

General

The Indenture does not limit the amount of debt securities that may be issued under it. Therefore, additional debt securities may be issued under the Indenture.

The debt securities are our unsecured obligations. Senior debt securities rank equally with our other unsecured and unsubordinated indebtedness (parent company only).

Principal (and premium, if any) and interest, if any, will be paid by us in immediately available funds. The Indenture does not contain any provisions that give debtholders protection in the event we issue a large amount of debt or we are acquired by another entity.

Limitation on Liens

The Indenture restricts our ability to pledge some of our assets as security for other debt. Unless we secure the debt securities on an equal basis, the restriction does not permit us to have or guarantee any debt that is secured by (1) any of our principal U.S. plants or (2) the stock or debt of any of our subsidiaries that own or lease one of these plants. This restriction does not apply until the total amount of our secured debt plus the discounted value of the amount of rent we must pay under sale and leaseback transactions involving principal U.S. plants exceeds 5% of our consolidated net tangible automotive assets. This restriction also does not apply to any of the following:

- liens of a company that exist at the time such company becomes our subsidiary;
- liens in our favor or in the favor of our subsidiaries;
- certain liens given to a government;
- liens on property that exist at the time we acquire the property or liens that we give to secure our paying for the property; and
- any extension or replacement of any of the above.

Limitation on Sales and Leasebacks

The Indenture prohibits us from selling and leasing back any principal U.S. plant for a term of more than three years. This restriction does not apply if:

- we could create secured debt in an amount equal to the discounted value of the rent to be paid under the lease without violating the limitation on liens provision discussed above;
- the lease is with or between any of our subsidiaries; or
- within 120 days of selling the U.S. plant, we retire our funded debt in an amount equal to the net proceeds from the sale of the plant or the fair market value of the plant, whichever is greater.

Merger and Consolidation

The Indenture prohibits us from merging or consolidating with any company, or selling all or substantially all of our assets to any company, if after we do so the surviving company would violate the limitation on liens or the limitation on sales and leasebacks discussed above. This does not apply if the surviving company secures the debt securities on an equal basis with the other secured debt of the company.

Events of Default and Notice Thereof

The Indenture defines an "Event of Default" as being any one of the following events:

- failure to pay interest for 30 days after becoming due;
- failure to pay principal or any premium for five business days after becoming due;
- failure to make a sinking fund payment for five days after becoming due;
- failure to perform any other covenant applicable to the debt securities for 90 days after notice;
- certain events of bankruptcy, insolvency or reorganization; and
- any other Event of Default provided in the prospectus supplement.

An Event of Default for a particular series of debt securities will not necessarily constitute an Event of Default for any other series of debt securities issued under the Indenture.
