates, at approximately 11:00 A.M., Brussels time, on the relevant EURIBOR interest determination date, at which deposits of the following kind are offered to prime banks in the ***euro-zone*** interbank market by the principal euro-zone office of each of four major banks in that market selected by the calculation agent: euro deposits having the relevant index maturity, beginning on the relevant interest reset date, and in a representative amount. The calculation agent will request the principal euro-zone office of each of these banks to provide a quotation of its rate. If at least two quotations are provided, EURIBOR for the relevant EURIBOR interest determination date will be the arithmetic mean of the quotations.

If fewer than two quotations are provided as described above, EURIBOR for the relevant EURIBOR interest determination date will be the arithmetic mean of the rates for loans of the following kind to leading euro-zone banks quoted, at approximately 11:00 A.M., Brussels time on that EURIBOR interest determination date, by three major banks in the euro-zone selected by the calculation agent: loans of euros having the relevant index maturity, beginning on the relevant interest reset date, and in a representative amount.

If fewer than three banks selected by the calculation agent are quoting as described above, EURIBOR for the new interest period will be EURIBOR in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

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Treasury Rate Notes

If you purchase a treasury rate note, your note will bear interest at an interest rate equal to the treasury rate and adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement.

The treasury rate will be the rate for the auction, on the relevant treasury interest determination date, of treasury bills having the index maturity specified in your pricing supplement, as that rate appears on Telerate page 56 or 57 under the heading Investment Rate . If the treasury rate cannot be determined in this manner, the following procedures will apply.

If the rate described above does not appear on either page at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from that source at that time, the treasury rate will be the ***bond equivalent yield*** of the rate, for the relevant interest determination date, for the type of treasury bill described above, as published in H.15 daily update, or another recognized electronic source used for displaying that rate, under the heading U.S. Government Securities/Treasury Bills/Auction High .

If the rate described in the prior paragraph does not appear in H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, the treasury rate will be the bond equivalent yield of the auction rate, for the relevant treasury interest determination date and for treasury bills of the kind described above, as announced by the U.S. Department of the Treasury.

If the auction rate described in the prior paragraph is not so announced by 3:00 P.M., New York City time, on the relevant interest calculation date, or if no such auction is held for the relevant week, then the treasury rate will be the bond equivalent yield of the rate, for the relevant treasury interest determination date and for treasury bills having a remaining maturity closest to the specified index maturity, as published in H.15(519) under the heading U.S. Government Securities /Treasury Bills/Secondary Market .

If the rate described in the prior paragraph does not appear in H.15(519) at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, then the treasury rate will be the rate, for the relevant treasury interest determination date and for treasury bills having a remaining maturity closest to the specified index maturity, as published in H.15 daily update, or another recognized electronic source used for displaying that rate, under the heading U.S. Government Securities/Treasury Bills/Secondary Market .

If the rate described in the prior paragraph does not appear in H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, the treasury rate will be the bond equivalent yield of the arithmetic mean of the following secondary market bid rates for the issue of treasury bills with a remaining maturity closest to the specified index maturity: the rates bid as of approximately 3:30 P.M., New York City time, on the relevant treasury interest determination date, by three primary U.S. government securities dealers in New York City selected by the calculation agent.

If fewer than three dealers selected by the calculation agent are quoting as described in the prior paragraph, the treasury rate in effect for the new interest period will be the treasury rate in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

CD Rate Notes

If you purchase a CD rate note, your note will bear interest at an interest rate equal to the CD rate and adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement.

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The CD rate will be the rate, on the relevant interest determination date, for negotiable U.S. dollar certificates of deposit having the index maturity specified in your pricing supplement, as published in H.15(519) under the heading CDs (Secondary Market) . If the CD rate cannot be determined in this manner, the following procedures will apply.

If the rate described above does not appear in H.15(519) at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from that source at that time, then the CD rate will be the rate, for the relevant interest determination date, described above as published in H.15 daily update, or another recognized electronic source used for displaying that rate, under the heading CDs (Secondary Market).

If the rate described above does not appear in H.15(519), H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, the CD rate will be the arithmetic mean of the following secondary market offered rates for negotiable U.S. dollar certificates of deposit of major U.S. money market banks with a remaining maturity closest to the specified index maturity, and in a representative amount: the rates offered as of 10:00 A.M., New York City time, on the relevant interest determination date, by three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in New York City, as selected by the calculation agent.

If fewer than three dealers selected by the calculation agent are quoting as described above, the CD rate in effect for the new interest period will be the CD rate in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

CMT Rate Notes

If you purchase a CMT rate note, your note will bear interest at an interest rate equal to the CMT rate and adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement.

The CMT rate will be the following rate displayed on the designated ***CMT Moneyline Telerate page*** under the heading . . . Treasury Constant Maturities . . . Federal Reserve Board Release H.15 Mondays Approximately 3:45 P.M., under the column for the ***designated CMT index maturity***:

if the designated CMT Moneyline Telerate page is Telerate page 7051, the rate for the relevant interest determination date; or

if the designated CMT Moneyline Telerate page is Telerate page 7052, the weekly or monthly average, as specified in your pricing supplement, for the week that ends immediately before the week in which the relevant interest determination date falls, or for the month that ends immediately before the month in which the relevant interest determination date falls, as applicable.

If the CMT rate cannot be determined in this manner, the following procedures will apply.

If the applicable rate described above is not displayed on the relevant designated CMT Moneyline Telerate page at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from

that source at that time, then the CMT rate will be the applicable treasury constant maturity rate described above i.e., for the designated CMT index maturity and for either the relevant interest determination date or the weekly or monthly average, as applicable as published in H.15(519).

If the applicable rate described above does not appear in H.15(519) at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, then the CMT rate will be the treasury constant

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maturity rate, or other U.S. treasury rate, for the designated CMT index maturity and with reference to the relevant interest determination date, that:

- is published by the Board of Governors of the Federal Reserve System, or the U.S. Department of the Treasury; *and*

- is determined by the calculation agent to be comparable to the applicable rate formerly displayed on the designated CMT Moneyline Telerate page and published in H.15(519).

If the rate described in the prior paragraph does not appear at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, then the CMT rate will be the yield to maturity of the arithmetic mean of the following secondary market bid rates for the most recently issued treasury notes having an original maturity of approximately the designated CMT index maturity and a remaining term to maturity of not less than the designated CMT index maturity *minus* one year, and in a representative amount: the bid rates, as of approximately 3:30 P.M., New York City time, on the relevant interest determination date, of three primary U.S. government securities dealers in New York City selected by the calculation agent. In selecting these bid rates, the calculation agent will request quotations from five of these primary dealers and will disregard the highest quotation or, if there is equality, one of the highest and the lowest quotation or, if there is equality, one of the lowest. Treasury notes are direct, non-callable, fixed rate obligations of the U.S. government.

If the calculation agent is unable to obtain three quotations of the kind described in the prior paragraph, the CMT rate will be the yield to maturity of the arithmetic mean of the following secondary market bid rates for treasury notes with an original maturity longer than the designated CMT index maturity, with a remaining term to maturity closest to the designated CMT index maturity and in a representative amount: the bid rates, as of approximately 3:30 P.M., New York City time, on the relevant interest determination date, of three primary U.S. government securities dealers in New York City selected by the calculation agent. In selecting these bid rates, the calculation agent will request quotations from five of these primary dealers and will disregard the highest quotation or, if there is equality, one of the highest and the lowest quotation or, if there is equality, one of the lowest. If two treasury notes with an original maturity longer than the designated CMT index maturity have remaining terms to maturity that are equally close to the designated CMT index maturity, the calculation agent will obtain quotations for the treasury note with the shorter remaining term to maturity.

If fewer than five but more than two of these primary dealers are quoting as described in the prior paragraph, then the CMT rate for the relevant interest determination date will be based on the arithmetic mean of the bid rates so obtained, and neither the highest nor the lowest of those quotations will be disregarded.

If two or fewer primary dealers selected by the calculation agent are quoting as described above, the CMT rate in effect for the new interest period will be the CMT rate in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

CPI Rate Notes

If you purchase a CPI rate note, your note will bear interest at an interest rate equal to the CPI rate and adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement.

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Except as otherwise specified in the applicable pricing supplement, the CPI rate will be the rate, determined as of the relevant interest determination date, expressed as a percentage and calculated in accordance with the following formula:

$$\text{CPI rate} = \frac{(C \quad P)}{P} \qquad 1$$

where

C means the CPI (as defined below) applicable for the calendar month which is two months preceding the month of the relevant interest determination date;

P means the CPI applicable for the calendar month which is twelve months immediately preceding the calendar month for which C is determined; and

CPI means the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers, published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor. For reference purposes only, the CPI is available on Bloomberg page CPURNSA or any successor service. In the event of an inconsistency between the CPI published on Bloomberg page CPURNSA and the CPI published by the Bureau of Labor Statistics, the CPI shall be the CPI published by the Bureau of Labor Statistics.

Federal Funds Rate Notes

If you purchase a federal funds rate note, your note will bear interest at an interest rate equal to the federal funds rate and adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement.

The federal funds rate will be the rate for U.S. dollar federal funds on the relevant interest determination date, as published in H.15 (519) under the heading Federal Funds (Effective) , as that rate is displayed on Telerate page 120. If the federal funds rate cannot be determined in this manner, the following procedures will apply.

If the rate described above is not displayed on Telerate page 120 at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from that source at that time, then the federal funds rate, for the relevant interest determination date, will be the rate described above as published in H.15 daily update, or another recognized electronic source used for displaying that rate, under the heading Federal Funds (Effective) .

If the rate described above is not displayed on Telerate page 120 and does not appear in H.15(519), H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, the federal funds rate will be the arithmetic mean of the rates for the last transaction in overnight, U.S. dollar federal funds arranged, before 9:00 A.M., New York City time, on the relevant interest determination date, by three leading brokers of U.S. dollar federal funds transactions in New York City selected by the calculation agent.

If fewer than three brokers selected by the calculation agent are quoting as described above, the federal funds rate in effect for the new interest period will be the federal funds rate in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

If fewer than five but more than two of these primary dealers are quoting as described in the prior paragraph, then the CMT rate for the relevant interest determination date will be based on the arithmetic mean of the offered rates so obtained, and neither the highest nor the lowest of those quotations will be disregarded.

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Special Rate Calculation Terms

In this subsection entitled Interest Rates , we use several terms that have special meanings relevant to calculating floating interest rates. We define these terms as follows:

The term ***bond equivalent yield*** means a yield expressed as a percentage and calculated in accordance with the following formula:

$$\text{bond equivalent yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where

D means the annual rate for treasury bills quoted on a bank discount basis and expressed as a decimal;

N means 365 or 366, as the case may be; and

M means the actual number of days in the applicable interest reset period.

The term ***business day*** means, for any note, a day that meets all the following applicable requirements:

for all notes, is a Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which banking institutions in New York City generally are authorized or obligated by law, regulation or executive order to close;

if the note is a LIBOR note, is also a London business day;

if the note has a specified currency other than U.S. dollars or euros, is also a day on which banking institutions are not authorized or obligated by law, regulation or executive order to close in the principal financial center of the country issuing the specified currency; and

if the note is a EURIBOR note or has a specified currency of euros, or is a LIBOR note for which the index currency is euros, is also a TARGET business day.

The term ***designated CMT index maturity*** means the index maturity for a CMT rate note and will be the original period to maturity of a U.S. treasury security either 1, 2, 3, 5, 7, 10, 20 or 30 years specified in the applicable pricing supplement.

The term ***designated CMT Moneyline Telerate page*** means the Telerate page mentioned in the relevant pricing supplement that displays treasury constant maturities as reported in H.15(519). If no Telerate page is so specified, then the applicable page will be Telerate page 7052. If Telerate page 7052 applies but the relevant pricing supplement does not specify whether the weekly or monthly average applies, the weekly average will apply.

The term ***euro business day*** means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System, or any successor system, is open for business.

The term ***euro-zone*** means, at any time, the region comprised of the member states of the European Economic and Monetary Union that, as of that time, have adopted a single currency in accordance with the Treaty on European Union of February 1992.

H.15(519) means the weekly statistical release entitled Statistical Release H.15 (519) , or any successor publication, published by the Board of Governors of the Federal Reserve System.

H.15 daily update means the daily update of H.15(519) available through the worldwide website of the Board of Governors of the Federal Reserve System, at http://www.federalreserve.gov/releases/h15/update, or any successor site or publication.

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The term ***index currency*** means, with respect to a LIBOR note, the currency specified as such in the relevant pricing supplement. The index currency may be U.S. dollars or any other currency, and will be U.S. dollars unless another currency is specified in the relevant pricing supplement.

The term ***index maturity*** means, with respect to a floating rate note, the period to maturity of the instrument or obligation on which the interest rate formula is based, as specified in the applicable pricing supplement.

London business day means any day on which dealings in the relevant index currency are transacted in the London interbank market.

The term ***money market yield*** means a yield expressed as a percentage and calculated in accordance with the following formula:

$$\text{money market yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where

D means the annual rate for commercial paper quoted on a bank discount basis and expressed as a decimal; and

M means the actual number of days in the relevant interest reset period.

The term ***representative amount*** means an amount that, in the calculation agent s judgment, is representative of a single transaction in the relevant market at the relevant time.

Reuters screen LIBOR page means the display on the Reuters Monitor Money Rates Service, or any successor service, on the page designated as LIBO or any replacement page or pages on which London interbank rates of major banks for the relevant index currency are displayed.

Reuters screen US PRIME 1 page means the display on the US PRIME 1 page on the Reuters Monitor Money Rates Service, or any successor service, or any replacement page or pages on that service, for the purpose of displaying prime rates or base lending rates of major U.S. banks.

Telerate LIBOR page means Telerate page 3750 or any replacement page or pages on which London interbank rates of major banks for the relevant index currency are displayed.

Telerate page means the display on Moneyline Telerate, or any successor service, on the page or pages specified in this prospectus or the relevant pricing supplement, or any replacement page or pages on that service.

If, when we use the terms designated CMT Moneyline Telerate page, H.15(519), H.15 daily update, Reuters screen LIBOR page, Reuters screen US PRIME 1 page, Telerate LIBOR page or Telerate page, we refer to a particular heading or headings on any of those pages, those references include any successor or replacement heading or headings as determined by the calculation agent.

Payment of Additional Amounts to United States Aliens

Wachovia will, subject to certain exceptions and limitations listed below (unless otherwise specified in any pricing supplement), pay to the holder of any note who is a United States Alien (as defined below), as additional interest, certain amounts (Additional Amounts) as may be necessary so that every net payment on that note (including payment of the principal of and interest on that note) by Wachovia or a paying agent, after deduction or withholding for or on account of any present or future tax, assessment or other

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governmental charge imposed upon or as a result of such payment by the United States (or any political subdivision or taxing authority of or in the United States), will not be less than the amount provided in that note to be then due and payable; this obligation to pay Additional Amounts, however, will not apply to:

(a) any tax, assessment or other governmental charge that would not have been so imposed but for (i) the existence of any present or former connection between the holder or beneficial owner of that note (or between a fiduciary, settlor or beneficiary of, or a person holding a power over, that holder, if that holder is an estate or a trust, or a member or shareholder of that holder, if that holder is a partnership or corporation) and the United States or any political subdivision or taxing authority, including but not limited to that holder (or the fiduciary, settlor, beneficiary, person holding a power, member or shareholder) being or having been a citizen or resident of the United States or treated as a resident of the United States or being or having been engaged in a trade or business in the United States or present in the United States or having or having had a permanent establishment in the United States or (ii) that holder s or beneficial owner s past or present status as a personal holding company, foreign personal holding company, foreign private foundation or other foreign tax-exempt organization relating to the United States, controlled foreign corporation for United States tax purposes or corporation that accumulates earnings to avoid United States Federal income tax;

(b) any estate, inheritance, gift, excise, sales, transfer, wealth or personal property tax or any similar tax, assessment or other governmental charge;

(c) any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the holder of a note for payment more than 30 days after the date on which that payment became due and payable or the date on which payment on that note was duly provided for, whichever occurred later;

(d) any tax, assessment or other governmental charge that is payable otherwise than by withholding from a payment on a note;

(e) any tax, assessment or other governmental charge required to be withheld by any paying agent from a payment on a note, if that payment can be made without that withholding by any other paying agent;

(f) any tax, assessment or other governmental charge that would not have been imposed but for a failure to comply with applicable certification, information, documentation, identification or other reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of a note if that compliance is required by statute or regulation of the United States or by an applicable tax treaty to which the United States is a party as a precondition to relief or exemption from that tax, assessment or other governmental charge;

(g) any tax, assessment or other governmental charge imposed on a holder that actually or constructively owns 10 percent or more of the combined voting power of all classes of Wachovia s stock;

(h) any withholding or deduction imposed pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 or any law or regulation implementing such directive; or

(i) any combination of items (a), (b), (c), (d), (e), (f), (g) and (h);

nor shall Additional Amounts be paid in relation to a payment on a note to a holder that is a fiduciary or partnership or other than the sole beneficial owner of that payment to the extent a beneficiary or settlor with respect to that fiduciary or a member of that partnership or a beneficial owner would not have been entitled to Additional Amounts (or payment of Additional Amounts would not have been necessary) had that beneficiary, settlor, member or beneficial owner been the holder of that note.

For the purposes of this discussion, a United States Alien means any person who, for United States Federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien

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fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for United States Federal income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary, of a foreign estate or trust. United States means the United States of America (including the States and the District of Columbia) and its territories, its possessions and other areas that come under its jurisdiction.

Redemption for Tax Purposes

If (a) as a result of any change in the laws, regulations or rulings of the United States (or any political subdivision or taxing authority of or in the United States), or any change in the official application (including a ruling by a court of competent jurisdiction in the United States) or interpretation of those laws, regulations or rulings, which change or amendment is announced or becomes effective on or after the consummation of any offering of the notes, Wachovia is obligated to pay Additional Amounts as described above or (b) any act is taken by a taxing authority of the United States on or after the consummation of any offering of the notes, whether or not this act is taken in relation to Wachovia or any affiliate, that results in a substantial likelihood that Wachovia will or may be required to pay these Additional Amounts, then Wachovia may, at its option, redeem, as a whole, but not in part, the notes on not less than 30 nor more than 60 days prior notice, at a redemption price equal to 100% of their principal amount, together with accrued interest to the date fixed for redemption; provided that Wachovia determines, in its business judgment, that the obligation to pay these Additional Amounts cannot be avoided by the use of reasonable measures available to it, not including substitution of the obligor under the notes or any action that would entail a material cost to Wachovia. No redemption under (b) above may be made unless Wachovia shall have received an opinion of independent counsel to the effect that an act taken by a taxing authority of the United States results in a substantial likelihood that it will or may be required to pay Additional Amounts described above and Wachovia shall have delivered to the Trustee a certificate, signed by a duly authorized officer, saying that based on this opinion Wachovia is entitled to redeem the notes according to their terms.

Other Provisions; Addenda

Any provisions relating to the notes, including the determination of the interest rate basis, calculation of the interest rate applicable to a floating rate note, its interest payment dates, any redemption or repayment provisions, or any other term relating thereto, may be modified and/or supplemented by the terms as specified under Other Provisions on the face of the applicable notes or in an Addendum relating to the applicable notes, if so specified on the face of the applicable notes, and, in each case, in the relevant pricing supplement.

Subordination of the Subordinated Notes

Wachovia s obligations to make any payment of the principal and interest on any subordinated notes will, to the extent the subordinated indenture specifies, be subordinate and junior in right of payment to all of Wachovia s senior indebtedness. Unless otherwise specified in the pricing supplement relating to a specific series of subordinated notes, Wachovia s senior indebtedness is defined in the subordinated indenture to mean the principal of, premium and interest, if any, on

all Wachovia indebtedness for money borrowed, including indebtedness Wachovia guarantees, other than the subordinated notes, whether outstanding on the date of execution of the indenture or incurred afterward, except

any obligations on account of Existing Subordinated Indebtedness and

indebtedness as is by its terms expressly stated to be not superior in payment right to the subordinated notes or to rank equal to the subordinated notes and

any deferrals, renewals or extensions of any such senior indebtedness. (*Section 101* of the subordinated indenture)

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The payment of the principal and interest on the subordinated notes will, to the extent described in the subordinated indenture, be subordinated in payment right to the prior payment of all senior indebtedness. Unless otherwise described in the pricing supplement relating to the specific series of subordinated notes, in certain events of insolvency, the payment of the principal and interest on the subordinated notes, other than subordinated notes that are also Existing Subordinated Indebtedness, will, to the extent described in the subordinated indenture, also be effectively subordinated in payment right to the prior payment of all Other Financial Obligations. Upon any payment or distribution of assets to creditors under Wachovia s liquidation, dissolution, winding up, reorganization, assignment for the benefit of creditors, or any bankruptcy, insolvency or similar proceedings, all senior indebtedness holders will be entitled to receive payment in full of all amounts due before the subordinated note holders will be entitled to receive any payment in respect of the principal or interest on their securities. If upon any such payment or asset distribution to creditors, there remains, after giving effect to those subordination provisions in favor of senior indebtedness holders, any amount of cash, property or securities available for payment or distribution in respect of subordinated notes (defined in the subordinated indenture as Excess Proceeds) and if, at that time, any Entitled Persons (as defined below) in respect of Other Financial Obligations have not received payment of all amounts due on such Other Financial Obligations, then such Excess Proceeds shall first be applied to pay these Other Financial Obligations before any payment may be applied to the subordinated notes which are not Existing Subordinated Indebtedness. In the event of the acceleration of the maturity of any subordinated notes, all senior indebtedness holders will be entitled to receive payment of all amounts due before the subordinated note holders will be entitled to receive any payment upon the principal of or interest on their subordinated notes. (*Sections 1403, 1404 and 1413* of the subordinated indenture)

By reason of such subordination in favor of senior indebtedness holders, in the event of insolvency, Wachovia s creditors who are not senior indebtedness holders or subordinated note holders may recover less, ratably, than senior indebtedness holders and may recover more, ratably, than subordinated note holders. By reason of subordinated note holders (other than Existing Subordinated Indebtedness) to pay over any Excess Proceeds to Entitled Persons in respect to Other Financial Obligations, in the event of insolvency, Existing Subordinated Indebtedness holders may recover less, ratably, than Entitled Persons in respect of Other Financial Obligations and may recover more, ratably, than the subordinated note holders (other than Existing Subordinated Indebtedness).

Unless otherwise specified in the pricing supplement relating to the particular subordinated notes series offered by it, Existing Subordinated Indebtedness means subordinated notes issued under the subordinated indenture prior to November 15, 1992. (*Section 101* of the subordinated indenture)

Unless otherwise specified in the pricing supplement relating to the particular subordinated notes series offered by it, Other Financial Obligations means all obligations of Wachovia to make payment under the terms of financial instruments, such as

securities contracts and foreign currency exchange contracts;

derivative instruments such as

swap agreements (including interest rate and foreign exchange rate swap agreements);

cap agreements;

floor agreements;

collar agreements;

interest rate agreements;

foreign exchange rate agreements;

options;

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commodity futures contracts;

commodity option contracts; and

similar financial instruments other than

obligations on account of senior indebtedness; and

obligations on account of indebtedness for money borrowed ranking equal or subordinate to the subordinated notes. (*Section 101* of the subordinated indenture)

Unless otherwise described in the pricing supplement relating to a specific series of subordinated notes, Entitled Persons means any person who is entitled to payment under the terms of Other Financial Obligations. (*Section 101* of the subordinated indenture)

Wachovia s obligations under the subordinated notes shall rank equal in right of payment with each other and with the Existing Subordinated Indebtedness, subject, unless otherwise described in the pricing supplement relating to a specific series of subordinated notes, to the obligations of subordinated note holders (other than Existing Subordinated Indebtedness) to pay over any Excess Proceeds to Entitled Persons in respect of Other Financial Obligations as provided in the subordinated indenture. (*Section 1413* of the subordinated indenture)

The relevant pricing supplement may further describe the provisions, if any, applicable to the subordination of the subordinated notes of a particular series.

Defaults

The Senior Indenture

The senior indenture defines an event of default as

default in any principal or premium payment on any senior note of that series at maturity;

default for 30 days in interest payment of any senior note of that series;

failure to deposit any sinking fund payment when due in respect of that series;

Wachovia s failure for 60 days after notice in performing any other covenants or warranties in the senior indenture (other than a covenant or warranty solely for the benefit of other senior notes series);

failure to pay when due any Wachovia indebtedness or Wachovia Bank, National Association indebtedness in excess of $5,000,000, or maturity acceleration of any indebtedness exceeding that amount if acceleration results from a default under the instrument giving rise to that indebtedness and is not annulled within 30 days after due notice;

Wachovia s or Wachovia Bank, National Association s bankruptcy, insolvency or reorganization; and

any other event of default provided for senior notes of that series. (*Section 501*)

The senior indenture provides that, if any event of default for senior notes of any series outstanding occurs and is continuing, either the senior trustee or the holders of not less than 25% in principal amount of the outstanding senior notes of that series may declare the principal amount (or, if the notes of that series are original issue discount notes, such principal amount portion as the terms of that series specify) of all senior notes of that series to be due and payable immediately. However, no such declaration is required upon certain bankruptcy events. In addition, upon fulfillment of certain conditions, this declaration may be annulled and past defaults waived by the holders of a majority in principal amount of the outstanding senior notes of that

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series on behalf of all senior note holders of that series. (*Sections 502 and 513*) In the event of Wachovia s bankruptcy, insolvency or reorganization, senior note holders claims would fall under the broad equity power of a federal bankruptcy court, and to that court s determination of the nature of those holders rights.

The senior indenture contains a provision entitling the senior trustee, acting under the required standard of care, to be indemnified by the holders of any outstanding senior note series before proceeding to exercise any right or power under the senior indenture at the holders request. (*Section 603*) The holders of a majority in principal amount of outstanding senior notes of any series may direct the time, method and place of conducting any proceeding for any remedy available to the senior trustee, or exercising any trust or other power conferred on the senior trustee, with respect to the senior notes of such series. The senior trustee, however, may decline to act if that direction is contrary to law or the senior indenture or would involve the senior trustee in personal liability. (*Section 512*)

Wachovia will file annually with the senior trustee a compliance certificate as to all conditions and covenants in the senior indenture. (*Section 1007*)

The Subordinated Indenture

Subordinated notes principal payment may be accelerated only upon an event of default. There is no acceleration right in the case of a default in the payment of interest or principal prior to the maturity date or a default in Wachovia performing any covenants in the subordinated indenture, unless a specific series of subordinated notes provide otherwise, which will be described in the relevant pricing supplement.

The subordinated indenture defines an event of default as certain events involving Wachovia s bankruptcy, insolvency or reorganization and any other event of default provided for the subordinated notes of that series. (*Section 501*) The subordinated indenture defines a default to include

- any event of default;
- a default in any principal or premium payment of any subordinated debt security of that series at maturity;
- default in any interest payment when due and continued for 30 days;
- a default in any required designation of funds as available funds ; or
- default in the performance, or breach, of Wachovia s covenants in the subordinated indenture or in the subordinated notes of that series and continued for 90 days after written notice to
  - Wachovia by the subordinated trustee; or
  - Wachovia and the subordinated trustee by the holders of not less than 25% in aggregate principal amount of the outstanding subordinated notes of that series. (*Section 503*)

If an event of default for subordinated notes of any series occurs and is continuing, either the subordinated trustee or the holders of not less than 25% in aggregate principal amount of the outstanding subordinated notes of that series may accelerate the maturity of all outstanding subordinated notes of such series. The holders of a majority in aggregate principal amount of the outstanding subordinated notes of that series may waive an event of default resulting in acceleration of the subordinated notes of such series, but only if all events of default have been remedied and all payments due on the subordinated notes of that series (other than those due as a result of acceleration) have been made and certain other conditions have been met. (*Section 502*) Subject to subordinated indenture provisions relating to the subordinated trustee s duties, in case a default shall occur and be continuing, the subordinated trustee will be under no obligation to exercise any of its rights or powers under the subordinated indenture at the holders request or direction, unless such holders shall have offered to the subordinated trustee reasonable indemnity. (*Section 603*) Subject to such indemnification provisions, the holders of a majority in aggregate principal amount of the outstanding

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subordinated notes of that series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the subordinated trustee or exercising any trust or power conferred on the subordinated trustee. (*Section 512*) The holders of a majority in aggregate principal amount of the outstanding subordinated notes of that series may waive any past default under the subordinated indenture with respect to such series, except a default in principal or interest payment or a default of a subordinated indenture covenant which cannot be modified without the consent of each outstanding subordinated note holder of the series affected. (*Section 513*) In the event of Wachovia s bankruptcy, insolvency or reorganization, subordinated note holders claims would fall under the broad equity power of a federal bankruptcy court, and to that court s determination of the nature of those holders rights.

Wachovia will file annually with the subordinated trustee a compliance certificate as to all conditions and covenants in the subordinated indenture. (*Section 1007*)

Modification and Waiver

Each indenture may be modified and amended by Wachovia and the relevant trustee. Certain modifications and amendments require the consent of the holders of at least a majority in aggregate principal amount of the outstanding notes of each series issued under that indenture and affected by the modification or amendment. No such modification or amendment may, without the consent of the holder of each outstanding note issued under such indenture and affected by it

- change the stated maturity of the principal, or any installment of principal or interest, on any outstanding note;
- reduce any principal amount, premium or interest, on any outstanding note, including in the case of an original issue discount note the amount payable upon acceleration of the maturity of that note;
- change the place of payment where, or the coin or currency or currency unit in which, any principal, premium or interest, on any outstanding note is payable;
- impair the right to institute suit for the enforcement of any payment on or after the stated maturity, or in the case of redemption, on or after the redemption date;
- reduce the above-stated percentage of outstanding notes necessary to modify or amend the applicable indenture; or
- modify the above requirements or reduce the percentage of aggregate principal amount of outstanding notes of any series required to be held by holders seeking to waive compliance with certain provisions of the relevant indenture or seeking to waive certain defaults. (*Section 902*)

The holders of at least a majority in aggregate principal amount of the outstanding notes of any series may on behalf of all outstanding note holders of that series waive, insofar as that series is concerned, Wachovia s compliance with certain restrictive provisions of the relevant indenture. (*Section 1008*) The holders of at least a majority in aggregate principal amount of the outstanding notes of any series may on behalf of all outstanding note holders of that series waive any past default under the relevant indenture with respect to that series, except a default in the payment of the principal, or premium, if any, or interest on any outstanding note of that series or in respect of an indenture covenant which cannot be modified or amended without each outstanding note holder consenting. (*Section 513*)

Certain modifications and amendments of each indenture may be made by Wachovia and the relevant trustee without the outstanding note holders consenting. (*Section 901*)

Each indenture provides that in determining whether the holders of the requisite principal amount of the outstanding notes have given any request, demand, authorization, direction, notice, consent or waiver under that indenture or are present at a meeting of holders of outstanding notes for quorum purposes

the principal amount of an original issue discount note that shall be deemed to be outstanding shall be the amount of the principal that would be due and payable as of the date of such determination upon acceleration of its maturity; and

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the principal amount of outstanding notes denominated in a foreign currency or currency unit shall be the U.S. dollar equivalent, determined on the date of original issuance of that outstanding note, of the principal amount of that outstanding note or, in the case of an original issue discount note, the U.S. dollar equivalent, determined on the date of original issuance of such outstanding note, of the amount determined as provided in the above bullet-point. (*Section 101*)

Consolidation, Merger and Sale of Assets

The indentures each provide that Wachovia may not consolidate with or merge into any other corporation or transfer its properties and assets substantially as an entirety to any person unless

the corporation formed by the consolidation or into which Wachovia is merged, or the person to which Wachovia s properties and assets are so transferred, shall be a corporation organized and existing under the laws of the U.S., any state or Washington, D.C. and shall expressly assume by supplemental indenture the payment of any principal, premium or interest on the notes, and the performance of Wachovia s other covenants under the relevant indenture;

immediately after giving effect to this transaction, no event of default or default, as applicable, and no event which, after notice or lapse of time or both, would become an event of default or default, as applicable, shall have occurred and be continuing; and

certain other conditions are met. (Section 801)

Limitation on Disposition of Wachovia Bank, National Association Stock

The indentures each contain Wachovia s covenant that, so long as any of the debt securities issued under that indenture before August 1, 1990 are outstanding, but subject to Wachovia s rights in connection with its consolidation with or merger into another corporation or a sale of Wachovia s assets, it will not sell, assign, transfer, grant a security interest in or otherwise dispose of any shares of, securities convertible into, or options, warrants or rights to subscribe for or purchase shares of, Wachovia Bank, National Association voting stock, nor will it permit Wachovia Bank, National Association to issue any shares of, or securities convertible into, or options, warrants or rights to subscribe for or purchase shares of, Wachovia Bank, National Association voting stock, unless

any such sale, assignment, transfer, issuance, grant of a security interest or other disposition is made for fair market value, as determined by Wachovia s board; and

Wachovia will own at least 80% of the issued and outstanding Wachovia Bank, National Association voting stock free and clear of any security interest after giving effect to such transaction. (Section 1006)

The above covenant is not a covenant for the benefit of any series of notes issued on or after August 1, 1990.

Restriction on Sale or Issuance of Voting Stock of Major Subsidiary Bank

With respect to the senior notes, the senior indenture contains Wachovia s covenant that it will not, and will not permit any subsidiary to, sell, assign, transfer, grant a security interest in, or otherwise dispose of, any shares of voting stock, or any securities convertible into shares of voting stock, of any Major Subsidiary Bank (as defined below) or any subsidiary owning, directly or indirectly, any shares of voting stock of any Major Subsidiary Bank and that it will not permit any Major Subsidiary Bank or any subsidiary owning, directly or indirectly, any shares of voting stock of a Major Subsidiary Bank to issue any shares of its voting stock or any securities convertible into shares of its voting stock, except for sales, assignments, transfers or other dispositions which

are for the purpose of qualifying a person to serve as a director;

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are for fair market value, as determined by Wachovia s board, and, after giving effect to such dispositions and to any potential dilution, Wachovia will own not less than 80% of the shares of voting stock of such Major Subsidiary Bank or any such subsidiary owning any shares of voting stock of such Major Subsidiary Bank;

are made

in compliance with court or regulatory authority order; or

in compliance with a condition imposed by any such court or authority permitting Wachovia s acquisition of any other bank or entity; or

in compliance with an undertaking made to such authority in connection with such an acquisition; provided, in the case of the two preceding bullet-points, the assets of the bank or entity being acquired and its consolidated subsidiaries equal or exceed 75% of the assets of such Major Subsidiary Bank or such subsidiary owning, directly or indirectly, any shares of voting stock of a Major Subsidiary Bank and its respective consolidated subsidiaries on the date of acquisition; or

to Wachovia or any wholly-owned subsidiary.

Despite the above requirements, any Major Subsidiary Bank may be merged into or consolidated with another banking institution organized under U.S. or state law, if after giving effect to that merger or consolidation Wachovia or any wholly-owned subsidiary owns at least 80% of the voting stock of the other banking institution free and clear of any security interest and if, immediately after the merger or consolidation, no event of default, and no event which, after notice or lapse of time or both, would become an event of default, shall have happened and be continuing. (*Section 1007*) A Major Subsidiary Bank is defined in each indenture to mean any subsidiary which is a bank and has total assets equal to 25% or more of Wachovia s consolidated assets determined on the date of the most recent audited financial statements of these entities. At present, the Major Subsidiary Bank is Wachovia Bank, National Association.

The above covenant is not a covenant for the benefit of any series of debt securities issued before August 1, 1990, or, in the case of subordinated debt securities including the subordinated notes, issued after November 15, 1992.

Form, Exchange and Transfer

If the notes cease to be issued in global form, they will be issued:

only in fully registered form;

without interest coupons; and

unless we indicate otherwise in your pricing supplement, in denominations of $1,000 and that are multiples of $1,000.

Holders may exchange their notes for notes of smaller denominations or combined into fewer notes of larger denominations, as long as the total principal amount is not changed.

Holders may exchange or transfer their notes at the office of the relevant trustee, or in the event definitive notes are issued and so long as the notes are listed on the Luxembourg Stock Exchange, at the offices of the paying agent. We have appointed the respective trustees to act as our agents for registering notes in the names of holders and transferring notes. We may appoint another entity to perform these functions or perform them ourselves.

Holders will not be required to pay a service charge to transfer or exchange their notes, but they may be required to pay for any tax or other governmental charge associated with the exchange or transfer. The

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transfer or exchange will be made only if our transfer agent is satisfied with the holder s proof of legal ownership.

If we have designated additional transfer agents for your note, they will be named in your pricing supplement. We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If any notes are redeemable and we redeem less than all those notes, we may block the transfer or exchange of those notes during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers of or exchange any note selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any note being partially redeemed.

If a note is issued as a global note, only the depositary e.g., DTC, Euroclear and Clearstream will be entitled to transfer and exchange the note as described in this subsection, since it will be the sole holder of the note.

Payment Mechanics

Who Receives Payment?

If interest is due on a note on an interest payment date, we will pay the interest to the person or entity in whose name the note is registered at the close of business on the regular record date relating to the interest payment date. If interest is due at maturity but on a day that is not an interest payment date, we will pay the interest to the person or entity entitled to receive the principal of the note. If principal or another amount besides interest is due on a note at maturity, we will pay the amount to the holder of the note against surrender of the note at a proper place of payment (or, in the case of a global note, in accordance with the applicable policies of the depositary).

How We Will Make Payments Due in U.S. Dollars

We will follow the practice described in this subsection when paying amounts due in U.S. dollars. Payments of amounts due in other currencies will be made as described in the next subsection.

Payments on Global Notes. We will make payments on a global note in accordance with the applicable policies of the depositary as in effect from time to time. Under those policies, we will pay directly to the depositary, or its nominee, and not to any indirect holders who own beneficial interests in the global note. An indirect holder s right to receive those payments will be governed by the rules and practices of the depositary and its participants, as described under Global Notes and Global Notes .

Payments on Non-Global Notes. We will make payments on a note in non-global form as follows. We will pay interest that is due on an interest payment date by check mailed on the interest payment date to the holder at his or her address shown on the trustee s records as of the close of business on the regular record date. We will make all other payments by check at the paying agent described below, against surrender of the note. All payments by check will be made in next-day funds i.e., funds that become available on the day after the check is cashed.

Alternatively, if a non-global note has a face amount of at least $1,000,000 and the holder asks us to do so, we will pay any amount that becomes due on the note by wire transfer of immediately available funds to an account at a bank in New York City, on the due date. To request wire payment, the holder must give the paying agent appropriate wire transfer instructions at least five business days before the requested wire payment is due. In the case of any interest payment due on an interest payment date, the instructions must be given by the person or entity who is the holder on the relevant regular record date. In the case of any other

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payment, payment will be made only after the note is surrendered to the paying agent. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

Book-entry and other indirect holders should consult their banks or brokers for information on how they will receive payments on their notes.

How We Will Make Payments Due In Other Currencies

We will follow the practice described in this subsection when paying amounts that are due in a specified currency other than U.S. dollars.

Payments on Global Notes. We will make payments on a global note in accordance with the applicable policies as in effect from time to time of the depositary, which will be DTC, Euroclear or Clearstream. Unless we specify otherwise in the applicable pricing supplement, DTC will be the depositary for all notes in global form. We understand that DTC s policies, as currently in effect, are as follows.

Unless otherwise indicated in your pricing supplement, if you are an indirect holder of global notes denominated in a specified currency other than U.S. dollars and if you elect to receive payments in that other currency, you must notify the participant through which your interest in the global note is held of your election:

- on or before the applicable regular record date, in the case of a payment of interest, or
- on or before the 16th day prior to stated maturity, or any redemption or repayment date, in the case of payment of principal or any premium.

You may elect to receive all or only a portion of any interest, principal or premium payment in a specified currency other than U.S. dollars.

Your participant must, in turn, notify DTC of your election on or before the third DTC business day after that regular record date, in the case of a payment of interest, and on or before the 12th DTC business day prior to stated maturity, or on the redemption or repayment date if your note is redeemed or repaid earlier, in the case of a payment of principal or any premium.

DTC, in turn, will notify the paying agent of your election in accordance with DTC s procedures.

If complete instructions are received by the participant and forwarded by the participant to DTC, and by DTC to the paying agent, on or before the dates noted above, the paying agent, in accordance with DTC s instructions will make the payments to you or your participant by wire transfer of immediately available funds to an account maintained by the payee with a bank located in the country issuing the specified currency or in another jurisdiction acceptable to us and the paying agent.

If the foregoing steps are not properly completed, we expect DTC to inform the paying agent that payment is to be made in U.S. dollars. In that case, we or our agent will convert the payment to U.S. dollars in the manner described below under Conversion to U.S. Dollars . We expect that we or our agent will then make the payment in U.S. dollars to DTC, and that DTC in turn will pass it along to its participants.

Indirect holders of a global note denominated in a currency other than U.S. dollars should consult their banks or brokers for information on how to request payment in the specified currency.

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Payments on Non-Global Notes. Except as described in the last paragraph under this heading, we will make payments on notes in non-global form in the applicable specified currency. We will make these payments by wire transfer of immediately available funds to any account that is maintained in the applicable specified currency at a bank designated by the holder and is acceptable to us and the trustee. To designate an account for wire payment, the holder must give the paying agent appropriate wire instructions at least five business days before the requested wire payment is due. In the case of any interest payment due on an interest payment date, the instructions must be given by the person or entity who is the holder on the regular record date. In the case of any other payment, the payment will be made only after the note is surrendered to the paying agent. Any instructions, once properly given, will remain in effect unless and until new instructions are properly given in the manner described above.

If a holder fails to give instructions as described above, we will notify the holder at the address in the trustee s records and will make the payment within five business days after the holder provides appropriate instructions. Any late payment made in these circumstances will be treated under the indenture as if made on the due date, and no interest will accrue on the late payment from the due date to the date paid.

Although a payment on a note in non global form may be due in a specified currency other than U.S. dollars, we will make the payment in U.S. dollars if the holder asks us to do so. To request U.S. dollar payment, the holder must provide appropriate written notice to the trustee at least five business days before the next due date for which payment in U.S. dollars is requested. In the case of any interest payment due on an interest payment date, the request must be made by the person or entity who is the holder on the regular record date. Any request, once properly made, will remain in effect unless and until revoked by notice properly given in the manner described above.

Book-entry and other indirect holders of a note with a specified currency other than U.S. dollars should contact their banks or brokers for information about how to receive payments in the specified currency or in U.S. dollars.

Conversion to U.S. Dollars. When we are asked by a holder to make payments in U.S. dollars of an amount due in another currency, either on a global note or a non-global note as described above, the exchange rate agent described below will calculate the U.S. dollar amount the holder receives in the exchange rate agent s discretion.

A holder that requests payment in U.S. dollars will bear all associated currency exchange costs, which will be deducted from the payment.

When the Specified Currency is Not Available. If we are obligated to make any payment in a specified currency other than U.S. dollars, and the specified currency or any successor currency is not available to us due to circumstances beyond our control such as the imposition of exchange controls or a disruption in the currency markets we will be entitled to satisfy our obligation to make the payment in that specified currency by making the payment in U.S. dollars, on the basis of the exchange rate determined by the exchange rate agent described below, in its discretion.

The foregoing will apply to any note, whether in global or non-global form, and to any payment, including a payment at maturity. Any payment made under the circumstances and in a manner described above will not result in a default under any note or the relevant indenture.

Exchange Rate Agent. If we issue a note in a specified currency other than U.S. dollars, we will appoint a financial institution to act as the exchange rate agent and will name the institution initially appointed when the note is originally issued in the applicable pricing supplement. We may select Wachovia Bank, National Association or another of our affiliates to perform this role. We may change the exchange rate agent from

time to time after the original issue date of the note without your consent and without notifying you of the change.

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All determinations made by the exchange rate agent will be at its sole discretion unless we state in the applicable pricing supplement that any determination requires our approval. In the absence of manifest error, those determinations will be conclusive for all purposes and binding on you and us, without any liability on the part of the exchange rate agent.

Payment When Offices Are Closed

If any payment is due on a note on a day that is not a business day, we will make the payment on the next day that is a business day. Payments postponed to the next business day in this situation will be treated under the relevant indenture as if they were made on the original due date. Postponement of this kind will not result in a default under any note or the indenture, and no interest will accrue on the postponed amount from the original due date to the next day that is a business day. The term business day has a special meaning, which we describe above under Interest Rates Special Rate Calculation Terms .

Paying Agent

We may appoint one or more financial institutions to act as our paying agents, at whose designated offices notes in non-global entry form may be surrendered for payment at their maturity. We call each of those offices a paying agent. We may add, replace or terminate paying agents from time to time. We may also choose to act as our own paying agent. Initially, we have appointed Wachovia Bank, National Association, at its corporate trust office in New York City or its headquarters in Charlotte, North Carolina, as the paying agent. We must notify you of changes in the paying agents.

Citibank, N.A., acting through its London office (or such other agent appointed in accordance with the Senior Indenture or the Subordinated Indenture, as the case may be), will act as London paying agent and London issuing agent.

In the event definitive notes are issued as described in this prospectus and as long as the notes are listed on the Luxembourg Stock Exchange, the holders of those notes will be able to receive payments and effect transfers at the offices of Dexia Banque Internationale à Luxembourg, Luxembourg or its successor as paying agent in Luxembourg relating to the notes. Each indenture provides for the replacement of a mutilated, lost, stolen or destroyed definitive note, so long as the applicant furnishes to Wachovia and the relevant trustee the security or indemnity required by them to save each of them harmless and any evidence of ownership of the note as they may require.

Dexia Banque Internationale à Luxembourg will act as a paying agent and transfer agent in Luxembourg in relation to the notes, and as long as the notes are listed on the Luxembourg Stock Exchange, Wachovia will maintain a paying agent and transfer agent in Luxembourg and any change in the Luxembourg paying agent and transfer agent will be published in Luxembourg in accordance with the second paragraph below under Notices .

Unclaimed Payments

Regardless of who acts as paying agent, all money paid by us to a paying agent that remains unclaimed at the end of two years after the amount is due to a holder will be repaid to us. After that two-year period, the holder may look only to us for payment and not to the relevant trustee, any other paying agent or anyone else.

Notices

Notices to be given to holders of a global note will be given only to the depositary, in accordance with its applicable policies as in effect from time to time. Notices to be given to holders of notes not in global form will be sent by mail to the respective addresses of the holders as they appear in the relevant trustee s records, and will be deemed given when mailed.

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As long as the notes are listed on the Luxembourg Stock Exchange and its rules require, we will also give notices to holders by publication in a daily newspaper of general circulation in Luxembourg. We expect that newspaper to be, but it need not be, the *Luxemburger Wort*. If publication in Luxembourg is not practical, we will make the publication elsewhere in Western Europe. By daily newspaper we mean a newspaper that is published on each day, other than a Saturday, Sunday or holiday, in Luxembourg or, when applicable, elsewhere in Western Europe. You will be presumed to have received these notices on the date we first publish them. If we are unable to give notice as described in this paragraph because the publication of any newspaper is suspended or it is otherwise impracticable for us to publish the notice, then we or the relevant trustee, acting on our instructions, will give holders notice in another form. That alternate form of notice will be sufficient notice to you.

Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder.

Book-entry and other indirect holders should consult their banks or brokers for information on how they will receive notices.

Trustees

Either or both of the trustees may resign or be removed with respect to one or more series of notes and a successor trustee may be appointed to act with respect to that series. (*Section 610*) In the event that two or more persons are acting as trustee with respect to different series of notes, each such trustee shall be a trustee of a trust under the relevant indenture separate and apart from the trust administered by any other such trustee (*Section 611*), and any action to be taken by the trustee may then be taken by each such trustee with respect to, and only with respect to, the one or more series of notes for which it is trustee.

In the normal course of business, Wachovia and its subsidiaries conduct banking transactions with the trustees and their affiliates, and the trustees and their affiliates conduct banking transactions with Wachovia and its subsidiaries.

Title

Wachovia, the trustees and any of their agents may treat the registered owner of any note as the absolute owner of that security, whether or not that note is overdue and despite any notice to the contrary, for any purpose. See Global Notes .

Governing Law

The indentures and the notes will be governed by New York law.

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GLOBAL NOTES

We will issue each note in book-entry form only. Each note issued in book-entry form will be represented by a global note that we deposit with and register in the name of one or more financial institutions or clearing systems, or their nominees, which we select. A financial institution or clearing system that we select for this purpose is called the depositary for that note. A note will usually have only one depositary but it may have more.

Each series of notes will have one or more of the following as the depositaries.

The Depository Trust Company, New York, New York, which is known as DTC ;

JPMorgan Chase Bank, N.A. holding the notes on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear system, which is known as Euroclear ;

Citibank, N.A. holding the notes on behalf of Clearstream Banking, société anonyme, Luxembourg, which is known as Clearstream ; and

any other clearing system or financial institution named in the applicable pricing supplement.

The depositaries named above may also be participants in one another s system. Thus, for example, if DTC is the depositary for a global note, investors may hold beneficial interests in that note through Euroclear or Clearstream, as DTC participants. The depositary or depositaries for your notes will be named in your pricing supplement; if none is named, the depositary will be DTC.

A global note may not be transferred to or registered in the name of anyone other than the depositary or its nominee, unless special termination situations arise. We describe those situations below under Holder s Option to Obtain a Non-Global Note; Special Situations When a Global Note Will Be Terminated . As a result of these arrangements, the depositary, or its nominee, will be the sole registered owner and holder of all notes represented by a global note, and investors will be permitted to own only indirect interests in a global note. Indirect interests must be held by means of an account with a broker, bank or other financial institution that in turn has an account with the depositary or with another institution that does. Thus, an investor whose note is represented by a global note will not be a holder of the note, but only an indirect owner of an interest in the global note.

If the pricing supplement for a particular note indicates that the note will be issued in global form only, then the note will be represented by a global note at all times unless and until the global note is terminated. We describe the situations in which this can occur below under Holder s Option to Obtain a Non-Global Note; Special Situations When a Global Note Will Be Terminated . If termination occurs, we may issue the notes through another book-entry clearing system or decide that the notes may no longer be held through any book-entry clearing system.

DTC has informed Wachovia that it is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that DTC participants deposit with DTC. DTC also facilitates the settlement among DTC participants of securities transactions,

such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in DTC participants accounts, thereby eliminating the need for physical movement of certificates. DTC participants include securities brokers and dealers, banks, trust companies and clearing corporations, and may include other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, LLC and the National Association of Securities Dealers, Inc. Indirect access to the DTC system also is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The rules applicable to DTC and DTC participants are on file with the Commission.

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Special Considerations for Global Notes

As an indirect owner, an investor s rights relating to a global note will be governed by the account rules of the depositary and those of the investor s financial institution or other intermediary through which it holds its interest (e.g., Euroclear or Clearstream, if DTC is the depositary), as well as general laws relating to note transfers. We do not recognize this type of investor or any intermediary as a holder of notes and instead deal only with the depositary that holds the global note.

If notes are issued only in the form of a global note, an investor should be aware of the following:

- An investor cannot cause the notes to be registered in his or her own name, and cannot obtain non-global certificates for his or her interest in the notes, except in the special situations we describe below;
- An investor will be an indirect holder and must look to his or her own bank or broker for payments on the notes and protection of his or her legal rights relating to the note, as we describe above under Description of the Notes We May Offer Legal Ownership ;
- An investor may not be able to sell interests in the notes to some insurance companies and other institutions that are required by law to own their notes in non-book-entry form;
- An investor may not be able to pledge his or her interest in a global note in circumstances where certificates representing the notes must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective;
- The depositary s policies will govern payments, deliveries, transfers, exchanges, notices and other matters relating to an investor s interest in a global note, and those policies may change from time to time. We and the relevant trustee will have no responsibility for any aspect of the depositary s policies, actions or records or ownership interests in a global note. We and the trustees also do not supervise the depositary in any way;
- The depositary will require that those who purchase and sell interests in a global note within its book-entry system use immediately available funds and your broker or bank may require you to do so as well; and
- Financial institutions that participate in the depositary s book-entry system and through which an investor holds its interest in the global notes, directly or indirectly, may also have their own policies affecting payments, deliveries, transfers, exchanges, notices and other matters relating to the notes, and those policies may change from time to time. For example, if you hold an interest in a global note through Euroclear or Clearstream, when DTC is the depositary, Euroclear or Clearstream, as applicable, will require those who purchase and sell interests in that note through them to use immediately available funds and comply with other policies and procedures, including deadlines for giving instructions as to transactions that are to be effected on a particular day. There may be more than one financial intermediary in the chain of ownership for an investor. We do not monitor and are not responsible for the policies or actions or records of ownership interests of any of those intermediaries.

Holder s Option to Obtain a Non-Global Note; Special Situations When a Global Note Will Be Terminated

If we issue any series of notes in book-entry form but we choose to give the beneficial owners of that series the right to obtain non-global notes, any beneficial owner entitled to obtain non-global notes may do so by following the applicable procedures of the depositary for that series and that owner s bank, broker or other financial institution through which that owner holds its beneficial interest in the notes. If you are entitled to request a non-global certificate and wish to do so, you will need to allow sufficient lead time to enable us or our agent to prepare the requested certificate.

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In addition, in a few special situations described below, a global note will be terminated and interests in it will be exchanged for certificates in non-global form representing the notes it represented. After that exchange, the choice of whether to hold the notes directly or in street name will be up to the investor. Investors must consult their own banks or brokers to find out how to have their interests in a global note transferred on termination to their own names, so that they will be holders. We have described the rights of holders and street name investors above under Description of the Notes We May Offer Legal Ownership .

Unless otherwise mentioned in the relevant pricing supplement, the special situations for termination of a global note are as follows:

- if the depositary notifies Wachovia that it is unwilling, unable or no longer qualified to continue as depositary for that global note;
- if Wachovia executes and delivers to the relevant trustee an order complying with the requirements of the relevant indenture that this global note shall be so exchangeable; or
- if there has occurred and is continuing a default in the payment of any amount due in respect of the notes or an event of default or an event that, with the giving of notice or lapse of time, or both, would constitute an event of default with respect to these notes.

If a global note is terminated, only the depositary, and not we or the relevant trustee, is responsible for deciding the names of the institutions in whose names the notes represented by the global note will be registered and, therefore, who will be the holders of those notes.

Considerations Relating to Clearstream and Euroclear

Clearstream and Euroclear are securities clearance systems in Europe. Clearstream and Euroclear have informed Wachovia that Clearstream and Euroclear each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Clearstream and Euroclear provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream and Euroclear also deal with domestic securities markets in several countries through established depositary and custodial relationships. Clearstream and Euroclear have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Clearstream and Euroclear customers are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Clearstream and Euroclear is available to other institutions which clear through or maintain a custodial relationship with an account holder of either system.

Euroclear and Clearstream may be depositaries for a global note. In addition, if DTC is the depositary for a global note, Euroclear and Clearstream may hold interests in the global note as participants in DTC.

As long as any global note is held by Euroclear or Clearstream, as depositary, you may hold an interest in the global note only through an organization that participates, directly or indirectly, in Euroclear or Clearstream. If Euroclear or Clearstream is the depositary for a global note and there is no depositary in the United States, you will not be able to hold interests in that global note through any securities clearance system in the United States.

Payments, deliveries, transfers, exchanges, notices and other matters relating to the notes made through Euroclear or Clearstream must comply with the rules and procedures of those systems. Those systems could change their rules and procedures at any time. We have no control over those systems or their participants and we take no responsibility for their activities. Transactions between participants in Euroclear or Clearstream, on one hand, and participants in DTC, on the other hand, when DTC is the depositary, would also be subject to DTC s rules and procedures.

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Special Timing Considerations for Transactions in Euroclear and Clearstream

Investors will be able to make and receive through Euroclear and Clearstream payments, deliveries, transfers, exchanges, notices and other transactions involving any notes held through those systems only on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time-zone differences, U.S. investors who hold their interests in the notes through these systems and wish to transfer their interests, or to receive or make a payment or delivery or exercise any other right with respect to their interests, on a particular day may find that the transaction will not be effected until the next business day in Luxembourg or Brussels, as applicable. Thus, investors who wish to exercise rights that expire on a particular day may need to act before the expiration date. In addition, investors who hold their interests through both DTC and Euroclear or Clearstream may need to make special arrangements to finance any purchases or sales of their interest between the U.S. and European clearing systems, and those transactions may settle later than would be the case for transactions within one clearing system.

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UNITED STATES TAXATION

This section describes the material United States federal income tax consequences of owning the notes we are offering. It is the opinion of Sullivan & Cromwell LLP, counsel to Wachovia. It applies to you only if you hold your notes as capital assets for tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies,
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings,
- a bank,
- a life insurance company,
- a tax-exempt organization,
- a person that owns notes that are a hedge or that are hedged against interest rate or currency risks,
- a person that owns notes as part of a straddle or conversion transaction for tax purposes, or
- a United States holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar.

This section deals only with notes that are due to mature 30 years or less from the date on which they are issued. The United States federal income tax consequences of owning notes that are due to mature more than 30 years from their date of issue will be discussed in an applicable pricing supplement. This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations under the Internal Revenue Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

If a partnership holds the notes, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the notes should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the notes.

Please consult your own tax advisor concerning the consequences of owning these notes in your particular circumstances under the Code and the laws of any other taxing jurisdiction.

United States Holders

This subsection describes the tax consequences to a United States holder. You are a United States holder if you are a beneficial owner of a note and you are:

- a citizen or resident of the United States,
- a domestic corporation,
- an estate whose income is subject to United States federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust s administration and one or more United States persons are authorized to control all substantial decisions of the trust.

If you are not a United States holder, this subsection does not apply to you and you should refer to United States Alien Holders below.

Payments of Interest

Except as described below in the case of interest on a discount note that is not qualified stated interest each as defined below under Original Issue Discount General , you will be taxed on any interest on your note, whether payable in U.S. dollars or a foreign currency, including a composite currency or basket of currencies other than U.S. dollars, as ordinary income at the time you receive the interest or when it accrues, depending on your method of accounting for tax purposes.

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Cash Basis Taxpayers. If you are a taxpayer that uses the cash receipts and disbursements method of accounting for tax purposes and you receive an interest payment that is denominated in, or determined by reference to, a foreign currency, you must recognize income equal to the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether you actually convert the payment into U.S. dollars.

Accrual Basis Taxpayers. If you are a taxpayer that uses an accrual method of accounting for tax purposes, you may determine the amount of income that you recognize with respect to an interest payment denominated in, or determined by reference to, a foreign currency by using one of two methods. Under the first method, you will determine the amount of income accrued based on the average exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, that part of the period within the taxable year.

If you elect the second method, you would determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period, or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, under this second method, if you receive a payment of interest within five business days of the last day of your accrual period or taxable year, you may instead translate the interest accrued into U.S. dollars at the exchange rate in effect on the day that you actually receive the interest payment. If you elect the second method it will apply to all debt instruments that you hold at the beginning of the first taxable year to which the election applies and to all debt instruments that you subsequently acquire. You may not revoke this election without the consent of the Internal Revenue Service.

When you actually receive an interest payment, including a payment attributable to accrued but unpaid interest upon the sale or retirement of your note, denominated in, or determined by reference to, a foreign currency for which you accrued an amount of income, you will recognize ordinary income or loss measured by the difference, if any, between the exchange rate that you used to accrue interest income and the exchange rate in effect on the date of receipt, regardless of whether you actually convert the payment into U.S. dollars.

Original Issue Discount

General. If you own a note, other than a short-term note with a term of one year or less, it will be treated as a discount note issued at an original issue discount if the amount by which the note s stated redemption price at maturity exceeds its issue price is more than a *de minimis* amount. Generally, a note s issue price will be the first price at which a substantial amount of notes included in the issue of which the note is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. A note s stated redemption price at maturity is the total of all payments provided by the note that are not payments of qualified stated interest. Generally, an interest payment on a note is qualified stated interest if it is one of a series of stated interest payments on a note that are unconditionally payable at least annually at a single fixed rate, with certain exceptions for lower rates paid during some periods, applied to the outstanding principal amount of the note. There are special rules for variable rate notes that are discussed under Variable Rate Notes .

In general, your note is not a discount note if the amount by which its stated redemption price at maturity exceeds its issue price is less than the de minimis amount of $^{1}/_{4}$ of 1 percent of its stated redemption price at maturity multiplied by the number of complete years to its maturity. Your note will have de minimis original issue discount if the amount of the excess is less than the de minimis amount. If your note has de minimis original issue discount, you must include the de minimis amount in income as stated principal payments are made on the note, unless you make the election described below under Election to Treat All Interest as Original Issue Discount . You can determine the includible amount with respect to each such payment by multiplying the total amount of your note s de minimis original issue discount by a fraction equal to:

the amount of the principal payment made

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divided by:

the stated principal amount of the note.

Generally, if your discount note matures more than one year from its date of issue, you must include original issue discount, or OID, in income before you receive cash attributable to that income. The amount of OID that you must include in income is calculated using a constant-yield method, and generally you will include increasingly greater amounts of OID in income over the life of your note. More specifically, you can calculate the amount of OID that you must include in income by adding the daily portions of OID with respect to your discount note for each day during the taxable year or portion of the taxable year that you hold your discount note. You can determine the daily portion by allocating to each day in any accrual period a pro rata portion of the OID allocable to that accrual period. You may select an accrual period of any length with respect to your discount note and you may vary the length of each accrual period over the term of your discount note. However, no accrual period may be longer than one year and each scheduled payment of interest or principal on the discount note must occur on either the first or final day of an accrual period.

You can determine the amount of OID allocable to an accrual period by:

multiplying your discount note s adjusted issue price at the beginning of the accrual period by your note s yield to maturity, and then

subtracting from this figure the sum of the payments of qualified stated interest on your note allocable to the accrual period.

You must determine the discount note s yield to maturity on the basis of compounding at the close of each accrual period and adjusting for the length of each accrual period. Further, you determine your discount note s adjusted issue price at the beginning of any accrual period by:

adding your discount note s issue price and any accrued OID for each prior accrual period, and then

subtracting any payments previously made on your discount note that were not qualified stated interest payments.

If an interval between payments of qualified stated interest on your discount note contains more than one accrual period, then, when you determine the amount of OID allocable to an accrual period, you must allocate the amount of qualified stated interest payable at the end of the interval, including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval, pro rata to each accrual period in the interval based on their relative lengths. In addition, you must increase the adjusted issue price at the beginning of each accrual period in the interval by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval. You may compute the amount of OID allocable to an initial short accrual period by using any reasonable method if all other accrual periods, other than a final short accrual period, are of equal length.

The amount of OID allocable to the final accrual period is equal to the difference between:

the amount payable at the maturity of your note, other than any payment of qualified stated interest, and

your note s adjusted issue price as of the beginning of the final accrual period.

Acquisition Premium. If you purchase your note for an amount that is less than or equal to the sum of all amounts, other than qualified stated interest, payable on your note after the purchase date but is greater than the amount of your note s adjusted issue price, as determined above under General , the excess is

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acquisition premium. If you do not make the election described below under Election to Treat All Interest as Original Issue Discount , then you must reduce the daily portions of OID by a fraction equal to:

the excess of your adjusted basis in the note immediately after purchase over the adjusted issue price of the note

divided by:

the excess of the sum of all amounts payable, other than qualified stated interest, on the note after the purchase date over the note s adjusted issue price.

Pre-Issuance Accrued Interest. An election may be made to decrease the issue price of your note by the amount of pre-issuance accrued interest if:

a portion of the initial purchase price of your note is attributable to pre-issuance accrued interest,

the first stated interest payment on your note is to be made within one year of your note s issue date, and

the payment will equal or exceed the amount of pre-issuance accrued interest.

If this election is made, a portion of the first stated interest payment will be treated as a return of the excluded pre-issuance accrued interest and not as an amount payable on your note.

Notes Subject to Contingencies Including Optional Redemption. Your note is subject to a contingency if it provides for an alternative payment schedule or schedules applicable upon the occurrence of a contingency or contingencies, other than a remote or incidental contingency, whether such contingency relates to payments of interest or of principal. In such a case, you must determine the yield and maturity of your note by assuming that the payments will be made according to the payment schedule most likely to occur if:

the timing and amounts of the payments that comprise each payment schedule are known as of the issue date and

one of such schedules is significantly more likely than not to occur.

If there is no single payment schedule that is significantly more likely than not to occur, other than because of a mandatory sinking fund, you must include income on your note in accordance with the general rules that govern contingent payment obligations. These rules will be discussed in the applicable pricing supplement.

Notwithstanding the general rules for determining yield and maturity, if your note is subject to contingencies, and either you or we have an unconditional option or options that, if exercised, would require payments to be made on the note under an alternative payment schedule or

schedules, then:

- in the case of an option or options that we may exercise, we will be deemed to exercise or not exercise an option or combination of options in the manner that minimizes the yield on your note and
- in the case of an option or options that you may exercise, you will be deemed to exercise or not exercise an option or combination of options in the manner that maximizes the yield on your note.

If both you and we hold options described in the preceding sentence, those rules will apply to each option in the order in which they may be exercised. You may determine the yield on your note for the purposes of those calculations by using any date on which your note may be redeemed or repurchased as the maturity date and the amount payable on the date that you chose in accordance with the terms of your note as the principal amount payable at maturity.

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If a contingency, including the exercise of an option, actually occurs or does not occur contrary to an assumption made according to the above rules then, except to the extent that a portion of your note is repaid as a result of this change in circumstances and solely to determine the amount and accrual of OID, you must redetermine the yield and maturity of your note by treating your note as having been retired and reissued on the date of the change in circumstances for an amount equal to your note s adjusted issue price on that date.

Election to Treat All Interest as Original Issue Discount. You may elect to include in gross income all interest that accrues on your note using the constant-yield method described above under General , with the modifications described below. For purposes of this election, interest will include stated interest, OID, de minimis original issue discount, market discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium, described below under Notes Purchased at a Premium, or acquisition premium.

If you make this election for your note, then, when you apply the constant-yield method:

the issue price of your note will equal your cost,

the issue date of your note will be the date you acquired it, and

no payments on your note will be treated as payments of qualified stated interest.

Generally, this election will apply only to the note for which you make it; however, if the note has amortizable bond premium, you will be deemed to have made an election to apply amortizable bond premium against interest for all debt instruments with amortizable bond premium, other than debt instruments the interest on which is excludible from gross income, that you hold as of the beginning of the taxable year to which the election applies or any taxable year thereafter. Additionally, if you make this election for a market discount note, you will be treated as having made the election discussed below under Notes Purchased with Market Discount to include market discount in income currently over the life of all debt instruments that you currently own or later acquire. You may not revoke any election to apply the constant-yield method to all interest on a note or the deemed elections with respect to amortizable bond premium or market discount notes without the consent of the Internal Revenue Service.

Variable Rate Notes. Your note will be a variable rate note if:

your note s issue price does not exceed the total noncontingent principal payments by more than the lesser of:

1. .015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date, or

2. 15 percent of the total noncontingent principal payments; and

your note provides for stated interest, compounded or paid at least annually, only at:

1. one or more qualified floating rates,

2. a single fixed rate and one or more qualified floating rates,

3. a single objective rate, or

4. a single fixed rate and a single objective rate that is a qualified inverse floating rate.

Your note will have a variable rate that is a qualified floating rate if:

variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which your note is denominated; or

the rate is equal to such a rate multiplied by either:

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1. a fixed multiple that is greater than 0.65 but not more than 1.35, or

2. a fixed multiple greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate; and

the value of the rate on any date during the term of your note is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If your note provides for two or more qualified floating rates that are within 0.25 percentage points of each other on the issue date or can reasonably be expected to have approximately the same values throughout the term of the note, the qualified floating rates together constitute a single qualified floating rate.

Your note will not have a qualified floating rate, however, if the rate is subject to certain restrictions (including caps, floors, governors, or other similar restrictions) unless such restrictions are fixed throughout the term of the note or are not reasonably expected to significantly affect the yield on the note.

Your note will have a variable rate that is a single objective rate if:

the rate is not a qualified floating rate,

the rate is determined using a single, fixed formula that is based on objective financial or economic information that is not within the control of or unique to the circumstances of the issuer or a related party, and

the value of the rate on any date during the term of your note is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

Your note will not have a variable rate that is an objective rate, however, if it is reasonably expected that the average value of the rate during the first half of your note s term will be either significantly less than or significantly greater than the average value of the rate during the final half of your note s term.

An objective rate as described above is a qualified inverse floating rate if:

the rate is equal to a fixed rate minus a qualified floating rate, and

the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds.

Your note will also have a single qualified floating rate or an objective rate if interest on your note is stated at a fixed rate for an initial period of one year or less followed by either a qualified floating rate or an objective rate for a subsequent period, and either:

the fixed rate and the qualified floating rate or objective rate have values on the issue date of the note that do not differ by more than 0.25 percentage points, or

the value of the qualified floating rate or objective rate is intended to approximate the fixed rate.

Commercial paper rate notes, prime rate notes, LIBOR notes, EURIBOR rate notes, treasury rate notes, CMT rate notes, CD rate notes, CPI rate notes, and federal funds rate notes generally will be treated as variable rate notes under these rules.

In general, if your variable rate note provides for stated interest at a single qualified floating rate or objective rate, or one of those rates after a single fixed rate for an initial period, all stated interest on your note is qualified stated interest. In this case, the amount of OID, if any, is determined by using, in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date of the qualified floating

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rate or qualified inverse floating rate, or, for any other objective rate, a fixed rate that reflects the yield reasonably expected for your note.

If your variable rate note does not provide for stated interest at a single qualified floating rate or a single objective rate, and also does not provide for interest payable at a fixed rate other than a single fixed rate for an initial period, you generally must determine the interest and OID accruals on your note by:

- determining a fixed rate substitute for each variable rate provided under your variable rate note,
- constructing the equivalent fixed rate debt instrument, using the fixed rate substitute described above,
- determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument, and
- adjusting for actual variable rates during the applicable accrual period.

When you determine the fixed rate substitute for each variable rate provided under the variable rate note, you generally will use the value of each variable rate as of the issue date or, for an objective rate that is not a qualified inverse floating rate, a rate that reflects the reasonably expected yield on your note.

If your variable rate note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate, and also provides for stated interest at a single fixed rate other than at a single fixed rate for an initial period, you generally must determine interest and OID accruals by using the method described in the previous paragraph. However, your variable rate note will be treated, for purposes of the first three steps of the determination, as if your note had provided for a qualified floating rate, or a qualified inverse floating rate, rather than the fixed rate. The qualified floating rate, or qualified inverse floating rate, that replaces the fixed rate must be such that the fair market value of your variable rate note as of the issue date approximates the fair market value of an otherwise identical debt instrument that provides for the qualified floating rate, or qualified inverse floating rate, rather than the fixed rate.

Short-Term Notes. In general, if you are an individual or other cash basis United States holder of a short-term note, you are not required to accrue OID, as specially defined below for the purposes of this paragraph, for United States federal income tax purposes unless you elect to do so (although it is possible that you may be required to include any stated interest in income as you receive it). If you are an accrual basis taxpayer, a taxpayer in a special class, including, but not limited to, a regulated investment company, common trust fund, or a certain type of pass-through entity, or a cash basis taxpayer who so elects, you will be required to accrue OID on short-term notes on either a straight-line basis or under the constant-yield method, based on daily compounding. If you are not required and do not elect to include OID in income currently, any gain you realize on the sale or retirement of your short-term note will be ordinary income to the extent of the accrued OID, which will be determined on a straight-line basis unless you make an election to accrue the OID under the constant-yield method, through the date of sale or retirement. However, if you are not required and do not elect to accrue OID on your short-term notes, you will be required to defer deductions for interest on borrowings allocable to your short-term notes in an amount not exceeding the deferred income until the deferred income is realized.

When you determine the amount of OID subject to these rules, you must include all interest payments on your short-term note, including stated interest, in your short-term note s stated redemption price at maturity.

Foreign Currency Discount Notes. If your discount note is denominated in, or determined by reference to, a foreign currency, you must determine OID for any accrual period on your discount note in the foreign currency and then translate the amount of OID into U.S. dollars in the same manner as stated interest accrued by an accrual basis United States holder, as described under United States Holders Payments of

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Interest . You may recognize ordinary income or loss when you receive an amount attributable to OID in connection with a payment of interest or the sale or retirement of your note.

Notes Purchased at a Premium

If you purchase your note for an amount in excess of its principal amount, you may elect to treat the excess as amortizable bond premium. If you make this election, you will reduce the amount required to be included in your income each year with respect to interest on your note by the amount of amortizable bond premium allocable to that year, based on your note s yield to maturity. If your note is denominated in, or determined by reference to, a foreign currency, you will compute your amortizable bond premium in units of the foreign currency and your amortizable bond premium will reduce your interest income in units of the foreign currency. Gain or loss recognized that is attributable to changes in exchange rates between the time your amortized bond premium offsets interest income and the time of the acquisition of your note is generally taxable as ordinary income or loss. If you make an election to amortize bond premium, it will apply to all debt instruments, other than debt instruments the interest on which is excludible from gross income, that you hold at the beginning of the first taxable year to which the election applies or that you thereafter acquire, and you may not revoke it without the consent of the Internal Revenue Service. See also Original Issue Discount Election to Treat All Interest as Original Issue Discount .

Notes Purchased with Market Discount

You will be treated as if you purchased your note, other than a short-term note, at a market discount, and your note will be a market discount note if:

- in the case of an initial purchaser, you purchase your note for less than its issue price as determined above under Original Issue Discount General , and
- the difference between the note s stated redemption price at maturity or, in the case of a discount note, the note s revised issue price, and the price you paid for your note is equal to or greater than $^1/_4$ of 1 percent of your note s stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the note s maturity.

To determine the revised issue price of your note for these purposes, you generally add any OID that has accrued on your note to its issue price.

If your note s stated redemption price at maturity or, in the case of a discount note, its revised issue price, exceeds the price you paid for the note by less than $^1/_4$ of 1 percent multiplied by the number of complete years to the note s maturity, the excess constitutes de minimis market discount, and the rules discussed below are not applicable to you.

You must treat any gain you recognize on the maturity or disposition of your market discount note as ordinary income to the extent of the accrued market discount on your note. Alternatively, you may elect to include market discount in income currently over the life of your note. If you make this election, it will apply to all debt instruments with market discount that you acquire on or after the first day of the first taxable year to which the election applies. You may not revoke this election without the consent of the Internal Revenue Service. If you own a market discount note and do not make this election, you will generally be required to defer deductions for interest on borrowings allocable to your note in an amount not exceeding the accrued market discount on your note until the maturity or disposition of your note.

You will accrue market discount on your market discount note on a straight-line basis unless you elect to accrue market discount using a constant-yield method. If you make this election, it will apply only to the note with respect to which it is made and you may not revoke it.

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Purchase, Sale and Retirement of the Notes

Your tax basis in your note will generally be the U.S. dollar cost, as defined below, of your note, adjusted by:

- adding any OID or market discount, de minimis original issue discount and de minimis market discount previously included in income with respect to your note, and then
- subtracting any payments on your note that are not qualified stated interest payments and any amortizable bond premium applied to reduce interest on your note.

If you purchase your note with foreign currency, the U.S. dollar cost of your note will generally be the U.S. dollar value of the purchase price on the date of purchase. However, if you are a cash basis taxpayer, or an accrual basis taxpayer if you so elect, and your note is traded on an established securities market, as defined in the applicable Treasury regulations, the U.S. dollar cost of your note will be the U.S. dollar value of the purchase price on the settlement date of your purchase.

You will generally recognize gain or loss on the sale or retirement of your note equal to the difference between the amount you realize on the sale or retirement and your tax basis in your note. If your note is sold or retired for an amount in foreign currency, the amount you realize will be the U.S. dollar value of such amount on the date the note is disposed of or retired, except that in the case of a note that is traded on an established securities market, as defined in the applicable Treasury regulations, a cash basis taxpayer, or an accrual basis taxpayer that so elects, will determine the amount realized based on the U.S. dollar value of the foreign currency on the settlement date of the sale.

You will recognize capital gain or loss when you sell or retire your note, except to the extent:

- described above under Original Issue Discount Short-Term Notes or Notes Purchased with Market Discount ,
- attributable to accrued but unpaid interest,
- the rules governing contingent payment obligations apply, or
- attributable to changes in exchange rates as described below.

Capital gain of a noncorporate United States holder that is recognized before January 1, 2009 is generally taxed at a maximum rate of 15% where the holder has a holding period greater than one year.

You must treat any portion of the gain or loss that you recognize on the sale or retirement of a note as ordinary income or loss to the extent attributable to changes in exchange rates. However, you take exchange gain or loss into account only to the extent of the total gain or loss you realize on the transaction.

Exchange of Amounts in Other Than U.S. Dollars

If you receive foreign currency as interest on your note or on the sale or retirement of your note, your tax basis in the foreign currency will equal its U.S. dollar value when the interest is received or at the time of the sale or retirement. If you purchase foreign currency, you generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of your purchase. If you sell or dispose of a foreign currency, including if you use it to purchase notes or exchange it for U.S. dollars, any gain or loss recognized generally will be ordinary income or loss.

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Indexed Notes, Exchangeable Notes, and Contingent Payment Notes

The applicable pricing supplement will discuss any special United States federal income tax rules with respect to notes the payments on which are determined by reference to any index, notes that are exchangeable at our option or the option of the holder into securities of an issuer other than Wachovia or into other property, and other notes that are subject to the rules governing contingent payment obligations which are not subject to the rules governing variable rate notes.

United States Alien Holders

This subsection describes the tax consequences to a United States alien holder. You are a United States alien holder if you are the beneficial owner of a note and are, for United States federal income tax purposes:

- a nonresident alien individual,
- a foreign corporation, or
- an estate or trust that in either case is not subject to United States federal income tax on a net income basis on income or gain from a note.

If you are a United States holder, this subsection does not apply to you.

This discussion assumes that the note is not subject to the rules of Section 871(h)(4)(A) of the Internal Revenue Code, relating to interest payments that are determined by reference to the income, profits, changes in the value of property or other attributes of the debtor or a related party.

Under United States federal income and estate tax law, and subject to the discussion of backup withholding below, if you are a United States alien holder of a note:

- we and other U.S. payors generally will not be required to deduct United States withholding tax from payments of principal, premium, if any, and interest, including OID, to you if, in the case of payments of interest:
  1. you do not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote,
  2. you are not a controlled foreign corporation that is related to the Company through stock ownership, and

3. the U.S. payor does not have actual knowledge or reason to know that you are a United States person and:

   a. you have furnished to the U.S. payor an Internal Revenue Service Form W-8BEN or an acceptable substitute form upon which you certify, under penalties of perjury, that you are (or, in the case of a United States alien holder that is a partnership or an estate or trust, such forms certifying that each partner in the partnership or beneficiary of the estate or trust is) a non-United States person,

   b. in the case of payments made outside the United States to you at an offshore account (generally, an account maintained by you at a bank or other financial institution at any location outside the United States), you have furnished to the U.S. payor documentation that establishes your identity and your status as a non-United States person,

   c. the U.S. payor has received a withholding certificate (furnished on an appropriate Internal Revenue Service Form W-8 or an acceptable substitute form) from a person claiming to be:

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i. a withholding foreign partnership (generally a foreign partnership that has entered into an agreement with the Internal Revenue Service to assume primary withholding responsibility with respect to distributions and guaranteed payments it makes to its partners),

ii. a qualified intermediary (generally a non-United States financial institution or clearing organization or a non-United States branch or office of a United States financial institution or clearing organization that is a party to a withholding agreement with the Internal Revenue Service), or

iii. a U.S. branch of a non-United States bank or of a non-United States insurance company,

and the withholding foreign partnership, qualified intermediary or U.S. branch has received documentation upon which it may rely to treat the payment as made to a non-United States person that is, for United States federal income tax purposes, the beneficial owner of the payment on the notes in accordance with U.S. Treasury regulations (or, in the case of a qualified intermediary, in accordance with its agreement with the Internal Revenue Service),

d. the U.S. payor receives a statement from a securities clearing organization, bank or other financial institution that holds customers securities in the ordinary course of its trade or business,

i. certifying to the U.S. payor under penalties of perjury that an Internal Revenue Service Form W-8BEN or an acceptable substitute form has been received from you by it or by a similar financial institution between it and you, and

ii. to which is attached a copy of the Internal Revenue Service Form W-8BEN or acceptable substitute form, or

e. the U.S. payor otherwise possesses documentation upon which it may rely to treat the payment as made to a non-United States person that is, for United States federal income tax purposes, the beneficial owner of the payment on the notes in accordance with U.S. Treasury regulations; and

no deduction for any United States federal withholding tax will be made from any gain that you realize on the sale or exchange of your note.

Further, a note held by an individual who at death is not a citizen or resident of the United States will not be includible in the individual s gross estate for United States federal estate tax purposes if:

the decedent did not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote at the time of death and

the income on the note would not have been effectively connected with a United States trade or business of the decedent at the same time.

Treasury Regulations Requiring Disclosure of Reportable Transactions

Recently-promulgated Treasury regulations require United States taxpayers to report certain transactions that give rise to a loss in excess of certain thresholds (a Reportable Transaction). Under these regulations, if the notes are denominated in a foreign currency, a United States holder (or a United States alien holder that holds the notes in connection with a U.S. trade or business) that recognizes a loss with respect to the notes that is characterized as an ordinary loss due to changes in currency exchange rates (under any of the rules discussed above) would be required to report the loss on Internal Revenue Service Form 8886

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(Reportable Transaction Statement) if the loss exceeds the thresholds set forth in the regulations. For individuals and trusts, this loss threshold is $50,000 in any single taxable year. For other types of taxpayers and other types of losses, the thresholds are higher. You should consult with your tax advisor regarding any tax filing and reporting obligations that may apply in connection with acquiring, owning and disposing of notes.

Backup Withholding And Information Reporting

In general, if you are a noncorporate United States holder, we and other payors are required to report to the Internal Revenue Service all payments of principal, any premium and interest on your note, and the accrual of OID on a discount note. In addition, we and other payors are required to report to the Internal Revenue Service any payment of proceeds of the sale of your note before maturity within the United States. Additionally, backup withholding will apply to any payments, including payments of OID, if you fail to provide an accurate taxpayer identification number, or you are notified by the Internal Revenue Service that you have failed to report all interest and dividends required to be shown on your federal income tax returns.

In general, if you are a United States alien holder, payments of principal, premium or interest, including OID, made by us and other payors to you will not be subject to backup withholding and information reporting, provided that the certification requirements described above under United States Alien Holders are satisfied or you otherwise establish an exemption. However, we and other payors are required to report payments of interest on your notes on Internal Revenue Service Form 1042-S even if the payments are not otherwise subject to information reporting requirements. In addition, payment of the proceeds from the sale of notes effected at a United States office of a broker will not be subject to backup withholding and information reporting provided that:

- the broker does not have actual knowledge or reason to know that you are a United States person and you have furnished to the broker:
  - an appropriate Internal Revenue Service Form W-8 or an acceptable substitute form upon which you certify, under penalties of perjury, that you are not a United States person, or
  - other documentation upon which it may rely to treat the payment as made to a non-United States person in accordance with U.S. Treasury regulations, or
- you otherwise establish an exemption.

If you fail to establish an exemption and the broker does not possess adequate documentation of your status as a non-United States person, the payments may be subject to information reporting and backup withholding. However, backup withholding will not apply with respect to payments made to an offshore account maintained by you unless the broker has actual knowledge that you are a United States person.

In general, payment of the proceeds from the sale of notes effected at a foreign office of a broker will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained by you in the United States,

the payment of proceeds or the confirmation of the sale is mailed to you at a United States address, or

the sale has some other specified connection with the United States as provided in U.S. Treasury regulations,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above (relating to a sale of notes effected at a United States office of a broker) are met or you otherwise establish an exemption.

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In addition, payment of the proceeds from the sale of notes effected at a foreign office of a broker will be subject to information reporting if the broker is:

- a United States person,
- a controlled foreign corporation for United States tax purposes,
- a foreign person 50% or more of whose gross income is effectively connected with the conduct of a United States trade or business for a specified three-year period, or
- a foreign partnership, if at any time during its tax year:
  - one or more of its partners are U.S. persons , as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership, or
  - such foreign partnership is engaged in the conduct of a United States trade or business,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above (relating to a sale of notes effected at a United States office of a broker) are met or you otherwise establish an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a United States person.

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EUROPEAN UNION DIRECTIVE ON TAXATION OF SAVINGS INCOME

On June 3, 2003, the Council of the European Union (Ecofin) approved a directive regarding the taxation of, and information exchange among member states of the European Union (EU Member States) with respect to, interest income. Accordingly, each EU Member State is required to implement provisions that will require paying agents (within the meaning of the directive) established within its territory to provide to the competent authority of this state information about the payment of interest made to any individual resident in another EU Member State as the beneficial owner of the interest. The competent authority of the EU Member State of the paying agent (within the meaning of the directive) is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the interest is a resident.

For a transitional period, however, and until a number of conditions are met, Austria, Belgium and Luxembourg may opt instead to withhold tax from interest payments within the meaning of the directive at a rate of 15% for the first three years from application of the provisions of the directive, of 20% for the subsequent three years, and of 35% from the seventh year after application of the provisions of the directive. Austria, Belgium and Luxembourg shall, however, provide for one or both of the procedures set forth in article 13 of the directive order to ensure that the beneficial owners may request that no tax be withheld.

The Council of the European Union agreed that the provisions to be enacted by the EU Member States for implementation of the directive shall be applied by the EU Member States as from July 1, 2005 provided that (i) Switzerland, Liechtenstein, San Marino, Monaco and Andorra apply from that same date measures equivalent to those contained in the directive, in accordance with agreements entered into by them with the European Community and (ii) also all the relevant dependent or associated territories (the Channel Islands, the Isle of Man and the dependent or associated territories in the Caribbean) apply from that same date an automatic exchange of information or, during the transitional period described above, apply a withholding tax in the described manner.

EMPLOYEE RETIREMENT INCOME SECURITY ACT

A fiduciary of a pension, profit-sharing or other employee benefit plan subject to the Employment Retirement Income Security Act of 1974, as amended (ERISA), should consider the fiduciary standards of ERISA in the context of the plan's particular circumstances before authorizing an investment in the notes. Among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the plan.

Section 406 of ERISA and Section 4975 of the Internal Revenue Code prohibit an employee benefit plan, as well as individual retirement accounts and Keogh plans subject to Section 4975 of the Internal Revenue Code, from engaging in certain transactions involving plan assets with persons who are parties in interest under ERISA or disqualified persons under the Internal Revenue Code with respect to the plan. A violation of these prohibited transaction rules may result in excise tax or other liabilities under ERISA and Section 4975 of the Internal Revenue Code for such persons, unless exemptive relief is available under an applicable statutory or administrative exemption. Therefore, a fiduciary of an employee benefit plan should also consider whether an investment in the notes might constitute or give rise to a prohibited transaction under ERISA and the Internal Revenue Code. Employee benefit plans which are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), and foreign plans (as described in Section 4(b)(4) of ERISA) generally are not subject to the requirements of ERISA or Section 4975 of the Internal Revenue Code.

Wachovia and certain of its affiliates may each be considered a party in interest or disqualified person with respect to many employee benefit plans. This could be the case, for example, if one of these companies is a service provider to a plan. Special caution should be exercised,

therefore, before notes are purchased by an employee benefit plan. In particular, the fiduciary of the plan should consider whether exemptive relief is available under an applicable administrative exemption. The Department of Labor has issued five prohibited

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transaction class exemptions that could apply to exempt the purchase, sale and holding of notes from the prohibited transaction provisions of ERISA and the Internal Revenue Code. Those class exemptions are Prohibited Transaction Exemption 96-23 (for transactions determined by in-house asset managers), Prohibited Transaction Exemption 95-60 (for certain transactions involving insurance company general accounts), Prohibited Transaction Exemption 91-38 (for certain transactions involving bank investment funds), Prohibited Transaction Exemption 90-1 (for certain transactions involving insurance company separate accounts), and Prohibited Transaction Exemption 84-14 (for certain transactions determined by independent qualified asset managers).

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering the purchase of notes on behalf of or with plan assets of any employee benefit plan consult with their counsel regarding the consequences under ERISA and the Internal Revenue Code of the acquisition of the notes and the availability of exemptive relief under Prohibited Transaction Exemption 96-23, 95-60, 91-38, 90-1 or 84-14.

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PLAN OF DISTRIBUTION

Unless otherwise indicated in any pricing supplement, the U.S. distribution agents shall be Wachovia Capital Markets, LLC, an indirect, wholly-owned subsidiary of Wachovia; ABN AMRO Incorporated; Barclays Capital Inc.; Bear, Stearns & Co. Inc.; Blaylock & Partners, L.P.; Citigroup Global Markets Inc.; Credit Suisse First Boston LLC; Goldman, Sachs & Co.; Greenwich Capital Markets, Inc.; Guzman & Company; J.P. Morgan Securities Inc.; Keefe, Bruyette & Woods, Inc.; Lehman Brothers Inc.; Loop Capital Markets, LLC; Merrill Lynch, Pierce, Fenner & Smith Inc.; Samuel A. Ramirez & Co. Inc.; Sandler O Neill & Partners, L.P.; UBS Securities LLC; Utendahl Capital Partners, L.P.; The Williams Capital Group, L.P.; and the European distribution agents shall be Wachovia Securities International Limited, an indirect, wholly-owned subsidiary of Wachovia; Barclays Bank PLC; Bear, Stearns International Limited; Citigroup Global Markets Limited; Credit Suisse First Boston (Europe) Limited; Goldman Sachs International; Guzman & Company; J.P. Morgan Securities Ltd.; Lehman Brothers International (Europe); Merrill Lynch International; UBS AG, acting through its business group UBS Securities and Utendahl Capital Partners, L.P. Under the terms of a Distribution Agreement among Wachovia and these agents, Wachovia may sell notes to an agent, acting as principal, for resale to one or more investors or other purchasers at varying prices related to prevailing market prices at the time of resale, as determined by any of these agents or, if so agreed, at a fixed offering price. A form of Distribution Agreement has been filed as an exhibit to the registration statement for this prospectus. Unless otherwise indicated in the relevant pricing supplement, any note sold to an agent as principal will be purchased by that agent at a price equal to 100% of the principal amount of that note, less a percentage not exceeding the maximum commission applicable to any agency sale of a note of identical maturity, and, subject to the restriction noted in the following sentence, may be resold by that Agent to investors and other purchasers. An agent may offer the notes it has purchased as principal to other brokers or dealers at a discount and, unless otherwise indicated in any pricing supplement, the discount allowed to any broker or dealer will not exceed the discount to be received by that agent from Wachovia. After the initial public offering of notes, the public offering price (in the case of notes to be resold on a fixed public offering price basis), the concession and the discount may be changed.

Wachovia may also offer the notes on a continuing basis through the agents, which have agreed to use their reasonable efforts to solicit offers to purchase the notes, on an agency basis. When Wachovia has sold notes through an agent on an agency basis, it will pay that agent a commission (or grant a discount) as agreed by Wachovia and that agent of from 0.125% to 8% of the principal amount of each note sold through that agent. Any agent will have the right, in its discretion reasonably exercised, without notice to Wachovia, to reject any offer to purchase notes received by it in whole or in part.

Unless otherwise mentioned in the relevant pricing supplement, the obligations of any agents to purchase the notes will be subject to certain conditions precedent, and each of the agents with respect to a sale of notes will be obligated to purchase all of its notes if any are purchased.

Wachovia has reserved the right to sell notes directly to investors on its own behalf in those jurisdictions where it is authorized to do so. No selling commission will be payable nor will a selling discount be allowed on any sales made directly by Wachovia.

Wachovia has reserved the right to withdraw, cancel or modify the offer made by this prospectus without notice and may reject orders in whole or in part whether placed directly with Wachovia or with an agent. No termination date has been established for the offering of the notes.

The notes are a new issue of securities with no established trading market. Wachovia has been advised by the agents that they intend to make a market in the notes but are not obligated to do so and may discontinue market-making at any time without notice. The agents may from time to time purchase and sell notes in the secondary market, but no agent is obligated to do so. We can give no assurance that the notes offered by this prospectus will be sold or that there will be a secondary market for the notes (or liquidity in such secondary market, if one develops).

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We have applied to list on the Luxembourg Stock Exchange any notes issued under this prospectus during the twelve-month period after the date of this prospectus. We may also list any notes on any additional securities exchanges on which we and the agents agree in relation to each issuance. We may also issue unlisted notes.

Unless otherwise indicated in any pricing supplement, payment of the purchase price of notes, other than notes denominated in a non-U.S. dollar currency, will be required to be made in funds immediately available in The City of New York. The notes will be in the Same Day Funds Settlement System at DTC and, to the extent the secondary market trading in the notes is effected through the facilities of such depositary, such trades will be settled in immediately available funds. See Global Notes above.

In facilitating the sale of notes, agents may receive compensation from Wachovia or from purchasers of notes for whom they may act as agents in the form of discounts, concessions or commissions. Agents may sell notes to or through brokers or dealers, and these brokers and dealers may receive compensation in the form of discounts, concessions or commissions from the agents and/or commissions from the purchasers for whom they may act as agents. Agents, brokers and dealers that participate in the distribution of notes may be considered underwriters , and any discounts or commissions received by them from Wachovia and any profit on the resale of notes by them may be considered underwriting discounts and commissions under the Securities Act. Any such agent will be identified, and any such compensation received from Wachovia will be described, in the pricing supplement relating to those notes. Wachovia has agreed to indemnify the agents against and contribute toward certain liabilities, including liabilities under the Securities Act. Wachovia has also agreed to reimburse the agents for certain expenses.

If Wachovia offers and sells notes directly to a purchaser or purchasers in respect of which this prospectus is delivered, purchasers involved in the reoffer or resale of such notes, if these purchasers may be considered underwriters as that term is defined in the Securities Act, will be named and the terms of their reoffers or resales will be mentioned in the relevant pricing supplement. These purchasers may then reoffer and resell such notes to the public or otherwise at varying prices to be determined by such purchasers at the time of resale or as otherwise described in the relevant pricing supplement. Purchasers of notes directly from Wachovia may be entitled under agreements that they may enter into with Wachovia to indemnification by Wachovia against certain liabilities, including liabilities under the Securities Act, and may engage in transactions with or perform services for Wachovia in the ordinary course of their business or otherwise.

The agents may engage in over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934. Over-allotment involves syndicate sales in excess of the offering size, which creates a syndicate short position. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover syndicate short positions. Penalty bids permit reclaiming a selling concession from a syndicate member when the notes originally sold by such syndicate member are purchased in a syndicate covering transaction to cover syndicate short positions. Such stabilizing transactions, syndicate covering transactions and penalty bids may stabilize, maintain or otherwise affect the market price of the notes, which may be higher than it would otherwise be in the absence of such transactions. The agents are not required to engage in these activities, and may end any of these activities at any time.

The participation of Wachovia Capital Markets, LLC or any other broker-dealer affiliate of Wachovia in the offer and sale of the notes must comply with the requirements of Rule 2720 of the National Association of Securities Dealers, Inc. regarding underwriting securities of an affiliate . Neither Wachovia Capital Markets, LLC nor any other broker-dealer affiliate of Wachovia will execute a transaction in the notes in a discretionary account without the prior specific written approval of such member s customer.

This prospectus and the related pricing supplements may be used by Wachovia Capital Markets, LLC or other broker-dealer affiliates of Wachovia for offers and sales related to market-making transactions in the

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securities. Wachovia Capital Markets, LLC and other broker-dealer affiliates of Wachovia may act as principal or agent in these transactions. These sales will be made at prices related to prevailing market prices at the time of sale or otherwise.

From time to time the agents engage in transactions with Wachovia in the ordinary course of business. The agents or their affiliates may have performed investment banking services for Wachovia in the last two years and may have received fees for these services and may do so in the future. The agents and/or their affiliates may be customers of (including borrowers from), engage in transactions with, and/or perform services for the senior trustee and the subordinated trustee, in the ordinary course of business.

In addition to offering notes through the agents as discussed above, other medium-term notes that have terms substantially similar to the terms of the notes offered by this prospectus (but constituting one or more separate series of notes for purposes of the indentures) may in the future be offered, concurrently with the offering of the notes, on a continuing basis by Wachovia pursuant to the Distribution Agreement and directly to investors. Any of these notes sold pursuant to the Distribution Agreement or sold by Wachovia directly to investors will reduce the aggregate amount of notes which may be offered by this prospectus.

Selling Restrictions Outside the United States

Wachovia has taken no action that would permit a public offering of the notes or possession or distribution of this prospectus or any other offering material in any jurisdiction outside the United States where action for that purpose is required other than as described below. Accordingly, each agent has represented, warranted and agreed, and each other agent will be required to represent, warrant and agree, that it will comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells notes or possesses or distributes this prospectus or any other offering material and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and Wachovia shall have no responsibility in relation to this.

With regard to each note, the relevant purchaser will be required to comply with those restrictions that Wachovia and the relevant purchaser shall agree and as shall be set out in the relevant pricing supplement.

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 agent has represented and agreed, and each other agent will be required to represent and agree, that with effect from and including the date on which the EU Prospectus Directive is implemented in that Member State (the Relevant Implementation Date) it has not made and will not make an offer of the notes to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the notes to the public in that Relevant Member State:

> in the period beginning on the date of publication of this prospectus which has been approved by the competent authority in that Relevant Member State in accordance with the EU Prospectus Directive or, where appropriate, published in another Member State and notified to the competent authority in that Relevant Member State in accordance with Article 18 of the EU Prospectus Directive and ending on the date which is twelve months after the date of such publication;

at any time to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

at any time in any other circumstances which do not require the publication by Wachovia of a prospectus pursuant to Article 3 of the EU Prospectus Directive.

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For the purposes of the above, the expression of an offer of the notes to the public in relation to the notes 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 notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State and the expression of the EU Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each agent has represented and agreed, and each other agent will be required to represent and agree, that:

with respect to notes which have a maturity of one year or more, during the period up to but excluding the date on which the EU Prospectus Directive is implemented in the United Kingdom (the Implementation Date), it has not offered or sold and will not offer or sell any such notes to persons in the United Kingdom prior to the expiring of a period of six months from the issue date of such notes except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);

with respect to notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or 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 notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the FSMA) by Wachovia;

it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 any notes in circumstances in which Section 21(1) of the FSMA does not apply to Wachovia; and

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such notes in, from or otherwise involving the United Kingdom.

Japan

The notes have not been, and will not be, registered under the Securities and Exchange Law of Japan. Accordingly, each distribution agent has represented and agreed, and each other distribution agent or dealer will be required to represent and agree, that, in connection with the notes, it has not, directly or indirectly, offered, sold or delivered and will not, directly or indirectly, offer, sell or deliver any notes in Japan or to residents of Japan or for the benefit of any Japanese person (which term as used herein means any person resident in Japan including any corporation or other entity organized under the laws of Japan) or to others for re-offering, resale or delivery, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to any Japanese person except in compliance with any applicable laws and regulations of Japan taken as a whole. Each distribution agent agrees to provide any necessary information on notes denominated or payable in Yen to Wachovia (which shall not include the names of clients) so that Wachovia may make any required reports to the Ministry of Finance through its designated agent.

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In connection with an issuance of notes denominated or payable in Yen, Wachovia will be required to comply with all applicable laws, regulations and guidelines, as amended from time to time, of the Japanese government and regulatory authorities.

Germany

No selling prospectus *(Verkausprospekt)* within the meaning of the German Securities Prospectus Act *(Wertpapier-Verkaufsprospektgesetz)* of December 13, 1990 (as amended) has been and will be registered or published within the Federal Republic of Germany. The notes have not been offered or sold and will not be offered or sold in the Federal Republic of Germany otherwise than in accordance with the provisions of the Securities Prospectus Act.

France

This prospectus has not been submitted to the French *Commission des opérations de bourse* for approval and the notes have not and will not be offered or sold, directly or indirectly, to the public in France. Accordingly, each distribution agent has agreed that it will only offer notes in France to qualified investors, as defined under Article 6 of French Ordinance No. 67-833 dated September 28, 1967 (as amended); provided, in this case, that it shall have obtained a certificate from the investor providing an acknowledgement that: (i) the offering is a private placement in France and no prospectus has been submitted to the *Commission des opérations de bourse,* (ii) the investor is an investisseur qualifie within the meaning of Article 6 of French Ordinance No. 67-833 dated September 28, 1967 (as amended), (iii) the investor is investing for his own account, and (iv) the investor will not resell the notes in violation of French securities laws and regulations.

Switzerland

Each agent has represented and agreed, and each other agent will be required to represent and agree, that the issue of any notes denominated in Swiss francs or carrying a Swiss franc-related element will be effected in compliance with the relevant regulations of the Swiss National Bank, which currently require that such issues have a maturity of more than one year, to be effected through a bank domiciled in Switzerland that is regulated under the Swiss Federal Law on Banks and Savings Banks of 1934 (as amended) (which includes a branch or subsidiary located in Switzerland of a foreign bank) or through a securities dealer which has been licensed as a securities dealer under the Swiss Federal Law on Stock Exchanges and Securities Trading of 1995 (except for issues of notes denominated in Swiss francs on a syndicated basis, where only the lead manager need be a bank domiciled in Switzerland). The relevant agent must report certain details of the relevant transaction to the Swiss National Bank no later than the time of delivery of the notes.

The Netherlands

Each agent represented and agreed, and each other agent will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in The Netherlands any notes with a denomination of less than 50,000 (or its foreign currency equivalent) other than to persons who trade or invest in securities in the conduct of a profession or business (which includes banks, stockbrokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises) unless one of the other exemptions or exceptions to the prohibition contained in Article 3 of the Dutch Securities Transactions Supervision Act 1995 *(Wet toezicht effectenverkeer* 1995) is applicable and the conditions attached to such exemption or exception are complied with.

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VALIDITY OF THE NOTES

The validity of the notes will be passed upon for Wachovia by Ross E. Jeffries, Jr., Esq., Senior Vice President and Assistant General Counsel of Wachovia, and for the agents by Sullivan & Cromwell LLP, 125 Broad Street, New York, New York. Sullivan & Cromwell LLP will rely upon the opinion of Mr. Jeffries as to matters of North Carolina law, and Mr. Jeffries will rely upon the opinion of Sullivan & Cromwell LLP as to matters of New York law. The opinions of Mr. Jeffries and Sullivan & Cromwell LLP will be conditioned upon, and subject to certain assumptions regarding, future action to be taken by Wachovia and the trustees in connection with the issuance and sale of any particular note, the specific terms of notes and other matters which may affect the validity of notes but which cannot be ascertained on the date of such opinions. Mr. Jeffries owns shares of Wachovia s common stock and holds options to purchase additional shares of Wachovia s common stock. Sullivan & Cromwell LLP regularly performs legal services for Wachovia. Certain members of Sullivan & Cromwell LLP performing these legal services own shares of Wachovia s common stock.

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EXPERTS

The consolidated balance sheets of Wachovia Corporation as of December 31, 2004 and 2003, and the related consolidated statements of income, changes in stockholders equity and cash flows for each of the years in the three-year period ended December 31, 2004, and management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2004, included in Wachovia s 2004 Annual Report to Stockholders which is incorporated by reference in Wachovia s Annual Report on Form 10-K for the year ended December 31, 2004, and incorporated by reference in this prospectus, have been incorporated by reference in this prospectus in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

LISTING AND GENERAL INFORMATION

Listing and Documents Available

Application has been made to list the notes offered by this prospectus on the Luxembourg Stock Exchange. The Luxembourg Stock Exchange has allocated to the program the number 12695 for listing purposes. The Amended and Restated Articles of Incorporation and the By-Laws of Wachovia and a legal notice relating to the issuance of the notes will be deposited prior to listing with the Registrar of the District Court in Luxembourg *(Greffier en Chef du Tribunal d Arrondissement de et à Luxembourg),* where such documents may be examined and copies obtained upon request. Copies of the above documents together with this prospectus, any pricing supplements, the Distribution Agreement, the indentures and Wachovia s Annual Report on Form 10-K for the year ended December 31, 2004 as well as all other documents incorporated by reference herein (other than exhibits to such documents, unless such exhibits are incorporated by reference therein) including future Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, so long as the notes are listed on the Luxembourg Stock Exchange, will be made available for inspection, and may be obtained free of charge, at the main office of the Luxembourg listing agent. The Luxembourg listing agent will act as a contact between the Luxembourg Stock Exchange and Wachovia or the holders of the notes. We have appointed Dexia Banque Internationale à Luxembourg as the Luxembourg listing agent for the notes.

However, notes may be issued under the program which will not be listed on the Luxembourg Stock Exchange or which will be listed on any other securities exchange as Wachovia and the relevant agent(s) may agree.

Authorization

The program has been established and the notes will be issued pursuant to authority granted by the Board of Directors of Wachovia on December 14, 2004 as such authority may be supplemented from time to time.

Material Change

As of the date of this prospectus, other than as disclosed or contemplated herein or in the documents incorporated by reference, to the best of Wachovia s knowledge and belief, there has been no material adverse change in the financial position of Wachovia on a consolidated basis since December 31, 2004. See Where You Can Find More Information above.

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Litigation

As of the date of this prospectus, other than as disclosed or contemplated herein or in the documents incorporated by reference, to the best of Wachovia s knowledge and belief, Wachovia is not a party to any legal or arbitration proceedings (including any that are pending or threatened) which may have, or have had, since December 31, 2004, a significant effect on Wachovia s consolidated financial position or that are material in the context of the program or the issue of the notes which could jeopardize Wachovia s ability to discharge its obligation under the program or of the notes issued under the program.

Clearance Systems

The notes have been accepted for clearance through the DTC, Euroclear and Clearstream systems. The appropriate CUSIP, Common Code and ISIN for each tranche of notes to be held through any of these systems will be contained in the relevant pricing supplement.

Agents

The United States Registrar and Domestic Paying Agent for the notes will be initially Wachovia Bank, National Association, located at its corporate trust office at 12 East 49th Street, 37th Floor, New York, New York 10017, Attn: Corporate Trust, or at its headquarters at One Wachovia Center, Charlotte, North Carolina, 28288-0600, United States of America.

The London Paying Agent and London Issuing Agent for the notes will be initially Citibank, N.A., located at P.O. Box 18055, 5 Carmelite Street, London, EC4Y OPA.

The Luxembourg Paying Agent and Transfer Agent for the notes will be initially Dexia Banque Internationale à Luxembourg located at 69, route d Esch, L-2953 Luxembourg.

The Listing Agent for the notes will be initially Dexia Banque Internationale à Luxembourg located at 69, route d Esch, L-2953 Luxembourg.

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ISSUER

Wachovia Corporation

One Wachovia Center

Charlotte, North Carolina 28288-0013

United States of America

UNITED STATES

DISTRIBUTION AGENTS

Wachovia Securities

ABN AMRO

Barclays Capital

Bear, Stearns & Co. Inc.

Blaylock & Company

Citigroup

Credit Suisse First Boston

Goldman, Sachs & Co.

Greenwich Capital Markets

Guzman & Company

JPMorgan

Keefe, Bruyette & Woods

Lehman Brothers

Loop Capital Markets

Merrill Lynch & Co.

Samuel A. Ramirez & Co.

Sandler O Neill & Partners

UBS Investment Bank

EUROPEAN
DISTRIBUTION AGENTS

Wachovia Securities International Limited

Barclays Capital

Bear, Stearns International Limited

Citigroup

Credit Suisse First Boston

Goldman Sachs International

Guzman & Company

J.P. Morgan Securities Ltd.

Lehman Brothers

Merrill Lynch International

UBS Investment Bank

Utendahl Capital Partners, L.P.

Utendahl Capital Partners, L.P.

The Williams Capital Group

UNITED STATES REGISTRAR AND

DOMESTIC PAYING AGENT

Wachovia Bank,
National Association

One Wachovia Center

Charlotte, North Carolina 28288-0600

United States of America

LONDON PAYING AGENT

AND LONDON ISSUING AGENT

Citibank, N.A.

P.O. Box 18055

5 Carmelite Street,

London EC4Y OPA

LUXEMBOURG PAYING AGENT,

LISTING AGENT

AND TRANSFER AGENT

Dexia Banque Internationale à Luxembourg

69, route d Esch

L-2953 Luxembourg

LEGAL ADVISORS

To the Issuer

As to United States Law:

Ross E. Jeffries, Jr., Esq.

Senior Vice President and

Assistant General Counsel

Wachovia Corporation

One Wachovia Center

Charlotte, North Carolina 28288-0630

United States of America

To the Distribution Agents

As to United States Law:

Sullivan & Cromwell LLP

125 Broad Street

New York, New York 10004

United States of America

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Wachovia Corporation

Principal Protected Notes

Linked to a Basket of Asian Currencies

due , 2008

Offering 100% Principal Protection

PROSPECTUS SUPPLEMENT

•, 2006

Wachovia Securities