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

FORM 10-Q

(Mark One)

☒

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES AND EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2003, or

o

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-15827

VISTEON CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware
(State of incorporation)

17000 Rotunda Drive, Dearborn, Michigan
(Address of principal executive offices)

38-3519512
(I.R.S. employer
Identification number)
48120
(Zip code)

Registrant's telephone number, including area code: (800)-VISTEON

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).

Yes ☐ No ☒

As of June 30, 2003, the Registrant had outstanding 130,733,299 shares of common stock, par value \$1.00 per share.

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VISTEON CORPORATION AND SUBSIDIARIES
PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
VISTEON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
For the Periods Ended June 30, 2003 and 2002
(in millions, except per share amounts)

	Second Quarter		First Half	
	2003	2002	2003	2002
	(unaudited)		(unaudited)	
Sales				
Ford and affiliates	\$ 3,592	\$ 4,128	\$ 7,313	\$ 7,774
Other customers	1,021	911	2,004	1,734
Total sales	4,613	5,039	9,317	9,508
Costs and expenses (Notes 2 and 4)				
Costs of sales	4,625	4,696	9,102	9,052
Selling, administrative and other expenses	239	216	481	418
Total costs and expenses	4,864	4,912	9,583	9,470
Operating income (loss)	(251)	127	(266)	38
Interest income	4	5	8	11
Interest expense	24	24	47	53
Net interest expense	(20)	(19)	(39)	(42)
Equity in net income of affiliated companies (Note 2)	15	9	30	14
Income (loss) before income taxes, minority interests and change in accounting	(256)	117	(275)	10
Provision (benefit) for income taxes	(98)	38	(110)	(2)
Income (loss) before minority interests and change in accounting	(158)	79	(165)	12
Minority interests in net income of subsidiaries	9	7	17	13
Income (loss) before change in accounting	(167)	72	(182)	(1)
Cumulative effect of change in accounting, net of tax (Note 11)	—	—	—	(265)
Net income (loss)	\$ (167)	\$ 72	\$ (182)	\$ (266)
Basic and diluted income (loss) per share (Note 6)				
Before cumulative effect of change in accounting	\$ (1.33)	\$ 0.56	\$ (1.45)	\$ (0.01)
Cumulative effect of change in accounting (Note 11)	—	—	—	(2.06)
Basic and diluted	\$ (1.33)	\$ 0.56	\$ (1.45)	\$ (2.07)
Cash dividends per share	\$ 0.06	\$ 0.06	\$ 0.12	\$ 0.12

The accompanying notes are part of the financial statements.

VISTEON CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
(in millions)

	June 30, 2003	December 31, 2002
	(unaudited)	
Assets		
Cash and cash equivalents	\$ 848	\$ 1,204
Marketable securities	3	74
Total cash and marketable securities	851	1,278
Accounts receivable — Ford and affiliates	1,700	1,401
Accounts receivable — other customers	1,056	828
Total receivables, net	2,756	2,229
Inventories (Note 9)	852	878
Deferred income taxes	198	199
Prepaid expenses and other current assets	176	153
Total current assets	4,833	4,737
Equity in net assets of affiliated companies	188	191
Net property	5,565	5,443
Deferred income taxes	790	566
Other assets	226	233
Total assets	\$ 11,602	\$ 11,170
Liabilities and Stockholders' Equity		
Trade payables	\$ 2,136	\$ 2,083
Accrued liabilities	1,031	1,021
Income taxes payable	36	14
Debt payable within one year	320	348
Total current liabilities	3,523	3,466
Long-term debt	1,380	1,298
Postretirement benefits other than pensions	2,364	2,283
Other liabilities	1,450	1,142
Deferred income taxes	3	3
Total liabilities	8,720	8,192
Stockholders' equity		
Capital stock		
Preferred stock, par value \$1.00, 50 million shares authorized, none outstanding	—	—
Common stock, par value \$1.00, 500 million shares authorized, 131 million shares issued, 131 million and 129 million shares outstanding, respectively	131	131
Capital in excess of par value of stock	3,287	3,298
Accumulated other comprehensive loss (Note 10)	(38)	(140)
Other	(23)	(33)
Accumulated deficit	(475)	(278)
Total stockholders' equity	2,882	2,978
Total liabilities and stockholders' equity	\$ 11,602	\$ 11,170

The accompanying notes are part of the financial statements.

VISTEON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Periods Ended June 30, 2003 and 2002
(in millions)

	First Half	
	2003	2002
	(unaudited)	
Cash and cash equivalents at January 1	\$ 1,204	\$ 1,024
Cash flows (used in) provided by operating activities	(68)	453
Cash flows from investing activities		
Capital expenditures	(403)	(299)
Purchases of securities	(48)	(437)
Sales and maturities of securities	118	250
Other	13	26
Net cash used in investing activities	(320)	(460)
Cash flows from financing activities		
Commercial paper, net	(65)	(111)
Proceeds from issuance of other debt	161	66
Principal payments on other debt	(64)	(77)
Purchase of treasury stock	(5)	(11)
Cash dividends	(16)	(16)
Other	2	—
Net cash provided by (used in) financing activities	13	(149)
Effect of exchange rate changes on cash	19	8
Net decrease in cash and cash equivalents	(356)	(148)
Cash and cash equivalents at June 30	\$ 848	\$ 876

The accompanying notes are part of the financial statements.

VISTEON CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (unaudited)

Note 1. Financial Statements

The financial data presented herein are unaudited, but in the opinion of management reflect those adjustments, including normal recurring adjustments, necessary for a fair statement of such information. Results for interim periods should not be considered indicative of results for a full year. Reference should be made to the consolidated financial statements and accompanying notes included in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002, as filed with the Securities and Exchange Commission on February 14, 2003.

Visteon Corporation ("Visteon") is a leading, global supplier of automotive systems, modules and components. Visteon sells products primarily to global vehicle manufacturers, and also sells to the worldwide aftermarket for replacement and vehicle appearance enhancement parts. Visteon became an independent company when Ford Motor Company ("Ford") established Visteon as a wholly-owned subsidiary in January 2000 and subsequently transferred to Visteon the assets and liabilities comprising Ford's automotive components and systems business. Ford completed its spin-off of Visteon on June 28, 2000 (the "spin-off"). Prior to incorporation, Visteon operated as Ford's automotive components and systems business.

Note 2. Selected Costs, Income and Other Information

Depreciation and Amortization

Depreciation and amortization expenses are summarized as follows:

	Second Quarter		First Half	
	2003	2002	2003	2002
	(in millions)			
Depreciation	\$ 144	\$ 140	\$ 284	\$ 280
Amortization	25	20	48	41
Total depreciation and amortization	\$ 169	\$ 160	\$ 332	\$ 321

Investments with Affiliates

The following table presents summarized financial data for those affiliates accounted for under the equity method. The amounts represent 100% of the results of operations of these affiliates. Visteon reports its share of their net income in the line "Equity in net income of affiliated companies" on the Consolidated Statement of Income.

	Second Quarter		First Half	
	2003	2002	2003	2002
	(in millions)			
Net sales	\$ 334	\$ 219	\$ 625	\$ 398
Gross profit	70	43	137	76
Net income	30	22	60	34

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

Note 3. Stock-Based Awards

Starting January 1, 2003, Visteon began expensing the fair value of stock-based awards granted to employees pursuant to Statement of Financial Accounting Standards No. 123 (“SFAS 123”), “Accounting for Stock-Based Compensation.” This standard was adopted on a prospective method basis for stock-based awards granted, modified or settled after December 31, 2002. For stock options and restricted stock awards granted prior to January 1, 2003, Visteon measures compensation cost using the intrinsic value method. If compensation cost for all stock-based awards had been determined based on the estimated fair value of stock options and the fair value set at the date of grant for restricted stock awards, in accordance with the provisions of SFAS 123, Visteon’s reported net income (loss) and income (loss) per share would have changed to the pro forma amounts indicated below:

	Second Quarter		First Half	
	2003	2002	2003	2002
	(in millions, except per share amounts)			
Net income (loss), as reported	\$ (167)	\$ 72	\$ (182)	\$ (266)
Add: Stock-based employee compensation expense included in reported net income (loss), net of related tax effects	3	1	4	3
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(7)	(5)	(10)	(8)
Pro forma net income (loss)	\$ (171)	\$ 68	\$ (188)	\$ (271)
Income (loss) per share:				
Basic and diluted — as reported	\$ (1.33)	\$ 0.56	\$ (1.45)	\$ (2.07)
Basic and diluted — pro forma	\$ (1.36)	\$ 0.53	\$ (1.49)	\$ (2.11)

Note 4. Special Charges
First Half 2003 Actions

Visteon recorded in operating results \$266 million and \$297 million of pre-tax special charges in the second quarter of 2003 and the first half of 2003, respectively, as summarized below.

	Second Quarter		First Half	
	Pre-tax	After-tax	Pre-Tax	After-tax
	(in millions)			
Restructuring and other charges:				
Second quarter 2003 actions	\$ 49	\$ 31	\$ 49	\$ 31
First quarter 2003 actions	—	—	31	20
Total restructuring and other charges	49	31	80	51
Loss related to seating operations*	217	139	217	139
Total special charges	\$ 266	\$ 170	\$ 297	\$ 190

* Second quarter and first half 2003 amounts include \$18 million related to operating losses between the effective date of the agreements (April 1, 2003) and the date the agreements were finalized (June 23, 2003).

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

Note 4. Special Charges — (Continued)

Restructuring and Other Charges

In the second quarter of 2003, Visteon recorded pre-tax charges of \$49 million (\$31 million after-tax) related to the involuntary separation of 570 hourly employees located in Germany, the separation of about 93 hourly employees located at Visteon's plants in Europe through a continuation of a special voluntary retirement and separation program started in 2002, and other minor actions. The total charge expected to be incurred related to the involuntary separation program in Germany is expected to be about \$50 million, of which \$42 million was recorded in the second quarter of 2003, with the balance to be recorded in the third and fourth quarters of 2003 based on the estimated dates of the remaining employee separations. As of June 30, 2003, about 200 of the 570 hourly employees were separated. All of the other actions were substantially completed during the second quarter of 2003.

In the first quarter of 2003, Visteon recorded pre-tax charges of \$31 million (\$20 million after-tax) which includes \$27 million related to the involuntary separation of about 135 U.S. salaried employees, the separation of about 35 hourly employees located at Visteon's plants in Europe through a continuation of a special voluntary retirement and separation program started in 2002, and the elimination of about 120 manufacturing positions in Mexico and other minor actions. Included in the \$31 million pre-tax charge are \$4 million of non-cash charges related to the write-down of a group of coiled spring and stamping equipment at our Monroe, Michigan, plant for which production activities will be discontinued and the future undiscounted cash flows are less than the carrying value of these fixed assets held for use. Visteon measured the impairment loss by comparing the carrying value of these fixed assets to the expected proceeds from disposal of the assets after completion of remaining production commitments. The above actions were substantially completed during the first quarter of 2003.

Related to the special voluntary early retirement and separation program that was offered to U.S. salaried employees and recorded during the fourth quarter of 2002, about 164 of the 308 employees who accepted such packages were separated during the first half of 2003. The separation of the remaining U.S. salaried employees will take place at various times during the remainder of 2003.

Seating Operations

During the second quarter of 2003, Visteon finalized an agreement with Ford Motor Company to transfer seat production located in Chesterfield, Michigan, to another supplier. As part of this agreement, about 1,470 Visteon-assigned Ford-UAW employees working at the Chesterfield, Michigan, facility transferred to Ford, and Visteon agreed to be responsible to reimburse Ford for the actual net costs of transferring seating production through June 2004, including costs related to Ford hourly employee voluntary retirement and separation programs that Ford is expected to implement, offset by certain cost savings expected to be realized by Ford. In addition, Visteon and the new supplier entered into a transitional services agreement under which Visteon would be reimbursed for certain engineering and other services.

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

Note 4. Special Charges — (Continued)

Included in costs of sales and our operating results for the second quarter of 2003 is \$217 million related to the seating operations consisting of:

- \$114 million of payments to Ford primarily for the estimated costs of separating approximately 650 hourly Ford-UAW employees under Ford employee retirement and separation programs expected to be implemented by Ford during the transition process;
- \$60 million of net other contractually-committed cost payments to Ford;
- \$25 million non-cash charge related to certain seating-related fixed assets, for which production activities will be discontinued and the future undiscounted cash flows are less than the carrying value of these fixed assets held for use. Visteon measured the impairment loss by comparing the carrying value of these fixed assets to the expected proceeds from disposal of the assets after completion of remaining production commitments.
- \$18 million related to operating losses incurred between the effective date of the agreement (April 1, 2003) and the date the agreements were finalized (June 23, 2003).

Based upon the terms in the agreement related to the \$174 million of payments to Ford, Visteon expects to pay about \$98 million at various times through June 30, 2004, with about \$76 million related to the separation program costs expected to be paid annually in equal installments over ten years with interest. The ultimate costs and cash payments related to this agreement depend on several factors including the actual net costs incurred during the seating production transition phase that is expected to conclude by June 2004. The most critical factors that impact this are the ultimate actual costs incurred related to the relocation, re-deployment and/or employment termination of the 1,470 Visteon-assigned Ford-UAW employees, and the savings achieved by Ford (as defined in the agreement) resulting from resourcing production that will serve as an offset to the transition costs.

The Hourly Employee Assignment Agreement between Visteon and Ford, entered into in connection with our separation from Ford, provides a mechanism for determining a cash settlement amount for postretirement health and life insurance benefits associated with Visteon-assigned Ford-UAW employees that transfer to Ford. Under this agreement, Ford will assume the retiree health and life benefits for such employees and Visteon will reimburse Ford an amount equal to the SFAS 106 actuarially determined accumulated projected benefit obligation that was transferred to Ford. The agreement also provides that if the reimbursement related to such transfers exceeds \$10 million per year, then Visteon has the option to pay \$10 million in the first year and pay the balance in succeeding years in annual installments of at least \$5 million until the obligation is satisfied, with outstanding amounts bearing interest based on a variable rate equal to the 90-day Treasury Bill rate. During the second quarter of 2003, Visteon reclassified approximately \$148 million in postretirement health and life insurance benefit obligations as a liability to Ford based on the estimated SFAS 106 actuarially determined accumulated projected benefit obligation associated with the 1,470 Visteon-assigned Ford-UAW employees working at the Chesterfield, Michigan facility that were transferred to Ford. This amount will be adjusted in the future based upon final actuarial valuation results. At June 30, 2003, about \$138 million of this obligation is classified in the line "Other Liabilities" on the Consolidated Balance Sheet with the remainder in current accrued liabilities.

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

Note 4. Special Charges — (Continued)

First Half 2002 Actions

In the first quarter of 2002, Visteon recorded total pre-tax charges of \$116 million (\$74 million after-tax) in costs of sales related to a number of actions discussed further below. In addition, Visteon recorded an impairment loss on goodwill of \$363 million (\$265 million after-tax) as a cumulative effect of change in accounting principle in the first quarter of 2002 as discussed further in Note 11.

Effective April 1, 2002, Visteon completed the sale of its restraint electronics business to Autoliv, Inc. for \$25 million, resulting in a pre-tax charge in the first quarter of 2002 of \$26 million (\$16 million after-tax) recorded in costs of sales. The sale includes Visteon's North American and European order book of approximately \$150 million in annual sales to Ford Motor Company and its affiliates, and associated manufacturing operations in Markham, Ontario, as well as related assets and liabilities. As part of the sale, approximately 280 employees from Markham and about 95 engineers from Dearborn, Michigan, transferred to Autoliv.

In the first quarter of 2002, Visteon recorded pre-tax charges of \$95 million (\$61 million after-tax) related to the separation of 820 employees at Markham, Ontario, as a result of the company's decision to move nearly all of the non-restraint electronics business to facilities in Mexico, the elimination of about 215 engineering positions in the United States to reduce research and development costs, the closure of our Visteon Technologies facility in California and the related discontinuation of support for our aftermarket navigation systems product line, the closure of our Leatherworks facility in Michigan and the elimination of about 240 manufacturing positions in Mexico. Included in the \$95 million pre-tax charge are \$12 million of non-cash charges related to the write-down of equipment to be disposed of and the write-down of aftermarket navigation systems inventory. The engineering-related and Mexican manufacturing-related separations, and the closure of Visteon Technologies, were completed in the first quarter of 2002. The Leatherworks facility was closed in the third quarter of 2002. Visteon completed moving all of the non-restraint electronics business to other facilities and separated substantially all Markham employees by the end of 2002.

Accrued restructuring liabilities relating to 2001 restructuring actions of \$5 million (\$3 million after-tax) were credited to costs of sales in the first quarter of 2002, reflecting a change in estimated costs to complete these activities.

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

Note 4. Special Charges — (Continued)

Restructuring Reserve Activity

Reserve balances of \$47 million and \$37 million at June 30, 2003 and December 31, 2002, respectively, are included in current accrued liabilities on the accompanying balance sheets. The June 30, 2003 reserve balance of \$47 million includes \$15 million related to 2002 actions. The following table does not include costs and expenses associated with the transfer of the seating operations.

	Automotive Operations		Glass Operations	
	Employee-Related	Other	Employee-Related	Total
	(in millions)			
December 31, 2002 reserve balance	\$ 36	\$ —	\$ 1	\$ 37
First quarter 2003 actions:				
Included in costs of sales	21	4	1	26
Included in selling, administrative and other expenses	5	—	—	5
Second quarter 2003 actions:				
Included in costs of sales	49	—	—	49
Total net expense	75	4	1	80
Foreign currency translation	3			3
Utilization	(68)	(4)	(1)	(73)
June 30, 2003 reserve balance	\$ 46	\$ —	\$ 1	\$ 47

Utilization in the first half of 2003 of \$73 million includes \$19 million incurred related to special pension and other postretirement benefits, \$50 million of cash payments mainly for severance pay and \$4 million related to the non-cash write-down of certain plant assets.

Note 5. Debt

Visteon has financing arrangements with a syndicate of third-party lenders that provide contractually committed, unsecured revolving credit facilities (the “Credit Facilities”). During the second quarter of 2003, we renewed our 364-day revolving credit facility in the amount of \$530 million, which now expires in June 2004. In addition to our 364-day revolving facility, we continue to have a revolving credit facility in the amount of \$775 million that expires in June 2007. The Credit Facilities also provide for a delayed draw term loan in the amount of \$250 million, expiring in 2007, which will be used primarily to finance new construction for facilities consolidation in Southeast Michigan. Borrowings under the Credit Facilities bear interest based on a variable rate interest option selected at the time of borrowing. The Credit Facilities contain certain affirmative and negative covenants including a covenant not to exceed a certain leverage ratio.

During the second quarter of 2003, Visteon made its initial draws against the delayed draw term loan, resulting in outstanding borrowings of \$56 million at June 30, 2003. As of June 30, 2003, there were no amounts outstanding under either of the revolving credit facilities.

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

Note 6. Income (Loss) Per Share of Common Stock

Basic income (loss) per share of common stock is calculated by dividing reported net income (loss) by the average number of shares of common stock outstanding during the applicable period, adjusted for restricted stock. The calculation of diluted income (loss) per share takes into account the effect of dilutive potential common stock, such as stock options, and contingently returnable shares, such as restricted stock.

	Second Quarter		First Half	
	2003	2002	2003	2002
(in millions, except per share amounts)				
Numerator:				
Net income (loss)	\$ (167)	\$ 72	\$ (182)	\$ (266)
Denominator:				
Average common stock outstanding	130.7	130.8	130.2	130.6
Less: Average restricted stock outstanding	(5.0)	(2.8)	(4.3)	(2.4)
Basic shares	125.7	128.0	125.9	128.2
Net dilutive effect of restricted stock and stock options	—	1.1	—	—
Diluted shares	125.7	129.1	125.9	128.2
Income (loss) per share:				
Basic	\$ (1.33)	\$ 0.56	\$ (1.45)	\$ (2.07)
Diluted	\$ (1.33)	\$ 0.56	\$ (1.45)	\$ (2.07)

For the second quarter of 2003, first half of 2003 and first half of 2002 potential common stock of about 713,000, 613,000 and 712,000 shares, respectively, are excluded as the effect would have been antidilutive.

Note 7. Variable Interest Entities

From June 30, 2002, a variable interest entity, which is owned by an affiliate of a bank and established to build a facility to be leased to Visteon, is included in Visteon's consolidated financial statements, based on an assessment that substantially all of the expected residual risks or rewards of the entity reside with Visteon. Total assets of this entity were about \$60 million and \$36 million at June 30, 2003 and December 31, 2002, respectively.

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

Note 8. Guarantees

In November 2002, the FASB issued Interpretation No. 45 (“FIN 45”), “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others.” FIN 45 clarifies that at the time a company issues a guarantee, the company must recognize an initial liability for the fair value, or market value, of the obligations it assumes under that guarantee. The initial recognition and initial measurement provisions apply on a prospective basis to guarantees issued or modified after December 31, 2002. As of June 30, 2003, the effect of adopting FIN 45 on Visteon’s results of operations and financial position was not material.

A reconciliation of changes in the product warranty liability is summarized as follows:

	First Half
	2003
	(in millions)
Beginning balance	\$ 17
Accruals for products shipped	8
Accruals for pre-existing warranties (including change in estimates)	3
Settlements	(6)
Ending balance	\$ 22

Note 9. Inventories

Inventories are summarized as follows:

	June 30, 2003	December 31, 2002
	(in millions)	
Raw materials, work-in-process and supplies	\$ 718	\$ 743
Finished products	134	135
Total inventories	\$ 852	\$ 878
U.S. inventories	\$ 495	\$ 548

Costs of sales for the second quarter of 2003 includes approximately \$24 million of pre-tax expense related to inventory adjustments made as a result of a physical inventory.

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

Note 10. Comprehensive Income (Loss)

Comprehensive income (loss) is summarized as follows:

	Second Quarter		First Half	
	2003	2002	2003	2002
	(in millions)			
Net income (loss)	\$ (167)	\$ 72	\$ (182)	\$ (266)
Change in foreign currency translation adjustments	64	144	85	131
Other	10	(18)	17	(14)
Total comprehensive income (loss)	<u>\$ (93)</u>	<u>\$ 198</u>	<u>\$ (80)</u>	<u>\$ (149)</u>

Accumulated other comprehensive loss is comprised of the following:

	June 30, 2003	December 31, 2002
	(in millions)	
Foreign currency translation adjustments	\$ 23	\$ (62)
Realized and unrealized gains/(losses) on derivatives, net of tax	9	(8)
Unrealized loss on marketable securities, net of tax	(1)	(1)
Minimum pension liability, net of tax	(69)	(69)
Total accumulated other comprehensive loss	<u>\$ (38)</u>	<u>\$ (140)</u>

Note 11. Accounting Change

Effective January 1, 2002, Visteon adopted Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets." SFAS 142 no longer permits amortization of goodwill and establishes a new method of testing goodwill for impairment by using a fair-value based approach. Under previous accounting standards, Visteon evaluated goodwill for possible impairment by comparing operating income before amortization of goodwill to the amortization recorded for each of the acquired operations to which the goodwill related. Goodwill is related primarily to the acquisition of the interiors division of Compagnie Plastic Omnium and the increase of Visteon's ownership in Halla Climate Control Corporation to 70% by purchasing an additional 35%, both of which occurred in 1999.

SFAS 142 requires goodwill to be evaluated for possible impairment as of January 1, 2002, and periodically thereafter, using a fair-value approach. An initial test for goodwill impairment using a fair-value approach was performed for the Automotive Operations reporting unit by comparing the estimated fair value of our Automotive Operations reporting unit to its net book value. Visteon's stock market capitalization, as well as market multiples and other factors, were used as the basis for determining the fair value of the Automotive Operations reporting unit. Because the fair value of the Automotive Operations reporting unit was considered less than its net book value, Visteon recorded an impairment loss on goodwill of \$363 million (\$265 million after-tax) as a cumulative effect of change in accounting principle in the first quarter of 2002. The pre-tax impairment loss consists of \$357 million of net goodwill as of December 31, 2001, and \$6 million reclassified to goodwill related to certain acquired intangible assets, as required by SFAS 142.

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

Note 12. Segment Information

Visteon's reportable operating segments are Automotive Operations and Glass Operations. Financial information for the reportable operating segments is summarized as follows:

	<u>Automotive Operations</u>	<u>Glass Operations</u>	<u>Total Visteon</u>
	(in millions)		
Second Quarter			
2003:			
Sales	\$ 4,459	\$ 154	\$ 4,613
Income (loss) before taxes	(263)	7	(256)
Net income (loss)	(172)	5	(167)
Total assets, end of period	11,316	286	11,602
2002:			
Sales	\$ 4,876	\$ 163	\$ 5,039
Income (loss) before taxes	108	9	117
Net income (loss)	66	6	72
Total assets, end of period	11,124	288	11,412
First Half			
2003:			
Sales	\$ 9,010	\$ 307	\$ 9,317
Income (loss) before taxes	(286)	11	(275)
Net income (loss)	(190)	8	(182)
Total assets, end of period	11,316	286	11,602
2002:			
Sales	\$ 9,197	\$ 311	\$ 9,508
Income (loss) before taxes	(8)	18	10
Net income (loss)	(278)	12	(266)
Total assets, end of period	11,124	288	11,412

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

Note 13. Litigation and Claims

Various legal actions, governmental investigations and proceedings and claims are pending or may be instituted or asserted in the future against Visteon, including those arising out of alleged defects in Visteon's products; governmental regulations relating to safety; employment-related matters; customer, supplier and other contractual relationships; intellectual property rights; product warranties; and environmental matters. Some of the foregoing matters involve or may involve compensatory, punitive, or antitrust or other treble damage claims in very large amounts, or demands for recall campaigns, environmental remediation programs, sanctions, or other relief which, if granted, would require very large expenditures.

Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not predictable with assurance. Reserves have been established by Visteon for matters discussed in the foregoing paragraph where losses are deemed probable; these reserves are adjusted periodically to reflect estimates of ultimate probable outcomes. It is reasonably possible, however, that some of the matters discussed in the foregoing paragraph for which reserves have not been established could be decided unfavorably to Visteon and could require Visteon to pay damages or make other expenditures in amounts, or a range of amounts, that cannot be estimated at June 30, 2003. Visteon does not reasonably expect, based on its analysis, that any adverse outcome from such matters would have a material effect on our financial condition, results of operations or cash flows, although such an outcome is possible.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders

Visteon Corporation

We have reviewed the accompanying consolidated balance sheet of Visteon Corporation and its Subsidiaries as of June 30, 2003, and the related consolidated statement of income for each of the three-month and six-month periods ended June 30, 2003 and June 30, 2002 and the condensed consolidated statement of cash flows for the six-month period ended June 30, 2003 and June 30, 2002. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of December 31, 2002, and the related consolidated statements of income, stockholders' equity, and of cash flows for the year then ended (not presented herein), and in our report dated January 17, 2003, except for Note 18, as to which the date is January 27, 2003, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2002, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Detroit, Michigan
July 16, 2003

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The financial data presented herein are unaudited, but in the opinion of management reflect those adjustments, including normal recurring adjustments, necessary for a fair statement of such information. Reference should be made to the consolidated financial statements and accompanying notes included in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002, as filed with the Securities and Exchange Commission on February 14, 2003.

Overview

Visteon's worldwide sales were \$4.6 billion, for the second quarter of 2003, compared with \$5.0 billion for the same period in 2002. Visteon reported a net loss of \$167 million, or \$1.33 per share, for the second quarter of 2003. The loss included after-tax special charges of \$170 million or \$1.35 per share. This compares with net income of \$72 million, or \$0.56 per share in the second quarter of 2002, which did not include any special charges.

Worldwide sales totaled \$9.3 billion in the first six months of 2003, compared with \$9.5 billion in the first six months of 2002. Visteon reported a net loss of \$182 million or \$1.45 per share in the first half of 2003 compared with a net loss of \$266 million or \$2.07 per share in the first half of 2002. The losses included after-tax special charges of \$190 million or \$1.51 per share in the first half of 2003 and \$339 million or \$2.64 per share in the first half of 2002.

Special Charges

The table below presents special charges related to restructuring initiatives and other actions during the second quarter and first half of 2003 and 2002:

	Automotive Operations		Glass Operations		Total	
	Second Quarter	First Half	Second Quarter	First Half	Second Quarter	First Half
(in millions)						
2003 Special Charges:						
North American seating operations	\$ (217)	\$ (217)	\$ —	\$ —	\$ (217)	\$ (217)
European Plan for Growth	(45)	(48)	—	—	(45)	(48)
North American salaried restructuring	—	(18)	—	—	—	(18)
Other Actions	(4)	(13)	—	(1)	(4)	(14)
Total 2003 special charges, before taxes	\$ (266)	\$ (296)	\$ —	\$ (1)	\$ (266)	\$ (297)
Total 2003 special charges, after taxes	\$ (170)	\$ (189)	\$ —	\$ (1)	\$ (170)	\$ (190)
2002 Special Charges:						
Exit Markham and other first quarter actions	\$ —	\$ (95)	\$ —	\$ —	\$ —	\$ (95)
Loss on sale of restraint electronics business	—	(26)	—	—	—	(26)
Adjustment to prior year's expense	—	3	—	2	—	5
Total 2002 special charges, before taxes and change in accounting	\$ —	\$ (118)	\$ —	\$ 2	\$ —	\$ (116)
Total 2002 special charges, after taxes*	\$ —	\$ (341)	\$ —	\$ 2	\$ —	\$ (339)

* Includes a reduction in Automotive results of \$265 million for a change in accounting (goodwill).

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)**Special Charges — (Continued)**

In the second quarter of 2003, Visteon finalized an agreement with Ford Motor Company to transfer seat production located in Chesterfield, Michigan, to another supplier. As part of this agreement, about 1,470 Visteon-assigned Ford-UAW employees working at the Chesterfield, Michigan facility transferred to Ford, and Visteon agreed to be responsible to reimburse Ford for the actual net costs of transferring seating production through June 2004, including costs related to Ford hourly employee voluntary retirement and separation programs that Ford is expected to implement, offset by certain cost savings expected to be realized by Ford. In addition, Visteon and the new supplier entered into a transitional services agreement under which Visteon would be reimbursed for certain engineering and other services.

Included in costs of sales and our operating results for the second quarter of 2003 is \$217 million related to the seating operations consisting of:

- \$114 million of payments to Ford primarily for the estimated costs of separating approximately 650 hourly Ford-UAW employees under Ford employee retirement and separation programs expected to be implemented by Ford during the transition process;
- \$60 million of net other contractually-committed cost payments to Ford;
- \$25 million non-cash charge related to certain seating-related fixed assets;
- \$18 million related to operating losses incurred between the effective date of the agreement (April 1, 2003) and the date the agreements were finalized (June 23, 2003).

Based upon the terms in the agreement related to the \$174 million of payments to Ford, Visteon expects to pay about \$98 million at various times through June 30, 2004, with about \$76 million related to the separation program costs expected to be paid annually in equal installments over ten years with interest. The ultimate costs and cash payments related to this agreement depend on several factors including the actual net costs incurred during the seating production transition phase that is expected to conclude by June 2004. The most critical factors that impact this are the ultimate actual costs incurred related to the relocation, re-deployment and/or employment termination of the 1,470 Visteon-assigned Ford-UAW employees, and the savings achieved by Ford (as defined in the agreement) resulting from resourcing production that will serve as an offset to the transition costs. We expect an average payback of a little more than two years.

In the second quarter of 2003, Visteon also recorded pre-tax charges of \$45 million related to the involuntary separation of 570 hourly employees located in Germany and the separation of about 93 hourly employees located at Visteon's plants in Europe through a continuation of a special voluntary retirement and separation program started in 2002 and \$4 million of other minor actions. The total charge expected to be incurred related to the involuntary separation program in Germany is expected to be about \$50 million, of which \$42 million was recorded in the second quarter of 2003, with the balance to be recorded in the third and fourth quarters of 2003 based on the estimated dates of the remaining employee separations. As of June 30, 2003, about 200 of the 570 hourly employees were separated. All of the other actions were substantially completed during the second quarter of 2003. We expect total lifetime charges associated with the European Plan for Growth, including those incurred to date of up to \$150 million.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Special Charges — (Continued)

In the first quarter of 2003, Visteon recorded total pre-tax special charges of \$31 million (\$20 million after-tax). This total includes \$18 million for salaried restructuring actions taken at various North American manufacturing operations and \$3 million for further implementation of the European Plan for Growth. A non-cash, pre-tax charge of \$4 million was also recorded to write-down coiled spring and stamping equipment located at our Monroe, Michigan plant. Production activities related to this equipment will be discontinued and future undiscounted cash flows are less than the carrying value of these fixed assets held for use. Other special charges recorded in first quarter of 2003 related primarily to additional employee separation programs resulting in pre-tax charges of \$6 million.

During the first quarter of 2002, Visteon recorded special charges of \$116 million before taxes (\$74 million after-tax) related to a number of restructuring actions including \$95 million associated primarily with the exit of Markham and \$26 million associated with the sale of restraint electronics. Accrued restructuring liabilities of \$5 million relating to prior year restructuring plans were also reversed reflecting a change in estimated costs to complete the activities. In addition, the company adopted Statement of Financial Accounting Standards No. 142 (“SFAS 142”), “Goodwill and Other Intangible Assets” during the quarter. With this change in accounting principle, Visteon recorded a non-cash write-off for the value of goodwill of \$265 million after-tax.

See Notes 4 and 11 of our consolidated financial statements, which are incorporated herein by reference, for a further description of the special charges discussed above. Of the \$297 million pre-tax special charges recorded in the first half of 2003, \$29 million are non-cash related. Of the \$116 million in pre-tax special charges recorded in the first half of 2002, \$38 million are non-cash related.

We continue to evaluate the possibility of partnerships, sales or closings involving other under-performing or non-core businesses. However, there can be no assurance that a transaction or other arrangement favorable to Visteon will occur in the near term or at all.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)
Results of Operations

Second Quarter 2003 Compared with Second Quarter 2002

Sales for each of our segments for the second quarter of 2003 and 2002 are summarized in the following table:

	Second Quarter		2003 over/(under) 2002
	2003	2002	
		(in millions)	
Automotive Operations	\$ 4,459	\$ 4,876	\$ (417)
Glass Operations	154	163	(9)
Total sales	\$ 4,613	\$ 5,039	\$ (426)
Memo: Sales to non-Ford customers			
Amount	\$ 1,021	\$ 911	\$ 110
Percentage of total sales	22%	18%	4 pts

Sales for Automotive Operations in the second quarter of 2003 were \$4.5 billion, compared with \$4.9 billion in the second quarter of 2002, a decrease of \$417 million or 9%. Sales for Glass Operations were \$154 million in the second quarter of 2003, compared with \$163 million in the second quarter of 2002, a decrease of \$9 million or 6%. Reduced sales for Automotive Operations reflect primarily lower Ford production volume and price reductions provided to our customers offset partially by favorable currency fluctuations and new business. Sales for Automotive Operations also were affected by lower sales associated with precious metals purchased under sourcing arrangements directed by Ford. Sales included seating revenue of about \$118 million for the quarter through June 23, 2003, the date the agreements to exit the seating business were finalized. Reduced sales for Glass Operations reflect primarily lower Ford North American production volume. Total sales to non-Ford customers increased \$110 million, or 12%, from the second quarter of 2002, and were 22% of total sales for the second quarter of 2003.

Costs of Sales for the second quarter of 2003 were \$4,625 million, \$71 million lower when compared with the second quarter of 2002. Costs of sales primarily includes material, labor, manufacturing overhead and other costs, such as product development costs. The decrease reflects primarily lower Ford production volume, net material cost reductions and manufacturing cost efficiencies, offset partially by special charges, the impact of currency fluctuations, and higher health care costs, pension costs and wage costs. Costs of sales for Automotive Operations also were affected by lower costs associated with precious metals purchased under sourcing arrangements directed by Ford.

Selling, administrative and other expenses for the second quarter of 2003 were \$239 million as compared with \$216 million in the second quarter of 2002, an increase of \$23 million. The increase reflects primarily infrastructure actions, including IT spending. Costs associated with such infrastructure actions are expected to continue throughout 2003.

Net interest expense of \$20 million in the second quarter of 2003 was up \$1 million from the second quarter of 2002 reflecting lower average cash balances.

Equity in net income of affiliated companies was \$15 million in the second quarter of 2003 compared with \$9 million for the same period in 2002, with the increase related primarily to our affiliates located in China.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Income (loss) before income taxes is the primary profitability measure used by our chief operating decision-makers, both including and excluding the effect of special charges. The following table shows income (loss) before income taxes for the second quarter of 2003 and 2002 for each of our segments:

	Second Quarter		2003 (under) 2002
	2003	2002	
	(in millions)		
Automotive Operations	\$ (263)	\$ 108	\$ (371)
Glass Operations	7	9	(2)
Total	\$ (256)	\$ 117	\$ (373)
Memo:			
Special charges included above	\$ (266)	\$ —	\$ (266)

Automotive Operations' second quarter 2003 loss before income taxes was \$263 million compared with income before taxes of \$108 million for the same period in 2002. The decrease reflects primarily special charges and lower Ford production volume. Other unfavorable factors include price reductions to our customers and higher health care costs, pension costs and IT costs. Net material cost reductions, manufacturing efficiencies, lower accruals for incentive compensation, earnings from operations and affiliates in Asia, as well as new business, were partial offsets. Special charges, as described above, were \$266 million in the second quarter of 2003.

Income before income taxes for Glass Operations for the second quarter of 2003 was \$7 million compared with \$9 million for the second quarter of 2002. The decline reflects primarily lower Ford North American production volume, partially offset by manufacturing efficiencies.

Provision/(benefit) for income taxes represents an effective tax rate of 36% for the second quarter of 2003 and 2002.

Minority interests in net income of subsidiaries were \$9 million in the second quarter of 2003 compared with \$7 million in the comparable period in 2002.

Net income (loss) for the second quarter of 2003 and 2002 are shown in the following table for each of our segments:

	Second Quarter		2003 (under) 2002
	2003	2002	
	(in millions)		
Automotive Operations	\$ (172)	\$ 66	\$ (238)
Glass Operations	5	6	(1)
Total	\$ (167)	\$ 72	\$ (239)
Memo:			
Special charges included above	\$ (170)	\$ —	\$ (170)

Visteon reported a net loss for the second quarter of 2003 of \$167 million compared with net income of \$72 million for the second quarter of 2002. Special charges were \$170 million after-taxes in the second quarter of 2003.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Results of Operations

First Half 2003 Compared with First Half 2002

Sales for each of our segments for the first half of 2003 and 2002 are summarized in the following table:

	First Half		2003 over/(under) 2002
	2003	2002	
		(in millions)	
Automotive Operations	\$ 9,010	\$ 9,197	\$ (187)
Glass Operations	307	311	(4)
Total sales	\$ 9,317	\$ 9,508	\$ (191)
Memo: Sales to non-Ford customers			
Amount	\$ 2,004	\$ 1,734	\$ 270
Percentage of total sales	22%	18%	4 pts

Sales for Automotive Operations in the first half of 2003 were \$9.0 billion compared with \$9.2 billion in the first half of 2002, a decrease of \$187 million or 2%. Sales for Glass Operations were \$307 million in the first half of 2003, compared with \$311 million in the first half of 2002, a decrease of \$4 million or 1%. Reduced sales for Automotive Operations reflect primarily lower Ford production volume and price reductions provided to our customers, offset partially by new business and favorable currency fluctuations. Sales for Automotive Operations also were affected by lower sales associated with precious metals purchased under sourcing arrangements directed by Ford and the sale of our restraint electronics business effective April 1, 2002. First half 2003 sales included seating revenue of about \$246 million for the period through June 23, 2003, the date the agreements were finalized. Reduced sales for Glass Operations reflect lower Ford North American production volume and lower commercial volume. Sales to non-Ford customers increased \$270 million, or 16%, from the first half of 2002, and were 22% of total sales for the first half of 2003.

Costs of Sales for the first half of 2003 were \$9,102 million, \$50 million higher when compared with the first half of 2002. Costs of sales primarily includes material, labor, manufacturing overhead and other costs, such as product development costs. The increase reflects primarily unfavorable currency fluctuations, higher health care costs, pension costs and wage costs associated with new business and special charges offset partially by net material cost reductions, manufacturing efficiencies, and the effect of lower Ford production volume. Costs of sales for Automotive Operations also were affected by lower costs associated with precious metals purchased under sourcing arrangements directed by Ford.

Selling, administrative and other expenses for the first half of 2003 were \$481 million as compared with \$418 million in the first half of 2002, an increase of \$63 million. The increase reflects primarily infrastructure actions, including IT spending and supplemental resources to support our cost reduction initiatives. Costs associated with such infrastructure actions are expected to continue throughout 2003.

Net interest expense of \$39 million in the first half of 2003 was down \$3 million from the first half of 2002 reflecting lower average debt balances and lower average interest rates.

Equity in net income of affiliated companies was \$30 million in the first half of 2003 compared with \$14 million for the same period in 2002, with the increase related primarily to our affiliates located in China.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Income (loss) before income taxes is the primary profitability measure used by our chief operating decision-makers, both including and excluding the effect of special items. The following table shows income (loss) before income taxes for the first half of 2003 and 2002 for each of our segments:

	First Half		2003 (under) 2002
	2003	2002	
	(in millions)		
Automotive Operations	\$ (286)	\$ (8)	\$ (278)
Glass Operations	11	18	(7)
Total	\$ (275)	\$ 10	\$ (285)
Memo:			
Special charges included above	\$ (297)	\$ (116)	\$ (181)

Automotive Operations' first half 2003 loss before income taxes was \$286 million compared with a loss before income taxes of \$8 million for the same period in 2002. The \$278 million decrease reflects primarily lower Ford production volume, price reductions to our customers and special charges. Other unfavorable factors include higher health care costs, pension costs and IT costs offset partially by net material cost reductions, earnings from operations and affiliates in Asia, manufacturing efficiencies, and new business. Special charges were \$297 million in the first half of 2003 and \$118 million in the first half of 2002.

Income before income taxes for Glass Operations for the first half of 2003 was \$11 million compared with \$18 million for the first half of 2002. The decline reflects primarily lower production volume and higher wage rates and other net manufacturing costs. The first half of 2002 results include the benefit of \$2 million related to adjustments to the reserve for special charges.

Provision/(benefit) for income taxes represents an effective tax rate of 36% for the first half of 2003 and 2002.

Minority interests in net income of subsidiaries was \$17 million in the first half of 2003 compared with \$13 million in the comparable period in 2002.

Net income (loss) for the first half of 2003 and 2002 are shown in the following table for each of our segments:

	First Half		2003 over/(under) 2002
	2003	2002	
	(in millions)		
Automotive Operations	\$ (190)	\$ (278)	\$ 88
Glass Operations	8	12	(4)
Total	\$ (182)	\$ (266)	\$ 84
Memo:			
Cumulative effect of change in accounting (goodwill)	\$ —	\$ (265)	\$ 265
After-tax restructuring and other charges	(190)	(74)	(116)
Special charges included above	\$ (190)	\$ (339)	\$ 149

Visteon reported a net loss for the first half of 2003 of \$182 million compared with a net loss of \$266 million for the first half of 2002. Special charges were \$190 million in the first half of 2003 and \$339 million in the first half of 2002.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Other Developments

A significant portion of Visteon's U.S. hourly workforce is covered under a collective bargaining agreement between certain unions and Ford, which expires in September 2003. In addition, many of our suppliers and customers, most notably Ford, also have union represented work forces with similar agreements that expire during this calendar year. Work stoppages, which could occur during or as a result of negotiations, by our workers or workers employed by our significant suppliers or customers could disrupt our production of automotive systems, modules and components. Also, our ability to restructure our under-performing or non-core sites and businesses depends, in part, on our ability to satisfactorily negotiate and address certain labor issues. Although we have the right to participate in future negotiations as well as the planning and strategy development concerning the terms of, and issues arising under, the collective bargaining agreement relating to this workforce, Ford reserves the right to handle such matters if a joint course of action cannot be agreed upon.

Under a supply agreement with Ford entered into in connection with our separation from Ford, we had a right of last refusal to meet competitive terms, including price, technology, service and design, on replacement products that (1) we produced in North America, Europe and Mexico (for Mexican production intended for export to the U.S. only) and (2) we supplied to Ford on January 1, 2000. This right of last refusal expired on May 31, 2003 and, accordingly, we now bid for Ford's business on the same basis as our competitors. We do not expect the expiration of such right of last refusal to have a material adverse impact on our results of operation or financial condition, although there can be no assurance to such effect.

In connection with its separation from Ford, Visteon and Ford entered into a supply agreement and related pricing letter relating to purchase orders with Ford in existence as of January 1, 2000 and annual productivity price adjustments through 2003. We are currently in discussions with Ford regarding the final amounts of such price adjustments for 2003.

Liquidity and Capital Resources

Our balance sheet reflects cash and marketable securities of about \$850 million and total debt of \$1.7 billion at June 30, 2003, compared with cash and marketable securities of about \$1.3 billion and total debt of about \$1.6 billion at December 31, 2002. Our net debt, defined as the amount by which total debt exceeds total cash and marketable securities, was about \$850 million at June 30, 2003, and about \$370 million at December 31, 2002. The change in both our cash and marketable securities and net debt resulted primarily from cash used in investing activities and cash used in operating activities. The cash used in investing activities reflects primarily capital expenditures while the cash used in operating activities reflects a seasonal increase in trade working capital requirements and the timing of collections. Trade working capital includes accounts receivable plus inventories less trade payables. Our ratio of total debt to total capital, which consists of total debt plus total stockholders' equity, was 37% at June 30, 2003 and 36% at December 31, 2002.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Visteon has financing arrangements providing contractually committed, unsecured revolving credit facilities with a syndicate of third-party lenders providing for a maximum of \$1,555 million in committed, unsecured credit facilities (the “Credit Facilities”). The terms of the Credit Facilities provide for a 364-day revolving credit line in the amount of \$530 million, which expires June 2004, and a five-year revolving credit line in the amount of \$775 million, which expires June 2007. During the second quarter, we extended the term of the previous 364-day facility until June 2004 at a reduced amount compared with our prior facility. The Credit Facilities also provide for a five-year, delayed draw term loan in the amount of \$250 million, which will be used primarily to finance new construction for facilities consolidation in Southeast Michigan. We have not borrowed against either the 364-day or the five-year facility. During the second quarter, Visteon made its initial draws against the delayed-draw term loan and had borrowed \$56 million at June 30, 2003. Visteon has maintained a commercial paper program providing up to \$1,305 million of borrowing ability, utilizing the credit lines as backup. As of June 30, 2003, we had \$101 million outstanding under our commercial paper program. In the event the availability of commercial paper is reduced or eliminated, our revolving credit lines provide a backup source for funding.

Visteon maintains a trade payables program through General Electric Capital Corporation (“GECC”) that provides financial flexibility to Visteon and its suppliers. When a supplier participates in the program, GECC pays the supplier the amount due from Visteon in advance of the original due date. In exchange for the earlier payment, our suppliers accept a discounted payment. On the original due date of the payables, Visteon pays GECC the full amount. At June 30, 2003, approximately \$88 million was outstanding to GECC under this program, classified as trade payables in the consolidated balance sheet. As part of the same program with GECC, Visteon is allowed to defer payment to GECC on the trade payables described above for a period of up to 30 days at a market rate based fee. Any amounts deferred under the program would be classified as short-term debt. As of June 30, 2003, Visteon had not exercised the deferral option of the program.

As of June 30, 2003, there have been two material changes to our long-term obligations since December 31, 2002. The first is related to the 10-year outsourcing agreement entered into with IBM in January 2003. Pursuant to this agreement we are outsourcing a wide range of IT services on a global basis. The service charges under the outsourcing agreement are expected to aggregate about \$2 billion during the ten years covered by the agreement, subject to decreases and increases in the service charges based on Visteon’s actual consumption of services to meet its then current business needs. The outsourcing agreement may also be terminated for Visteon’s business convenience after its second full year for a scheduled termination fee. The second is related to the agreement between ourselves, Ford, and another supplier as it pertains to seating as described in Note 4 of our consolidated financial statements, which is incorporated herein by reference. Also, from time to time we enter into purchase commitments with various suppliers in the ordinary course of business.

We have guaranteed about \$40 million of borrowings held by unconsolidated joint ventures and have extended loans of about \$2 million to unconsolidated joint ventures, as of June 30, 2003. In addition, we have guaranteed Tier 2 suppliers’ debt and lease obligations of about \$16 million, at June 30, 2003, to ensure the continued supply of essential parts.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Visteon is rated by Standard & Poor’s, Moody’s, and Fitch. Our long-term and short-term credit ratings with S&P are BBB/ A3; with Moody’s they are Baa2/ P2, and with Fitch they are BBB-/ F3. S&P and Moody’s have covered Visteon since June 2000, and Fitch initiated coverage on June 11, 2003. On April 15, 2003, S&P placed us and several other companies on Credit Watch, with negative implications with respect to both our long and short-term credit ratings, stating their concerns about underfunded employee benefit obligations. On May 23, 2003, Moody’s placed both our long and short-term credit ratings under review for possible downgrade and cited concerns with operating margins, industry build rates, and dependence on Ford. If we were to be downgraded to BBB-/ Baa3 by S&P and Moody’s, we believe we would continue to have access to sufficient liquidity to meet ongoing operating requirements; however our cost of borrowing may increase. If sufficient levels of commercial paper were no longer available, we would utilize alternative sources of liquidity, including those discussed above and receivables-based funding sources available to us.

Visteon’s net interest expense of \$39 million for the first half of 2003 was \$3 million lower than the first half of 2002. The lower net interest expense in the first half of 2003 compared with the first half of 2002 reflects primarily lower average debt balances and interest rates.

Visteon has entered into interest rate swaps to manage its interest rate risk. These swaps effectively convert a portion of Visteon’s fixed rate debt into variable rate debt, and as a result, approximately 40% of the company’s borrowings are on a fixed-rate basis, while the remainder is subject to changes in short-term interest rates. As interest rates have fallen, Visteon’s interest rate swaps contributed favorably to reduce interest expense in 2003. During the second quarter, Visteon terminated one interest rate swap and re-set a second interest rate swap. These actions allowed us to maintain our mix of fixed and variable debt.

Our cash and liquidity needs are impacted by the level, variability and timing of our customers’ worldwide vehicle production, which varies based on economic conditions and market shares in major markets. Our intra-year needs also are impacted by seasonal effects in the industry, such as the shutdown of operations for about two weeks in July, the subsequent ramp-up of new model production and the additional one-week shutdown in December by our primary North American customers. Based on our present assessment of future customer production levels, over a two-year time horizon, we believe we can meet general and seasonal cash needs using cash flows from operations, cash balances and borrowings, if needed. We also believe we can supplement these sources with access to the capital markets on satisfactory terms and in adequate amounts, if needed, although there can be no assurance that this will be the case.

Cash Flows

Operating Activities

Cash used by operating activities during the first half of 2003 totaled \$68 million, compared with cash provided by operating activities of \$453 million for the same period in 2002. The use of cash in 2003 was more than explained by increased trade working capital requirements and our net loss. The increase in trade working capital reflects higher vehicle production at the end of the second quarter compared with the fourth quarter of 2002, and the timing of collections. Cash payments related to restructuring actions were \$79 million and \$60 million during the first half of 2003 and 2002, respectively.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Investing Activities

Cash used in investing activities was \$320 million during the first half of 2003, compared with \$460 million for the same period in 2002. Our capital expenditures for the first half of 2003 totaled \$403 million, compared with \$299 million in the first half of 2002. We expect our capital spending in 2003 will be higher than the past few years as we undertake spending on new construction for consolidation of operations in Southeast Michigan and also to fund our IT infrastructure. We anticipate that our facilities consolidation will allow us to centralize customer support functions, research and development, and selected business operations at less cost than we are spending on those activities today. During the first half of 2003 we had net sales and maturities of marketable securities of \$70 million, compared with net purchases of securities of \$187 million in the first half of 2002. The lower level of securities purchased during the first half of 2003 reflects the lower level of cash available for investment and the lower level of attractiveness of these securities as interest rates have fallen compared with the first half of 2002. Other investing cash flows of \$13 million and \$26 million during the first half of 2003 and 2002, respectively, are related primarily to the sale of assets, with the first half of 2002 amount including \$25 million from the sale of the restraint electronics business.

Financing Activities

Cash provided by financing activities totaled \$13 million in the first half of 2003, compared with cash usage of \$149 million in the first half of 2002. The cash proceeds in the first half of 2003 reflects primarily the net issuance of debt offset partially by funds used to repay maturing short-term commercial paper obligations, dividend payments, and purchases of treasury stock.

On March 12, 2003, the Visteon Board of Directors declared a dividend of \$0.06 per share on the company’s common stock, payable on June 2, 2003, to the stockholders of record as of May 2, 2003. On July 9, 2003, the Visteon Board of Directors declared a dividend of \$0.06 per share on the company’s common stock, payable on September 2, 2003, to the stockholders of record as of August 1, 2003. Visteon has paid a dividend each quarter since it became an independent, publicly traded company in June 2000.

New Accounting Standards and Accounting Changes

Starting January 1, 2003, Visteon began expensing the fair value of stock-based awards granted to employees pursuant to SFAS 123. This standard was adopted on a prospective method basis for stock-based awards granted, modified or settled after December 31, 2002. The effect of expensing the fair value of stock options granted after December 31, 2002, resulted in additional compensation expense of about \$1 million, net of taxes, during the first half of 2003.

Other Financial Information

PricewaterhouseCoopers LLP, our independent accountants, performed a limited review of the financial data presented on pages 1 through 14 inclusive. The review was performed in accordance with standards for such reviews established by the American Institute of Certified Public Accountants. The review did not constitute an audit; accordingly, PricewaterhouseCoopers LLP did not express an opinion on the aforementioned data. Their review report included herein is not a “report” within the meaning of Sections 7 and 11 of the 1933 Act and the independent accountant’s liability under Section 11 does not extend to it.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Forward-Looking Statements

This report contains forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995. Words such as “anticipate,” “expect,” “intend,” “plan,” “believe,” “seek” and “estimate” signify forward-looking statements. Forward-looking statements are not guarantees of future results and conditions but rather are subject to various risks and uncertainties. Some of these risks and uncertainties include change in the operations of our customers, particularly Ford Motor Company; our ability to win new business from customers other than Ford; our ability to realize cost savings in connection with various restructuring plans; our ability to make pension and other post-retirement payments; labor disruptions; changes in global economic conditions, and other factors, risks and uncertainties identified in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 14, 2003, and our other filings with the Securities and Exchange Commission. The risks and uncertainties so identified are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial also may adversely affect us. Should any risks and uncertainties develop into actual events, these developments could have material adverse effects on our business, financial condition and results of operations. For these reasons, we caution you not to place undue reliance on our forward-looking statements. We do not assume any obligation to update any of these forward-looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk

Our primary foreign exchange exposure includes the Mexican peso, the Canadian dollar, the euro and the Czech koruna. Because of the mix between our costs and our revenues in various regions, we generally are exposed to strengthening of the Mexican peso, the Canadian dollar and the Czech koruna and to weakening of the euro. For transactions in these currencies, we utilize a strategy of partial coverage. As of June 30, 2003, our coverage for projected transactions in foreign currencies was about 60% for the remainder of 2003.

The net fair value of financial instruments used to reduce our exposure to volatility in foreign currency exchange rates has changed since December 31, 2002. This change primarily reflects the strengthening of the Canadian dollar and the euro, and the weakening of the Mexican peso, relative to the dollar.

As of June 30, 2003 and December 31, 2002, the net fair value of financial instruments with exposure to currency risk was a gain of \$7 million and a loss of \$36 million, respectively. The hypothetical pre-tax gain or loss in fair value from a 10% favorable or adverse change in quoted currency exchange rates would be approximately \$89 million and \$86 million as of June 30, 2003 and December 31, 2002, respectively. These estimated changes assume a parallel shift in all currency exchange rates and include the gain or loss on financial instruments used to hedge loans to subsidiaries. Because exchange rates typically do not all move in the same direction, the estimate may overstate the impact of changing exchange rates on the net fair value of our financial derivatives. It is important to note that gains and losses indicated in the sensitivity analysis would be offset by gains and losses on the underlying exposures being hedged.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK — (Continued)

Interest Rate Risk

During the second quarter of 2003, Visteon reduced the notional value of its interest rate swaps by \$250 million. As of June 30, 2003 and December 31, 2002, the net fair value of interest rate swaps was a positive \$31 million and \$39 million, respectively. The potential loss in fair value of these swaps from a hypothetical 50 basis point adverse change in interest rates would be approximately \$12 million and \$16 million as of June 30, 2003 and December 31, 2002, respectively. The annual increase in pre-tax interest expense from a hypothetical 50 basis point adverse change in variable interest rates (including the impact of interest rate swaps) would be approximately \$5 million and \$6 million at June 30, 2003 and December 31, 2002, respectively. This analysis may overstate the adverse impact on net interest expense due to the short-term nature of our interest bearing investments.

Commodity Market Risk

There are no known material changes to our exposure to commodity market risk since December 31, 2002.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of Visteon's Disclosure Committee and management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon, and as of the date of, this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed in Visteon's periodic SEC reports is recorded, processed, summarized, and reported as and when required. In addition, they concluded that there were no significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect our ability to record, process, summarize and report financial information. Except as otherwise discussed herein, there have been no changes in Visteon's internal control over financial reporting during the most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, Visteon's internal control over financial reporting.

As discussed previously under "Item 2 — Management's Discussion and Analysis of Financial Condition and Results of Operations", we have entered into an agreement that will alter our global IT outsourcing arrangements. This outsourcing arrangement and subsequent transition from Ford's IT systems may affect existing business processes and related internal control over financial reporting within Visteon. As part of the transition, ongoing evaluations of the internal control over financial reporting activity related to these processes will be performed.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in various legal proceedings, which are ordinary, routine proceedings, incidental to the conduct of our business. We do not believe that any legal proceedings to which we are a party will have a material adverse effect on our financial condition or results of operations, although such an outcome is possible.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Stockholders was held on May 14, 2003. At the meeting, the following matters were submitted to a vote of the stockholders:

- (1) The election of three directors to serve for a three-year term beginning at the 2003 annual meeting of stockholders and expiring at the 2006 annual meeting of stockholders.

Nominee	For	Withheld
Peter J. Pestillo	93,334,794	9,196,289
Charles L. Schaffer	91,853,338	10,677,745
Thomas T. Stallkamp	87,444,066	15,087,017

- (2) The ratification of the appointment of PricewaterhouseCoopers LLP as Visteon's independent auditors for fiscal year 2003.

For	Against	Abstain	Broker Non-Votes
93,507,130	8,168,609	855,344	N/A

- (3) A shareholder proposal relating to the adoption of a stockholder rights plan.

For	Against	Abstain	Broker Non-Votes
48,175,640	25,862,905	1,602,982	26,889,556

- (4) A shareholder proposal relating to the adoption of a code for Visteon's international operations.

For	Against	Abstain	Broker Non-Votes
7,804,403	61,851,911	5,985,213	26,889,556

ITEM 5. OTHER INFORMATION

On July 25, 2003, Registrant issued a press release announcing that it had named Anjan Chatterjee as its senior vice president, strategy and business planning. The press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) Exhibits

Please refer to the Exhibit Index on Page 31.

- (b) Reports on Form 8-K

The Registrant filed the following Current Report on Form 8-K during the quarter ended June 30, 2003:

Current Report on Form 8-K, dated April 17, 2003, in respect of Registrant's press release dated April 17, 2003 announcing Registrant's financial results for first quarter 2003.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VISTEON CORPORATION

By: /s/ GLENDA J. MINOR

Glenda J. Minor
Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

Date: July 29, 2003

EXHIBIT INDEX

Exhibit Number	Exhibit Name
3.1	Amended and Restated Certificate of Incorporation of Visteon Corporation (“Visteon”) is incorporated herein by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q of Visteon dated July 24, 2000.
3.2	Amended and Restated By-laws of Visteon as in effect on the date hereof is incorporated herein by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q of Visteon dated November 14, 2001.
4.1	Indenture dated as of June 23, 2000 between Visteon and Bank One Trust Company, N.A., as Trustee, is incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K of Visteon dated July 31, 2000 (filed August 16, 2000).
4.2	Form of Common Stock Certificate of Visteon is incorporated herein by reference to Exhibit 4.1 to Amendment No. 1 to the Registration Statement on Form 10 of Visteon dated May 19, 2000.
10.1	Master Transfer Agreement dated as of March 30, 2000 between Visteon and Ford Motor Company (“Ford”) is incorporated herein by reference to Exhibit 10.2 to the Registration Statement on Form S-1 of Visteon dated June 2, 2000 (File No. 333-38388).
10.2	Purchase and Supply Agreement dated as of January 1, 2000 between Visteon and Ford is incorporated herein by reference to Exhibit 10.3 to the Registration Statement on Form S-1 of Visteon dated June 2, 2000 (File No. 333-38388).
10.3	Letter Relating to Price Reductions dated March 31, 2000 from Ford is incorporated herein by reference to Exhibit 10.3.1 to the Registration Statement on Form S-1 of Visteon dated June 2, 2000 (File No. 333-38388).
10.4	Master Separation Agreement dated as of June 1, 2000 between Visteon and Ford is incorporated herein by reference to Exhibit 10.4 to Amendment No. 1 to the Registration Statement on Form S-1 of Visteon dated June 6, 2000 (File No. 333-38388).
10.5	Aftermarket Relationship Agreement dated as of January 1, 2000 between Visteon and the Automotive Consumer Services Group of Ford is incorporated herein by reference to Exhibit 10.5 to Amendment No. 1 to the Registration Statement on Form 10 of Visteon dated May 19, 2000.
10.6	Hourly Employee Assignment Agreement dated as of April 1, 2000 between Visteon and Ford is incorporated herein by reference to Exhibit 10.6 to Amendment No. 1 to the Registration Statement on Form 10 of Visteon dated May 19, 2000.
10.7	Employee Transition Agreement dated as of April 1, 2000 between Visteon and Ford is incorporated herein by reference to Exhibit 10.7 to Amendment No. 1 to the Registration Statement on Form 10 of Visteon dated May 19, 2000.
10.8	Tax Sharing Agreement dated as of June 1, 2000 between Visteon and Ford is incorporated herein by reference to Exhibit 10.8 to the Registration Statement on Form S-1 of Visteon dated June 2, 2000 (File No. 333-38388).
10.9	Visteon Corporation 2000 Incentive Plan is incorporated herein by reference to Appendix E to the Proxy Statement of Visteon dated March 26, 2001.*
10.10	Form of Revised Change in Control Agreement is incorporated herein by reference to Exhibit 10.10 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2000.*

Exhibit Number	Exhibit Name
10.10.1	Schedule identifying substantially identical agreements to Revised Change in Control Agreement constituting Exhibit 10.10 hereto entered into by Visteon with Messrs. Pestillo, Johnston, Coulson, Orchard and Marcin, and Ms. Fox is incorporated herein by reference to Exhibit 10.10.1 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2002.*
10.11	Issuing and Paying Agency Agreement dated as of June 5, 2000 between Visteon and The Chase Manhattan Bank is incorporated herein by reference to Exhibit 10.11 to the Quarterly Report on Form 10-Q of Visteon dated July 24, 2000.
10.12	Corporate Commercial Paper — Master Note dated June 1, 2000 is incorporated herein by reference to Exhibit 10.12 to the Quarterly Report on Form 10-Q of Visteon dated July 24, 2000.
10.13	Letter Loan Agreement dated as of June 12, 2000 from The Chase Manhattan Bank is incorporated herein by reference to Exhibit 10.13 to the Quarterly Report on Form 10-Q of Visteon dated July 24, 2000.
10.14	Visteon Corporation Deferred Compensation Plan for Non-Employee Directors is incorporated herein by reference to Exhibit 10.14 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2000.*
10.15	Visteon Corporation Restricted Stock Plan for Non-Employee Directors is incorporated herein by reference to Appendix F to the Proxy Statement of Visteon dated March 26, 2001.*
10.16	Visteon Corporation Deferred Compensation Plan, as amended, is incorporated herein by reference to Exhibit 10.16 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2002.*
10.17	Visteon Corporation Savings Parity Plan is incorporated herein by reference to Exhibit 10.17 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2002.*
10.18	Visteon Corporation Pension Parity Plan is incorporated herein by reference to Exhibit 10.18 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2002.*
10.19	Visteon Corporation Supplemental Executive Retirement Plan is incorporated herein by reference to Exhibit 10.19 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2002.*
10.20	Executive Employment Agreement dated as of September 15, 2000 between Visteon and Michael F. Johnston is incorporated herein by reference to Exhibit 10.20 to the Annual Report on Form 10-K for the period ended December 31, 2001.*
10.21	Service Agreement dated as of November 1, 2001 between Visteon International Business Development, Inc., a wholly-owned subsidiary of Visteon, and Dr. Heinz Pfannschmidt is incorporated herein by reference to Exhibit 10.21 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2002.*
10.22	Visteon Corporation Executive Separation Allowance Plan is incorporated herein by reference to Exhibit 10.22 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2002.*
10.23	Trust Agreement dated as of February 7, 2003 between Visteon and The Northern Trust Company establishing a grantor trust for purposes of paying amounts to certain executive officers under the plans constituting Exhibits 10.14, 10.16, 10.17, 10.18, 10.19 and 10.22 hereto is incorporated herein by reference to Exhibit 10.23 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2002.*

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Exhibit Number	Exhibit Name
10.24	Five-Year Revolving Loan Credit Agreement dated as of June 20, 2002 among Visteon, the several banks and other financial institutions or entities from time to time parties to the agreement, JPMorgan Chase Bank, as administrative agent, and Bank of America N.A., as syndication agent, is incorporated herein by reference to Exhibit 10.24 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2002.
10.25	364-Day/1-Year Term-Out Credit Agreement dated as of June 19, 2003 among Visteon, the several banks and other financial institutions or entities from time to time parties to the agreement, JPMorgan Chase Bank, as administrative agent, and Citibank N.A.
10.26	Five-Year Term Loan Credit Agreement dated as of June 25, 2002 among Visteon, the several banks and other financial institutions or entities from time to time parties to the agreement, JPMorgan Chase Bank, as administrative agent, and Bank of America N.A., as syndication agent, is incorporated herein by reference to Exhibit 10.26 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2002.
10.27	Pension Plan Agreement effective as of November 1, 2001 between Visteon Holdings GmbH, a wholly-owned subsidiary of Visteon, and Dr. Heinz Pfannschmidt is incorporated herein by reference to Exhibit 10.27 to the Quarterly Report on Form 10-Q of Visteon dated May 7, 2003.*
12.1	Statement re: Computation of Ratios.
15.1	Letter of PricewaterhouseCoopers LLP, Independent Accountants, dated July 24, 2003, relating to Financial Information.
31.1	302 Certification of Chief Executive Officer dated July 29, 2003.
31.2	302 Certification of Chief Financial Officer dated July 29, 2003.
32.1	906 Certification of Chief Executive Officer dated July 29, 2003.
32.2	906 Certification of Chief Financial Officer dated July 29, 2003.
99.1	Press release dated July 25, 2003.

* Indicates that exhibit is a management contract or compensatory plan or arrangement.

In lieu of filing certain instruments with respect to long-term debt of the kind described in Item 601(b)(4) of Regulation S-K, Visteon agrees to furnish a copy of such instruments to the Securities and Exchange Commission upon request.

364-DAY/1-YEAR TERM-OUT CREDIT AGREEMENT

DATED AS OF JUNE 19, 2003

AMONG

VISTEON CORPORATION, AS BORROWER,

THE SEVERAL BANKS
FROM TIME TO TIME PARTIES HERETO,

JPMORGAN CHASE BANK,
AS ADMINISTRATIVE AGENT,

AND

CITIBANK, N.A.,
AS SYNDICATION AGENT

J.P. MORGAN SECURITIES INC. AND
CITIGROUP GLOBAL MARKETS INC.,
AS JOINT LEAD ARRANGERS AND JOINT BOOKRUNNERS

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364-DAY/1-YEAR TERM-OUT CREDIT AGREEMENT

This 364-DAY/1-YEAR TERM-OUT CREDIT AGREEMENT, dated as of June 19, 2003, is among VISTEON CORPORATION, a Delaware corporation (the "Company"), the several banks and other financial institutions or entities from time to time parties to this Agreement (the "Banks"), JPMORGAN CHASE BANK, a New York banking corporation, as administrative agent (the "Administrative Agent"), and CITIBANK, N.A., as syndication agent (the "Syndication Agent").

The Company desires to obtain a revolving credit facility for itself and its Affiliates in the aggregate amount of U.S. \$530,000,000 or the Equivalent thereof (as hereinafter defined) at any one time outstanding, and the Banks and Administrative Agent are willing to provide such revolving credit facility and to make Loans to the Company and the Affiliates, subject to the terms and conditions set forth below.

SECTION 1. DEFINITIONS

The following terms, as used herein, have the following respective meanings:

"Accession Memorandum" means a memorandum of an Affiliate substantially in the form of Exhibit A hereto evidencing the Affiliate's agreement to be bound by the terms of this Agreement; provided that such a memorandum shall contain such changes or additional provisions as may be deemed necessary by mutual agreement of the Administrative Agent, the Affiliate and the Company.

"Administrative Agent" has the meaning set forth in the preamble, it being understood that matters concerning Foreign Currency Loans will be administered by J.P. Morgan Europe Limited and therefore all notices concerning such Foreign Currency Loans will be required to be given at the Foreign Currency Notice Office.

"Affected Foreign Currency" has the meaning set forth in Section 10.1(c).

"Affiliate" means any direct or indirect majority-owned subsidiary of the Company and any partnership of which the Company or a direct or indirect majority-owned subsidiary of the Company is a general or unlimited partner. For purposes of this definition, "majority-owned" means ownership of more than 50% of the capital stock of or other equity interest in, or more than 50% of the voting power with respect to, an entity.

"Affiliate Event of Default" has the meaning set forth in Section 8.2.

"Agents" means the Administrative Agent and the Syndication Agent collectively.

"Aggregate Commitments" means, at any time, the aggregate amount of the Commitments then in effect. The original amount of the Aggregate Commitments is \$530,000,000.

"Aggregate Exposure" means, with respect to any Bank at any time, an amount equal to the principal amount of such Bank's Commitment then in effect or, if the Commitments have been terminated, the principal amount of the Loans held by such Bank then outstanding.

"Aggregate Exposure Percentage" means, with respect to any Bank at any time, the ratio (expressed as a percentage) of such Bank's Aggregate Exposure at such time to the Aggregate Exposure of all Banks at such time.

"Aggregate Extensions of Credit" means at any time, the aggregate amount of Extensions of Credit of the Banks outstanding at such time.

"Aggregate Loans" means the total principal amount of all outstanding Loans.

"Agreement" means this 364-Day/1-Year Term-Out Credit Agreement, together with the exhibits hereto, as amended from time to time.

"Annual Report" has the meaning set forth in Section 7.1(a).

"Assignment and Acceptance" means an Assignment and Acceptance, substantially in the form of Exhibit G.

"Augmenting Bank" has the meaning set forth in Section 2.1(c).

"Available Commitment" means as to any Bank at any time, an amount equal to the excess, if any, of (a) such Bank's Commitment then in effect over (b) such Bank's Extensions of Credit then outstanding.

"Banks" has the meaning provided in the preamble hereto; provided, that unless the context otherwise requires, each reference herein to the Banks shall be deemed to include any Conduit Bank.

"Bank's Actual Reserve Cost" has the meaning set forth in Section 10.3(b).

"Base Rate" means for any day the greater of (i) an annual rate of interest equal to that announced generally from time to time by the Administrative Agent at its Domestic Lending Office as its prime rate, base rate or equivalent rate and in effect on such day and (ii) the Federal Funds Effective Rate plus 0.50%.

"Base Rate Loan" means any loan hereunder denominated in United States dollars which the Company (on behalf of itself or an Affiliate) specifies pursuant to Section 2.6 or Section 2.12 as a Base Rate Loan.

"Base Rate Margin" means the applicable amount as set forth on the Pricing Grid; provided, however, that in the event (x) the Commitments are terminated pursuant to Section 8.1 or after the Termination Date Loans or CAF Advances remain outstanding hereunder and (y) the Base Rate Margin is then determined by reference to the margin opposite the rating category "

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period during which such Loans or CAF Advances may be outstanding after such termination by an amount equal to the then applicable Facility Fee (expressed as a percentage).

"Benefitted Bank" has the meaning set forth in Section 12.8(b).

"Borrowing" means a borrowing hereunder consisting of a Loan made to the Company or an Affiliate by any Bank. A Borrowing is a "Domestic Borrowing" if such Loan is a Domestic Loan, a "Eurocurrency Borrowing" if such Loan is a Eurocurrency Loan or a "Foreign Currency Borrowing" if such Loan is a Foreign Currency Loan.

"CAF" means the competitive advance facility contemplated in Section 2.7.

"CAF Advance" means each CAF Advance made pursuant to Section 2.7.

"CAF Advance Availability Period" means the period from and including the Effective Date to and including the date which is 14 days prior to the Termination Date.

"CAF Advance Confirmation" means each confirmation by the Company of its acceptance of CAF Advance Offers, which confirmation shall be substantially in the form of Exhibit E and shall be delivered to the Administrative Agent by facsimile transmission.

"CAF Advance Interest Payment Date" means as to each CAF Advance, each interest payment date specified by the Company for such CAF Advance in the related CAF Advance Request.

"CAF Advance Maturity Date" means as to any CAF Advance, the date specified by the Company pursuant to Section 2.8(d)(ii) in its acceptance of the related CAF Advance Offer.

"CAF Advance Offer" means each offer by a Bank to make CAF Advances pursuant to a CAF Advance Request, which offer shall contain the information specified in Exhibit D and shall be delivered to the Administrative Agent by telephone, immediately confirmed by facsimile transmission.

"CAF Advance Request" means each request by the Company for Banks to submit bids to make CAF Advances, which request shall contain the information in respect of such requested CAF Advances specified in Exhibit C and shall be delivered to the Administrative Agent in writing, by facsimile transmission, or by telephone, immediately confirmed by facsimile transmission.

"CAF Borrowing Date" means any Domestic Business Day (in the case of Fixed Rate CAF Advances) or Eurodollar Business Day (in the case of LIBO Rate CAF Advances) or any Foreign Currency Business Day (in the case of CAF Advances denominated in a Foreign Currency) specified in a notice pursuant to Section 2.8(a) as a date on which the Company requests the Banks to make CAF Advances hereunder.

"Commitment" means, as to any Bank, the obligation of such Bank, if any, to make Loans in an aggregate principal amount not to exceed the amount set forth under the heading

"Revolving Commitment" opposite such Bank's name on Schedule 1 or in the Assignment and Acceptance pursuant to which such Bank became a party hereto, as the same may be changed from time to time pursuant to the terms hereof.

"Commitment Quarter" means each of the respective three-month periods during the term of this Agreement ending on September 30, December 31, March 31 and June 30.

"Conduit Bank" means any special purpose corporation organized and administered by any Bank for the purpose of making Loans otherwise required to be made by such Bank and designated by such Bank in a written instrument; provided, that the designation by any Bank of a Conduit Bank shall not relieve the designating Bank of any of its obligations to fund a Loan under this Agreement if, for any reason, its Conduit Bank fails to fund any such Loan, and the designating Bank (and not the Conduit Bank) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Bank, and provided, further, that no Conduit Bank shall (a) be entitled to receive any greater amount pursuant to Section 2.18, 10.3, 10.4 or 12.6 than the designating Bank would have been entitled to receive in respect of the extensions of credit made by such Conduit Bank or (b) be deemed to have any Commitment.

"Consolidated EBITDA" means for any period, Consolidated Net Income for such period plus, without duplication and to the extent reflected as a charge in the statement of such Consolidated Net Income for such period, the sum of (a) income tax expense, (b) interest expense, (c) amortization or writeoff of debt discount and debt issuance costs and commissions, discounts and other fees and charges associated with Indebtedness (including the Loans), (d) depreciation and amortization expense, (e) amortization of intangibles (including, but not limited to, goodwill) and organization costs, (f) any non-recurring expenses or losses, and (g) with respect to any discontinued operation, any loss resulting therefrom; and minus, to the extent included in the statement of such Consolidated Net Income for such period, the sum of (i) to the extent included in the statement of such Consolidated Net Income for such period, any non-recurring income or gains or (ii) with respect to any discontinued operation, any gain resulting therefrom, all as determined on a consolidated basis. For the purposes of calculating Consolidated EBITDA during any four quarter period in which a Material Acquisition or a Material Disposition has occurred, Consolidated EBITDA for such period shall be calculated after giving pro forma effect to such Material Acquisition or Material Disposition as if such Material Acquisition or Material Disposition occurred on the first day of such four quarter period.

"Consolidated Leverage Ratio" means as of the end of any fiscal quarter, the ratio of (a) Consolidated Total Debt as of such date to (b) Consolidated EBITDA for the period of four fiscal quarters ending as of such date.

"Consolidated Net Income" means for any period, the consolidated net income (or loss) of the Company and its Subsidiaries, determined on a consolidated basis in accordance with GAAP.

"Consolidated Total Assets" means, as of the date of determination, all amounts that would, in conformity with GAAP, be set forth opposite the caption "total assets" (or any like caption) on a consolidated balance sheet of the Company and its Subsidiaries at such date.

"Consolidated Total Debt" means, as of any date and without duplication, the aggregate principal amount of all Indebtedness of the Company and its Subsidiaries on a consolidated basis minus Consolidated Total Net Cash as of such date.

"Consolidated Total Net Cash" means, as of any date, all amounts that would, in conformity with GAAP, be set forth opposite the caption "cash and cash equivalents" (or any like caption) on a consolidated balance sheet of the Company and its Subsidiaries at such date.

"Domestic Business Day" means any day, except a Saturday, Sunday or other day on which commercial banks in New York City are authorized or obligated by law or regulation to close.

"Domestic Funding Office" means the office of the Administrative Agent specified in Exhibit F hereto or such other office as may be specified from time to time by the Administrative Agent by written notice to the Company and the Banks as its funding office for the purpose of funding or payment of Domestic Loans.

"Domestic Lending Office" means, as to any Bank, the office, branch or affiliate of such Bank in the continental United States as it may from time to time designate as the Domestic Lending Office by notice to the Administrative Agent.

"Domestic Loan" means any Loan made pursuant to Section 2.1 denominated in United States dollars which the Company (on behalf of itself or an Affiliate) specifies pursuant to Section 2.6 or Section 2.12 as a Base Rate Loan.

"Effective Date" means June 19, 2003.

"Equivalent" means, in relation to any amount in United States dollars, at any date, the amount obtained by converting such amount in United States dollars into a specified Foreign Currency at the Exchange Rate for such Foreign Currency, or vice versa, as applicable.

"ERISA" means the Employee Retirement Income Security Act of 1974 of the United States, as amended.

"Euro" means the single currency of participating Member States of the European Union that adopt a single currency in accordance with the Treaty on European Union signed on February 7, 1992.

"Eurocurrencies" means United States dollars and Foreign Currencies.

"Eurocurrency Loan" means any Loan made pursuant to Section 2.1 denominated in any Eurocurrency which the Company (on behalf of itself or an Affiliate) specifies pursuant to Section 2.6 or Section 2.12 as a Eurocurrency Loan.

"Eurocurrency Margin" means the applicable amount as set forth on the Pricing Grid; provided, however, that in the event the Commitments are terminated pursuant to Section 8.1 or after the Termination Date Loans or CAF Advances remain outstanding hereunder, the Eurocurrency Margin shall automatically be increased for any period during which such Loans or CAF Advances may be outstanding after such termination by an amount equal to the then applicable Facility Fee (expressed as a percentage).

"Eurocurrency Tranche" means the collective reference to Eurocurrency Loans the then current Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Loans shall originally have been made on the same day).

"Eurodollar Business Day" means any day, except a Saturday, Sunday or other day on which commercial banks in New York City are authorized or obligated by law or regulation to close, on which commercial banks in New York City are open for trading in United States dollar deposits in the interbank eurodollar market.

"Eurodollar Funding Office" means the office of the Administrative Agent specified in Exhibit F hereto or such other office as may be specified from time to time by the Administrative Agent by written notice to the Company and the Banks as its funding office for the purpose of funding or payment of Eurocurrency Loans which are denominated in United States dollars.

"Eurodollar Lending Office" means, as to any Bank, the office, branch or affiliate of such Bank as it may from time to time designate as the Eurodollar Lending Office by notice to the Administrative Agent.

"Event of Default" has the meaning set forth in Section 8.1.

"Event of Default - Bankruptcy" has the meaning set forth in Section 8.3.

"Exchange Rate" means on any day, with respect to any currency, the rate at which such currency may be exchanged into any other currency, as set forth at approximately 11:00 a.m., London time, on such date on the Reuters World Currency Page for such currency. In the event that such rate does not appear on any Reuters World Currency Page, the Exchange Rate shall be determined by reference to such other publicly available service for displaying exchange rates as may be selected by the Administrative Agent, or, in the event no such service is selected, such Exchange Rate shall instead be the arithmetic average of the spot rates of exchange of the Administrative Agent in the market where its foreign currency exchange operations in respect of such currency are then being conducted, at or about 10:00 a.m., local time, on such date for the purchase of the relevant currency for delivery two Foreign Currency Business Days later; provided that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent, after consultation with the Company, may use any reasonable method it deems appropriate to determine such rate, and such determination shall be presumed correct absent manifest error.

"Existing 364-Day Credit Agreement" means the 364-Day/1-Year Term Out Credit Agreement, dated as of June 20, 2002, among the Company, the several lenders from time to

time party thereto, JPMorgan Chase Bank, as administrative agent and Bank of America, N.A., as Syndication Agent.

"Extensions of Credit" means as to any Bank at any time, the aggregate principal amount of all Loans held by such Bank then outstanding.

"Facility Fee" has the meaning set forth in Section 2.3(a).

"Federal Funds Effective Rate" means for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Domestic Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Domestic Business Day, the average of the quotations for the day of such transactions received by JPMorgan Chase Bank from three federal funds brokers of recognized standing selected by it.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System of the United States, or any successor thereto.

"Fee Payment Date" means each of (a) the tenth Domestic Business Day following the last day of each Commitment Quarter and (b) the Termination Date.

"Five-Year Revolving Credit Agreement" means the Five-Year Revolving Loan Credit Agreement dated as of June 20, 2002 among Visteon Corporation, the several banks from time to time parties thereto, JPMorgan Chase Bank, as administrative agent, and Bank of America, N.A., as syndication agent.

"Five Year Term Loan Agreement" means the \$250,000,000 Five-Year Term Loan Credit Agreement, dated as of June 25, 2002, among Visteon Corporation, the several banks from time to time parties thereto, JPMorgan Chase Bank, as administrative agent, and Bank of America, N.A., as syndication agent.

"Fixed Rate CAF Advance" means any CAF Advance made pursuant to a Fixed Rate CAF Advance Request.

"Fixed Rate CAF Advance Request" means any CAF Advance Request requesting the Banks to offer to make CAF Advances at a fixed rate (as opposed to a rate composed of the LIBO Rate plus (or minus) a margin).

"Foreign Currency" means (a) with respect to Loans, British Pounds Sterling and the euro and (b) with respect to CAF Advances, British Pounds Sterling, euros and any other freely-convertible currency agreed upon by the Company, the Administrative Agent and the Bank making such CAF Advance.

"Foreign Currency Business Day" means any day, except a Saturday, Sunday or other day on which the commercial banks in London, England are authorized or obligated by law or regulation to close, on which the commercial banks in London, England are open for international business (including dealings in deposits in the relevant currency in the interbank eurocurrency

market), provided that when used in connection with (a) Foreign Currency Loans or CAF Advances denominated in euros, the term "Foreign Currency Business Day" shall also exclude any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET) (or, if such clearing system ceases to be operative, such other clearing system (if any) determined by the Administrative Agent to be a suitable replacement) is not open for settlement of payment in euros and (b) CAF Advances denominated in any currency other than United States dollars, the term "Foreign Currency Business Day" shall also exclude any day on which banks in (i) the jurisdiction of the account to which the proceeds of such CAF Advance are to be disbursed, and (ii) the jurisdiction in which payments of principal of and interest on such CAF Advance are to be made are authorized or required by law to remain closed.

"Foreign Currency Funding Office" means the office of the Administrative Agent specified in Exhibit F hereto or such other office as may be specified from time to time by the Administrative Agent by written notice to the Company and the Banks as its funding office for the purpose of funding or payment of Foreign Currency Loans or CAF Advances denominated in a Foreign Currency.

"Foreign Currency Lending Office" means, as to any Bank, the office, branch or affiliate of such Bank as it may from time to time designate as the Foreign Currency Lending Office by notice to the Administrative Agent.

"Foreign Currency Loans" means any Eurocurrency Loan hereunder denominated in a Foreign Currency.

"Foreign Currency Notice Office" means the Administrative Agent's office located at 125 London Wall, London or such other office in London as may be designated by the Administrative Agent by written notice to the Company and the Banks.

"GAAP" means generally accepted accounting principles in the United States as applied to the Company.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization (including the National Association of Insurance Commissioners).

"Gross-up" means the amount payable to the Administrative Agent or any Bank to account for required deductions for withholding taxes as provided in Section 10.4.

"Guarantee" means the guarantee and other obligations of the Company set forth in Section 4.

"Guaranteed Obligations" has the meaning set forth in Section 4(a).

"Increasing Bank" has the meaning set forth in Section 2.1(c).

"Indebtedness" means, as of any date, the amount outstanding on such date under notes, bonds, debentures, commercial paper, or other similar evidences of indebtedness for money borrowed.

"Indemnified Liabilities" has the meaning set forth in Section 12.6(d).

"Indemnatee" has the meaning set forth in Section 12.6(d).

"Interest Period" means with respect to each Eurocurrency Loan:

(a) initially, the period commencing on the date of Borrowing with respect to such Loan (or in the case of a Loan which has been converted into a Eurocurrency Loan, on the date specified in Section 2.12) and ending one, two, three or six months thereafter, as the Company (on behalf of itself or an Affiliate) may elect pursuant to Section 2.6 or Section 2.12; and

(b) thereafter, each period commencing on the last day of the next preceding Interest Period for such Borrowing and ending one, two, three or six months thereafter, as the Company (on behalf of itself or an Affiliate) may elect pursuant to Section 2.12;

provided, however, that:

(i) any such Interest Period which would otherwise end on a day which is not a Eurodollar Business Day (or a Foreign Currency Business Day, in the case of Loans denominated in a Foreign Currency) shall be extended to the next succeeding Eurodollar Business Day or Foreign Currency Business Day, as the case may be, unless such Eurodollar Business Day or Foreign Currency Business Day, as the case may be, falls in another calendar month, in which case such Interest Period shall end on the next preceding Eurodollar Business Day or Foreign Currency Business Day, as the case may be,

(ii) any such Interest Period which begins on the last Eurodollar Business Day or Foreign Currency Business Day, as the case may be, of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on a day which is the last Eurodollar Business Day or Foreign Currency Business Day, as the case may be, of the applicable calendar month; and

(iii) the Company (on behalf of itself or an Affiliate) may not elect an Interest Period that would end later than one year less one day after the Termination Date.

"LIBO Rate" means with respect to any Eurocurrency Loan or LIBO Rate CAF Advance for any Interest Period, the London interbank offered rate for deposits in the relevant currency appearing on Telerate Page 3750 (or in the case of a Foreign Currency Borrowing, the rate appearing on the Page for the applicable Foreign Currency) as of 11:00 a.m. (London, England time) two Eurodollar Business Days prior to the beginning of such Interest Period for the period

commencing on the date of such Eurocurrency Loan or LIBO Rate CAF Advance and ending on a maturity date comparable to that of the applicable Interest Period. In the event that such rate does not appear on Page 3750 of the Telerate screen (or, in the case of Foreign Currencies, the applicable Page of the Telerate screen), the "LIBO Rate" shall be determined by reference to such other comparable publicly available service for displaying eurocurrency rates as may be selected by the Administrative Agent or, in the absence of such availability, by reference to the rate at which the Administrative Agent is offered deposits in identical currencies at or about 11:00 a.m., local time, two Foreign Currency Business Days prior to the beginning of such Interest Period in the interbank eurocurrency market where its eurocurrency and foreign currency and exchange operations are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein.

"LIBO Rate CAF Advance" means any CAF Advance made pursuant to a LIBO Rate CAF Advance Request.

"LIBO Rate CAF Advance Request" means any CAF Advance Request requesting the Banks to offer to make CAF Advances at an interest rate equal to the LIBO Rate plus (or minus) a margin.

"Lien" means any mortgage, pledge, lien, security interest, conditional sale or other title retention agreement or other similar encumbrance.

"Loan" means any Domestic Loan or Eurocurrency Loan.

"Mandatory Cost Rate" has the meaning set forth in Section 10.3(a).

"Mark-to-Market Day" has the meaning set forth in Section 2.4.

"Material Acquisition" means any one or more acquisitions of any business entity or entities, or of any operating unit or units of any business entity or entities, that become consolidated with the Company in accordance with GAAP and that involve the payment of consideration (including, without limitation, the assumption of debt) by the Company and its Subsidiaries in excess of \$25,000,000 in the aggregate during any Commitment Quarter.

"Material Disposition" means any one or more dispositions by the Company or a Subsidiary of any business entity or entities, or of any operating unit or units of the Company or a Subsidiary, that become unconsolidated with the Company in accordance with GAAP and that involve the receipt of consideration by the Company and its Subsidiaries in excess of \$25,000,000 in the aggregate during any Commitment Quarter.

"Maturity Date" means (a) for any Base Rate Loan, the date which is one year less one day after the Termination Date or, (b) for any Eurocurrency Loan the last day of the final Interest Period for such Loan specified by the Company (on behalf of itself or an Affiliate) pursuant to Section 2.6 or Section 2.12.

"National Currency Unit" means a non-decimal expression of the euro based upon a fixed conversion rate between the euro and the former national currency of a Participating Member State, as contemplated by Council Regulation (EC) No. 1103/97 dated June 17, 1997.

"Normal Banking Hours" with respect to the Notice Office of the Administrative Agent means the period from 9:00 a.m. to 5:00 p.m. in the time zone in which the Notice Office is located on a Domestic Business Day.

"Note" means any promissory note evidencing Loans.

"Notice Office" means the office of the Administrative Agent in the continental United States specified as such in Exhibit F hereto or such other office of the Administrative Agent in the continental United States as it may hereafter designate as the Notice Office by notice to the Company.

"Obligations" means the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and CAF Advances and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Company and any Affiliate, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans, CAF Advances and all other obligations and liabilities of the Company (and its Affiliates) to the Administrative Agent or to any Bank, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other document made, delivered or given in connection herewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to the Administrative Agent or to any Bank that are required to be paid by the Company pursuant hereto) or otherwise.

"Participant" has the meaning set forth in Section 9.2.

"Participating Member State" means a Member State of the European Union that has adopted, and is at the time of inquiry utilizing, the euro as its currency.

"Person" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Plan" means an employee benefit plan or other plan (other than a multi-employer benefit plan) maintained by the Company for employees of the Company and certain Affiliates and covered by Title IV of ERISA.

"Pricing Grid" means the pricing grid set forth below and based on the Company's long-term senior unsecured non-credit-enhanced debt ratings as provided by Standard & Poor's Ratings Services, a Division of the McGraw Hill Companies, Inc. ("S&P") or Moody's Investors Service, Inc. ("Moody's"):

Long-Term Senior Unsecured Non-Credit-Enhanced Debt Rating (higher of) S&P/Moody's	Facility Fee (bps.)	Eurocurrency Margin (bps.)	Base Rate Margin (bps.)

> BBB/Baa2	12.5	62.5	0.0
BBB/Baa2	15.0	85.0	0.0
< BBB/Baa2	17.5	107.5	0.0

The applicable Facility Fee, Eurocurrency Margin and Base Rate Margin shall be determined based upon the long-term senior unsecured non-credit-enhanced debt ratings as provided by S&P or Moody's. In the event that S&P and Moody's ratings of the Company are not equivalent, the applicable Facility Fee, Eurocurrency Margin and Base Rate Margin will be determined by the higher rating. In the event that either S&P or Moody's ceases to provide a long-term senior unsecured non-credit-enhanced debt rating for the Company, the applicable Facility Fee, Eurocurrency Margin and Base Rate Margin will be determined by reference to the rating issued by the other rating agency. For any period in which neither S&P nor Moody's provides a long-term senior unsecured non-credit-enhanced debt rating for the Company, the rating shall for purposes of this definition be

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"Reserves" has the meaning set forth in Section 10.3(b).

"Revolving Percentage" means, as to any Bank at any time, the percentage which such Bank's Commitment then constitutes of the Aggregate Commitments or, at any time after the Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Bank's Extensions of Credit then outstanding constitutes of the aggregate principal amount of the Extensions of Credit then outstanding.

"Sale-Leasebacks" has the meaning set forth in Section 7.4.

"Senior Debt" has the meaning set forth in Section 7.6.

"Spot Rate" means, on any day, with respect to two currencies, the arithmetic mean of the buy and sell spot rates of exchange for the purchase and sale of such two currencies for each other as publicly or generally quoted by the Administrative Agent on the date of the determination, or if the Administrative Agent is not publicly or generally quoting such exchange rates on such date, then such rate as the Administrative Agent shall determine in good faith for purposes hereof.

"Subsidiary" means a corporation, partnership, limited liability company or other entity which would be consolidated on the balance sheets of the Company and its Subsidiaries in accordance with GAAP. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Company. For purposes of the definition of "Consolidated Total Debt", "Subsidiary" shall be deemed to include the Special Purpose Borrower (as defined in the Five-Year Term Loan Agreement), if any.

"10-K Report" has the meaning set forth in Section 7.1(a).

"10-Q Report" has the meaning set forth in Section 7.1(b).

"Termination Date" has the meaning set forth in Section 2.1(b).

"United States dollars" and "\$" mean the lawful currency of the United States.

"Utilization Fee" means the utilization fee payable by the Company pursuant to Section 2.3(b).

SECTION 2. THE LOANS

2.1 THE COMMITMENT; TERMINATION DATE; INCREASE IN COMMITMENTS

(a) Subject to the terms and conditions set forth in this Agreement, each Bank agrees to make Domestic Loans and Eurocurrency Loans to the Company or any Affiliate, each from time to time during the period from the date hereof to and including the Termination Date in amounts which (i) do not exceed the Bank's Commitment, (ii) do not cause the aggregate Equivalent principal amount of all Foreign Currency Loans then outstanding to exceed \$250,000,000, and (iii) do not cause the sum of the aggregate Equivalent principal amount of Loans and CAF Advances then outstanding to exceed the Aggregate Commitments. Within the conditions

specified in this Agreement, the Company or any Affiliate may borrow under this Section 2.1, repay under Sections 2.17 and 2.18 and reborrow under this Section 2.1. The date of Borrowing of any Loan or advance of any CAF Advance may not be after the Termination Date. After the Termination Date, the Banks shall not make any new Loans or CAF Advances to the Company or any Affiliate, however, the Company or any Affiliate may extend or convert (pursuant to Section 2.12) Loans or CAF Advances outstanding on the Termination Date.

(b) The "Termination Date" shall be June 18, 2004.

(c) The Company may from time to time elect to increase the Aggregate Commitments so long as, after giving effect thereto, the total amount of the Aggregate Commitments does not exceed \$780,000,000. The Company may arrange for any such increase to be provided by one or more Banks (each Bank so agreeing, in its sole discretion, to an increase in its Commitment, an "Increasing Bank"), or by one or more banks, financial institutions or other entities (each such bank, financial institution or other entity, an "Augmenting Bank"), to increase their existing Commitments, or extend Commitments, provided that (i) each Augmenting Bank, shall be subject to the approval of the Company and the Administrative Agent and (ii) the Company and each applicable Increasing Bank or Augmenting Bank shall execute all such documentation as the Administrative Agent shall reasonably specify. Increases and new Commitments created pursuant to this clause (c) shall become effective on the date agreed by the Company, the Administrative Agent and the relevant Banks, and the Administrative Agent shall notify each affected Bank thereof. Notwithstanding the foregoing, no increase in the Aggregate Commitments (or in the Commitment of any Bank), shall become effective under this Section 2.1(c) unless, (i) on the proposed date of the effectiveness of such increase, the conditions set forth in paragraphs (iii) and (iv) of Section 5.1(a) and paragraphs (i) and (ii) of Section 5.1(b) shall be satisfied and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a responsible officer of the Company and (ii) the Administrative Agent shall have received (with sufficient copies for each of the Banks) documents consistent with those delivered on the Effective Date under Section 6.1 as to the corporate power and authority of the Company and related matters to borrow hereunder after giving effect to such increase. On the effective date of any increase in the Aggregate Commitments, (i) each relevant Increasing Bank and Augmenting Bank shall make available to the Administrative Agent such amounts in immediately available funds and in the relevant currency or currencies as the Administrative Agent shall determine, for the benefit of the other relevant Banks, as being required in order to cause, after giving effect to such increase and the use of such amounts to make payments to such other relevant Banks, each Bank's portion of the outstanding Loans in each currency to equal its Revolving Percentage of such outstanding Loans in each such currency and (ii) the Company shall be deemed to have repaid and reborrowed all outstanding Loans as of the date of any increase in the relevant Commitments (with such reborrowing to consist of the Loans, with related Interest Periods if applicable, specified in a notice delivered by the Company in accordance with the requirements of Section 2.6). The deemed payments made pursuant to clause (ii) of the immediately preceding sentence in respect of each Eurocurrency Loan shall be subject to indemnification by the Company pursuant to the provisions of Section 2.18 if the deemed payment occurs other than on the last day of the related Interest Periods.

2.2 PROCEEDS OF LOANS

The principal amount of each Loan shall be disbursed to the Company or an Affiliate, as applicable, on the date of Borrowing of such Loan in the currency in which the Loan is denominated in immediately available funds to the account of the Company or the Affiliate, as applicable, specified by the Company or the Affiliate (or the Company on behalf of the Affiliate) to the Administrative Agent from time to time.

2.3 FACILITY FEE; UTILIZATION FEE

(a) The Company shall pay to the Administrative Agent for the account of the Banks a facility fee (the "Facility Fee") for the period from the Effective Date to and including the Termination Date at a rate determined in accordance with the Pricing Grid multiplied by the Aggregate Commitments (regardless of whether any Loans are outstanding). The Facility Fee with respect to each Commitment Quarter shall be payable in arrears on each Fee Payment Date and shall be computed on the basis of a year of 365 (or 366) days for the actual number of days for which due. The Facility Fee shall be payable to the Administrative Agent and shall be transmitted via the National Automated Clearing House Association electronic payments network in the United States to an account in the continental United States specified by the Administrative Agent from time to time by notice to the Company.

(b) For any quarter during which the sum of the average principal amount of Aggregate Extensions of Credit outstanding hereunder and the Aggregate Extensions of Credit (as defined in the Five-Year Revolving Credit Agreement), (a) exceeds 33 1/3% of the sum of (i) the Aggregate Commitments (as defined in the Five-Year Revolving Credit Agreement) and (ii) the Aggregate Commitments hereunder or, if the Commitments have been terminated pursuant to Section 2.1(b), the sum of the Aggregate Extensions of Credit hereunder, then the Company shall pay to the Administrative Agent for the account of the Banks a quarterly utilization fee in the amount of 0.125% per annum multiplied by the daily average balance of the Aggregate Extensions of Credit outstanding hereunder during such quarter or (b) exceeds 66 2/3% of the sum of (x) the Aggregate Commitments (as defined in the Five-Year Revolving Credit Agreement) and (y) the Aggregate Commitments hereunder or, if the Commitments have been terminated pursuant to Section 2.1(b), the sum of the Aggregate Extensions of Credit hereunder, then the Company shall pay to the Administrative Agent for the account of the Banks a quarterly utilization fee in the amount of 0.250% per annum multiplied by the daily average balance of the Aggregate Extensions of Credit outstanding hereunder during such quarter; provided, that if the relevant Utilization Fee is applicable at the time the Commitments are terminated pursuant to Section 8.1 or Section 8.3, it shall remain applicable with respect to the Aggregate Extensions of Credit after the date the Commitments are so terminated. For any quarter in which a Utilization Fee is due, such Utilization Fee shall be calculated on a 360-day basis and payable quarterly in arrears on the applicable Fee Payment Date.

2.4 MARK-TO-MARKET

Five Domestic Business Days prior to the end of any Interest Period applicable to any Loan (or, if there are no Interest Periods for any such Loan, five Domestic Business Days prior to the next

succeeding interest payment date for such Loan as specified in Section 2.15) (the "Mark-to-Market Day"), the Administrative Agent shall determine the aggregate amount of all outstanding Extensions of Credit and CAF Advances in United States dollars, and the Equivalent in United States dollars of all outstanding Extensions of Credit and CAF Advances in Foreign Currencies (calculated on the Mark-to-Market Day), and if such aggregate amount exceeds the Aggregate Commitments or, in the case of any Interest Period ending more than five Domestic Business Days after the Termination Date, the Aggregate Commitments in effect as of the Termination Date (as a result of a decrease in the value of the United States dollar as measured against the value of Foreign Currencies in which outstanding Extensions of Credit or CAF Advances are denominated), the Administrative Agent shall promptly notify the Company and, in the case of an Affiliate's Loan, the Affiliate, and, at the end of the applicable Interest Period or on the applicable interest payment date for such Loan, as the case may be, the Company, or the Affiliate (in the case of an Affiliate's Loan), shall prepay, in whole or in part, as necessary, the principal of such Loan in an amount such that after such prepayment such excess is eliminated; it being understood, however, that if prepayment of the entire principal amount of such Loan for which the current Interest Period is ending or for which interest thereon is coming due will not reduce the aggregate amount of outstanding Extensions of Credit and CAF Advances to the level required above, then only prepayment of the entire principal amount of such Loan shall be required. Notwithstanding that only the Loan for which the current Interest Period is ending or for which interest thereon is coming due will be required to be prepaid, in whole or in part, as required above, the Company or the Affiliate, as applicable, shall have the option in its discretion to reduce Extensions of Credit and CAF Advances to the required level by prepaying other Loans or causing other Affiliates to prepay other Loans.

2.5 OPTIONAL TERMINATION OR REDUCTION OF COMMITMENTS

The Company may at any time or from time to time, upon three Domestic Business Days' written notice to the Administrative Agent at the Notice Office, (a) terminate the Commitments if no Loans or CAF Advances are then outstanding hereunder or (b) reduce the unused portion of the Commitments; provided that no such termination or reduction of Commitments shall be permitted if, after giving effect thereto and to any prepayments of the Loans made on the effective date thereof, the sum of the Aggregate Extensions of Credit and outstanding CAF Advances would exceed the Aggregate Commitments. From the effective date of any such termination or reduction, the Facility Fee specified in Section 2.3 shall cease to accrue or shall be correspondingly reduced, provided that no such termination or reduction shall affect the Company's obligation to pay the Facility Fee to the extent theretofore accrued. If the Company terminates the Commitments in their entirety, such accrued Facility Fee shall be payable within 30 days after the effective date of such termination in the manner provided in Section 2.3. Any termination or reduction of the unused portion of the Commitments by the Company pursuant to this Section 2.5 shall be in an amount equal to \$1,000,000, or a whole multiple thereof, and shall be irrevocable.

2.6 NOTICE OF BORROWING; PROCEDURE

With respect to each Domestic Borrowing, the Company (on behalf of itself or an Affiliate) shall give notice of the Borrowing to the Administrative Agent at the Notice Office no later than the date of such Borrowing, but not later than 11:00 a.m. (New York City time) on such date. With respect to each Eurocurrency Borrowing which is denominated in United States dollars, the

Company (on behalf of itself or an Affiliate) shall give notice of the Borrowing to the Administrative Agent at the Notice Office no later than three Eurodollar Business Days prior to the date of such Borrowing, but not later than 11:00 a.m. (New York City time) on such date. With respect to each Foreign Currency Borrowing, the Company (on behalf of its Affiliate) shall give notice of the Borrowing to the Administrative Agent at the Foreign Currency Notice Office no later than three Foreign Currency Business Days prior to the date of such Borrowing, but not later than 3:00 p.m. (London, England time) on such date. In each case, the notice shall be given by telephone (and shall be promptly confirmed in a writing substantially in the form of Exhibit B hereto) and shall specify:

(a) the borrower;

(b) the date of such Borrowing, which shall be a Domestic Business Day in the case of a Domestic Borrowing, a Eurodollar Business Day in the case of a Eurocurrency Borrowing which is denominated in United States dollars, or a Foreign Currency Business Day in the case of a Foreign Currency Borrowing;

(c) the amount of such Borrowing, which shall be not less than \$1,000,000 or the Equivalent thereof on the date of notice and, if such Loan is to be a Eurocurrency Loan, the currency in which such Loan shall be denominated;

(d) whether the Loan comprising such Borrowing is to be a Base Rate Loan or a Eurocurrency Loan;

(e) if such Loan is to be a Eurocurrency Loan, the duration of the initial Interest Period; and

(f) whether any Bank has requested a Gross-up pursuant to the next succeeding sentence.

At the time that the Company (on behalf of itself or an Affiliate) gives a notice of Borrowing, each Bank shall telephonically notify the Company and the Administrative Agent whether such Bank will require a Gross-up for withholding taxes in connection with such Loan (as provided in Section 10.4). A notice of Borrowing, once given to the Administrative Agent, shall not be revocable by the Company or an Affiliate, except in the event that any Bank notifies the Company at the time the Company gives notice of the Borrowing that a Gross-up will be required, in which case, the Company (on behalf of itself or the Affiliate) may promptly withdraw the notice of Borrowing.

Upon receipt of any such notice of Borrowing from the Company, the Administrative Agent shall promptly notify each Bank thereof. Each Bank will make the amount of its pro rata share of each Borrowing available to the Administrative Agent for the account of the Company (or Affiliate) at the Domestic Funding Office in the case of Domestic Loans, the Eurodollar Funding Office in the case of Eurocurrency Loans which are denominated in United States dollars and the Foreign Currency Funding Office in the case of Foreign Currency Loans, in each case prior to 12:00 Noon, local time, on the date of Borrowing requested by the Company in funds immediately

available to the Administrative Agent. Such Borrowing will then be made available to the Company (or an Affiliate) by the Administrative Agent crediting the account of the Company (or such Affiliate) on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Banks and in like funds as received by the Administrative Agent.

2.7 CAF ADVANCES

During the CAF Availability Period and subject to the terms and conditions of this Agreement, the Company may borrow (a) Fixed Rate CAF Advances from time to time on any Domestic Business Day or, in the case of CAF Advances denominated in Foreign Currencies, any Foreign Currency Business Day and (b) LIBO Rate CAF Advances (to the extent, in the case of currencies other than United States dollars, the LIBO Rate can be determined pursuant to the first sentence of the definition thereof) from time to time on any Eurodollar Business Day or, in the case of CAF Advances denominated in Foreign Currencies, any Foreign Currency Business Day. CAF Advances may be borrowed in amounts such that the aggregate amount of Extensions of Credit and CAF Advances outstanding at any time shall not exceed the Aggregate Commitments at such time. Within the limits and on the conditions hereinafter set forth with respect to CAF Advances, the Company from time to time may borrow, repay and reborrow CAF Advances.

2.8 PROCEDURE FOR CAF ADVANCE BORROWING

(a) The Company shall request CAF Advances by delivering a CAF Advance Request to the Administrative Agent, not later than 12:00 Noon (New York City time) four Eurodollar Business Days prior to the proposed CAF Borrowing Date (in the case of a LIBO Rate CAF Advance Request), and not later than 10:00 A.M. (New York City time) one Domestic Business Day prior to the proposed CAF Borrowing Date (in the case of a Fixed Rate CAF Advance Request). Each CAF Advance Request in respect of any CAF Borrowing Date may solicit bids for CAF Advances on such CAF Borrowing Date in an aggregate principal amount of \$1,000,000 or an integral multiple of \$1,000,000 in excess thereof and having not more than three alternative CAF Advance Maturity Dates. The CAF Advance Maturity Date for each CAF Advance shall be the date set forth therefor in the relevant CAF Advance Request, which date shall be (i) not less than 7 days nor more than 360 days after the CAF Borrowing Date therefor, in the case of a Fixed Rate CAF Advance, (ii) one, two, three or six months after the CAF Borrowing Date therefor, in the case of a LIBO CAF Advance and (iii) not later than the Termination Date, in the case of any CAF Advance. The Administrative Agent shall notify each Bank promptly by facsimile transmission of the contents of each CAF Advance Request received by the Administrative Agent.

(b) In the case of a LIBO Rate CAF Advance Request, upon receipt of notice from the Administrative Agent of the contents of such CAF Advance Request, each Bank may elect, in its sole discretion, to offer irrevocably to make one or more CAF Advances at the applicable LIBO Rate plus (or minus) a margin determined by such Bank in its sole discretion for each such CAF Advance. Any such irrevocable offer shall be made by delivering a CAF Advance Offer to the

Administrative Agent, before 10:30 A.M. (New York City time) on the day that is three Eurodollar Business Days before the proposed CAF Borrowing Date, setting forth:

(i) the maximum amount of CAF Advances for each CAF Advance Maturity Date and the aggregate maximum amount of CAF Advances for all CAF Advance Maturity Dates which such Bank would be willing to make (which amounts may, subject to Section 2.7, exceed such Bank's Commitment); and

(ii) the margin above or below the applicable LIBO Rate at which such Bank is willing to make each such CAF Advance.

The Administrative Agent shall advise the Company before 11:00 A.M. (New York City time) on the date which is three Eurodollar Business Days before the proposed CAF Borrowing Date of the contents of each such CAF Advance Offer received by it. If the Administrative Agent, in its capacity as a Bank, shall elect, in its sole discretion, to make any such CAF Advance Offer, it shall advise the Company of the contents of its CAF Advance Offer before 10:15 A.M. (New York City time) on the date which is three Eurodollar Business Days before the proposed CAF Borrowing Date.

(c) In the case of a Fixed Rate CAF Advance Request, upon receipt of notice from the Administrative Agent of the contents of such CAF Advance Request, each Bank may elect, in its sole discretion, to offer irrevocably to make one or more CAF Advances at a rate of interest determined by such Bank in its sole discretion for each such CAF Advance. Any such irrevocable offer shall be made by delivering a CAF Advance Offer to the Administrative Agent before 9:30 A.M. (New York City time) on the proposed CAF Borrowing Date, setting forth:

(i) the maximum amount of CAF Advances for each CAF Advance Maturity Date, and the aggregate maximum amount for all CAF Advance Maturity Dates, which such Bank would be willing to make (which amounts may, subject to Section 2.7, exceed such Bank's Commitment); and

(ii) the rate of interest at which such Bank is willing to make each such CAF Advance.

The Administrative Agent shall advise the Company before 10:00 A.M. (New York City time) on the proposed CAF Borrowing Date of the contents of each such CAF Advance Offer received by it. If the Administrative Agent, in its capacity as a Bank, shall elect, in its sole discretion, to make any such CAF Advance Offer, it shall advise the Company of the contents of its CAF Advance Offer before 9:15 A.M. (New York City time) on the proposed CAF Borrowing Date.

(d) Before 11:30 A.M. (New York City time) three Eurodollar Business Days before the proposed CAF Borrowing Date (in the case of CAF Advances requested by a LIBO Rate CAF Advance Request) and before 10:30 A.M. (New York City time) on the proposed CAF Borrowing Date (in the case of CAF Advances requested by a Fixed Rate CAF Advance Request), the Company, in its absolute discretion, shall:

(i) cancel such CAF Advance Request by giving the Administrative Agent telephone notice to that effect, or

(ii) by giving telephone notice to the Administrative Agent (immediately confirmed by delivery to the Administrative Agent of a CAF Advance Confirmation by facsimile transmission) (A) subject to the provisions of Section 2.8(e), accept one or more of the offers made by any Bank or Banks pursuant to Section 2.8(b) or Section 2.8(c), as the case may be, and (B) reject any remaining offers made by Banks pursuant to Section 2.8(b) or Section 2.8(c), as the case may be.

(e) The Company's acceptance of CAF Advances in response to any CAF Advance Offers shall be subject to the following limitations:

(i) the amount of CAF Advances accepted for each CAF Advance Maturity Date specified by any Bank in its CAF Advance Offer shall not exceed the maximum amount for such CAF Advance Maturity Date specified in such CAF Advance Offer;

(ii) the aggregate amount of CAF Advances accepted for all CAF Advance Maturity Dates specified by any Bank in its CAF Advance Offer shall not exceed the aggregate maximum amount specified in such CAF Advance Offer for all such CAF Advance Maturity Dates;

(iii) the Company may not accept offers for CAF Advances for any CAF Advance Maturity Date in an aggregate principal amount in excess of the maximum principal amount requested in the related CAF Advance Request; and

(iv) if the Company accepts any of such offers, it must accept offers based solely upon pricing for each relevant CAF Advance Maturity Date and upon no other criteria whatsoever, and if two or more Banks submit offers for any CAF Advance Maturity Date at identical pricing and the Company accepts any of such offers but does not wish to (or, by reason of the limitations set forth in Section 2.7, cannot) borrow the total amount offered by such Banks with such identical pricing, the Company shall accept offers from all of such Banks in amounts allocated among them pro rata according to the amounts offered by such Banks (with appropriate rounding, in the sole discretion of the Company, to assure that each accepted CAF Advance is an integral multiple of \$1,000,000); provided that if the number of Banks that submit offers for any CAF Advance Maturity Date at identical pricing is such that, after the Company accepts such offers pro rata in accordance with the foregoing provisions of this paragraph, the CAF Advance to be made by any such Bank would be less than \$5,000,000 principal amount, the number of such Banks shall be reduced by the Administrative Agent by lot until the CAF Advances to be made by each such remaining Bank would be in a principal amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof.

(f) If the Company notifies the Administrative Agent that a CAF Advance Request is cancelled pursuant to Section 2.8(d)(i), the Administrative Agent shall give prompt telephone notice thereof to the Banks.

(g) If the Company accepts pursuant to Section 2.8(d)(ii) one or more of the offers made by any Bank or Banks, the Administrative Agent promptly shall notify each Bank which has made such an offer of (i) the aggregate amount of such CAF Advances to be made on such CAF Borrowing Date for each CAF Advance Maturity Date and (ii) the acceptance or rejection of any offers to make such CAF Advances made by such Bank. Before 12:00 Noon (New York City time) on the CAF Borrowing Date specified in the applicable CAF Advance Request, each Bank whose CAF Advance Offer has been accepted shall make available to the Administrative Agent at its Domestic Funding Office in the case of Fixed Rate CAF Advances and its Eurodollar Funding Office in the case of LIBO Rate CAF Advances the amount of CAF Advances to be made by such Bank, in immediately available funds. The Administrative Agent will make such funds available to the Company as soon as practicable on such date at such office of the Administrative Agent. It shall be a condition to each CAF Advance, and each CAF Advance accepted by the Company shall be deemed to be a representation and warranty by the Company, that:

(i) the principal amount of such CAF Advance, when added to the aggregate principal amount of all Extensions of Credit and other CAF Advances then outstanding hereunder, shall not exceed the amount of the Aggregate Commitments, each such amount, if applicable, being expressed in the United States dollar Equivalent thereof on the date of the notice of Borrowing;

(ii) after giving effect to the making of such CAF Advance no Event of Default nor Event of Default - Bankruptcy and no event which, with the giving of notice or lapse of time or both, would become an Event of Default or an Event of Default - Bankruptcy shall have occurred and be continuing; and

(iii) the representations and warranties of the Company contained in this Agreement, except those contained in Sections 6.2(b) and 6.3, shall be true and correct in all material respects on and as of the date of such CAF Advance, except to the extent such representations and warranties expressly relate to an earlier date.

As soon as practicable after each CAF Borrowing Date, the Administrative Agent shall notify each Bank of the aggregate amount of CAF Advances advanced on such CAF Borrowing Date and the respective CAF Advance Maturity Dates thereof.

(h) Notwithstanding anything to the contrary in this Section 2.8, in the case of CAF Advances to be denominated in a Foreign Currency, the Company and the Administrative Agent shall agree upon such modification to the notice times, bid times, funding times, minimum amounts and other procedures set forth above in this Section 2.8 that are appropriate for the relevant Foreign Currency; and the Administrative Agent shall advise the Banks and the Company of such modifications prior to the delivery of any CAF Advance Request soliciting bids for CAF Advances in such Foreign Currency.

2.9 CAF ADVANCE PAYMENTS

(a) The Company shall pay to the Administrative Agent, for the account of each Bank which has made a CAF Advance, on the applicable CAF Advance Maturity Date the then unpaid principal amount of such CAF Advance. The Company shall not have the right to prepay any principal amount of any CAF Advance without the consent of the Bank to which such CAF Advance is owed.

(b) The Company shall pay interest on the unpaid principal amount of each CAF Advance from the CAF Borrowing Date to applicable CAF Advance Maturity Date at the rate of interest specified in the CAF Advance Offer accepted by the Company in connection with such CAF Advance (calculated on the basis of a 360-day year for actual days elapsed), payable on each applicable CAF Advance Interest Payment Date.

(c) If any principal of, or interest on, any CAF Advance shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such CAF Advance shall, without limiting any rights of any Bank under this Agreement, bear interest from the date on which such payment was due at a rate per annum which is 1% above the rate which would otherwise be applicable to such CAF Advance until the stated CAF Advance Maturity Date of such CAF Advance, and for each day thereafter at a rate per annum which is 1% above the ABR, in each case until paid in full (as well after as before judgment). Interest accruing pursuant to this paragraph (c) shall be payable from time to time on demand.

2.10 CERTAIN RESTRICTIONS

A CAF Advance Request may request offers for CAF Advances to be made on not more than one CAF Borrowing Date and to mature on not more than three CAF Advance Maturity Dates. No CAF Advance Request may be submitted earlier than five Domestic Business Days after submission of any other CAF Advance Request.

2.11 PROMISE TO PAY CAF ADVANCES; EVIDENCE OF CAF ADVANCES

The Company unconditionally promises to pay to the Administrative Agent, for the account of each Bank that makes a CAF Advance, on the CAF Advance Maturity Date with respect thereto, the principal amount of such CAF Advance. The Company further unconditionally promises to pay interest on each CAF Advance and each Loan for the period from and including the CAF Borrowing Date of such CAF Advance on the unpaid principal amount thereof from time to time outstanding at the applicable rate per annum determined as provided in, and payable as specified in, Section 2.9(b). Each Bank shall maintain in accordance with its usual practice appropriate records evidencing indebtedness of the Company to such Bank resulting from each CAF Advance of such Bank from time to time, including the amounts of principal and interest payable and paid to such Bank from time to time in respect of each such CAF Advance.

2.12 EXTENSION OF TERM OF LOANS; CONVERSION OF LOANS

(a) The Company may, at its option, elect (on behalf of itself or any Affiliate which has borrowed hereunder) (i) to extend any outstanding Eurocurrency Loan (such extended Eurocurrency Loan to be denominated in the same currency as that prior to such extension) or (ii) to convert any outstanding Base Rate Loan into a Eurocurrency Loan denominated in United States dollars, or any outstanding Eurocurrency Loan denominated in United States dollars into a Base Rate Loan, in each case, by giving notice to the Administrative Agent at the Notice Office and, in the case of Loans to be continued in a Foreign Currency, the Foreign Currency Notice Office of such election; provided, however, that the borrower must remain the same in connection with any extension or conversion of a Loan.

(b) An outstanding Loan may be converted pursuant to Section 2.12(a) only on a day which meets both of the following requirements:

(i) an outstanding Loan may only be converted on a day which is (A) if such outstanding Loan is a Domestic Loan, a Domestic Business Day or (B) if such outstanding Loan is a Eurocurrency Loan denominated in United States dollars, a Eurodollar Business Day; and

(ii) an outstanding Loan may only be converted into (A) a Domestic Loan on a Domestic Business Day or (B) a Eurocurrency Loan which is denominated in United States dollars on a Eurodollar Business Day.

Subject to the requirements of this Section 2.12(b), an outstanding Loan may be converted on the last day of the then-existing Interest Period for such Loan (if such Loan has an Interest Period) or at any time (if such Loan does not have an Interest Period), as provided in Section 2.12(b), or, in the case of a Loan having an Interest Period, at times other than the last day of an Interest Period, as provided in Section 2.12(f).

(c) The notice by the Company to the Administrative Agent of an election pursuant to Section 2.12(a) to extend any outstanding Loan, to convert any outstanding Loan on the last day of the then-existing Interest Period (if the outstanding Loan has an Interest Period) or to convert any outstanding Loan which does not have an Interest Period shall be given by telephone (and shall be promptly confirmed in a writing substantially in the form of Exhibit B hereto) as follows:

(i) if such outstanding Loan is to be extended and is a Eurocurrency Loan denominated in United States dollars, by giving notice no later than three Eurodollar Business Days prior to the last day of the then-existing Interest Period with respect to such Loan, but not later than 11:00 a.m. (New York City time) on such day;

(ii) if such outstanding Loan is to be extended and is a Foreign Currency Loan, by giving notice no later than three Foreign Currency Business Days prior to the last day of the then-existing Interest Period with respect to such Loan, but not later than 3:00 p.m. (London, England time) on such day;

(iii) if such outstanding Loan is a Eurocurrency Loan denominated in United States dollars and is to be converted into a Domestic Loan, by giving notice no later than the last day of the then-existing Interest Period with respect to such outstanding Loan not later than 11:00 a.m. (New York City time) on such day; and

(iv) if such outstanding Loan is a Domestic Loan which is to be converted into a Eurocurrency Loan denominated in United States dollars, by giving notice no later than three Eurodollar Business Days, but not later than 11:00 a.m. (New York City time) on such date, prior to the day on which the Company or the Affiliate, as applicable, desires the conversion of such outstanding Loan to be made effective; and

(d) Each notice given by the Company pursuant to this Section 2.12 shall specify:

(i) whether such outstanding Loan is to be extended or converted;

(ii) if such outstanding Loan is to be converted, the date such conversion should be effective;

(iii) if such outstanding Loan is to be extended and is a Eurocurrency Loan, the Interest Period for the Loan as so extended;

(iv) if such outstanding Loan is to be converted, whether such Loan is to be converted into a Base Rate Loan or Eurocurrency Loan denominated in United States dollars;

(v) if such outstanding Loan is to be converted into a Eurocurrency Loan denominated in United States dollars, the Interest Period therefor; and

(vi) whether the Administrative Agent or any Bank has requested a Gross-up pursuant to subsection (g) below.

(e) With respect to each outstanding Loan which shall be extended or converted pursuant to this Section 2.12:

(i) the Company or the Affiliate, whichever shall be the borrower, shall pay to the Administrative Agent for the account of each Bank all accrued and unpaid interest with respect to such outstanding Loan,

(A) if such Loan is a Eurocurrency Loan, on the last day of the then-existing Interest Period with respect to such outstanding Loan; or

(B) if such Loan is a Base Rate Loan, or if pursuant to Section 2.12(f) the Loan is being converted on a day other than the last day of the then-existing Interest Period, on the day such outstanding Loan is converted;

(ii) no repayment of the principal amount of such outstanding Loan shall be required; and

(iii) the Loan to be outstanding upon the extension or conversion of an outstanding Loan shall not be deemed to be a new Loan under Section 5.1 of this Agreement.

(f) Subject to the requirements of Sections 2.12(a) and 2.12(b), any outstanding Eurocurrency Loan denominated in United States dollars may be converted into a Base Rate Loan pursuant to this Section 2.12 at times other than the last day of an Interest Period; provided, however, that

(i) the Company's notice (on behalf of itself or an Affiliate) with respect to any such conversion shall be given no later than the date of such conversion, but not later than 11:00 a.m. (New York City time) on such date; and

(ii) the Company or the Affiliate, whichever is the borrower, shall reimburse each Bank on demand for any loss incurred by it as a result of the timing of any such conversion in an amount determined as provided in Section 2.18 with respect to prepayments.

(g) At the time that the Company (on behalf of itself or an Affiliate) gives a notice to extend or convert any Loan pursuant to the requirements of this Section 2.12, each Bank shall telephonically notify the Company and the Administrative Agent whether such Bank will require a Gross-up for withholding taxes in connection with such Loan as so extended or converted (as provided in Section 10.4). A notice to extend or convert any Loan, once given to the Administrative Agent, shall not be revocable by the Company or an Affiliate, except in the event that any Bank notifies the Company at the time the Company gives notice to extend or convert a Loan that a Gross-up will be required, in which case, the Company (on behalf of itself or the Affiliate) may promptly withdraw the notice to extend or convert the Loan.

(h) Notwithstanding anything to the contrary in the foregoing, if after the date an outstanding Loan is borrowed the country in whose currency the Loan is denominated becomes a Participating Member State, for so long as it remains a Participating Member State, the Loan shall remain outstanding in accordance with its terms but the outstanding amount of the Loan shall automatically be converted into the equivalent amount of the euro calculated using the fixed conversion rate established between the euro and the National Currency Unit for such country's former currency. In addition, for so long as it exists, the amount of such Loan denominated in the euro shall also be denominated in the equivalent amount of the National Currency Unit for such country's former currency, calculated in accordance with the same fixed conversion rate.

2.13 REGISTER

The Administrative Agent shall, on behalf of the Company and each Affiliate, maintain at one of its offices a register for the recordation of the names and addresses of the Banks and the Commitment of, and the principal amount of the Loans and CAF Advances owing to, each Bank from time to time (the "Register"). The entries in the Register shall be conclusive, in the absence of manifest error, and the Company, each Affiliate, the Administrative Agent and the Banks shall treat each Person whose name is recorded in the Register as the owner of the Loans (and any

Notes evidencing the Loans) and the CAF Advances recorded therein for all purposes of this Agreement. Any assignment of any Loan pursuant to Section 9.1, whether or not evidenced by a Note, shall be effective only upon appropriate entries with respect thereto being made in the Register (and any Note evidencing such Loan shall expressly so provide). Any assignment or transfer of all or part of a Loan shall be registered on the Register only upon presentation of a duly executed Assignment and Acceptance and, if such Loan is evidenced by a Note, surrender of such Note for registration of assignment or transfer.

2.14 INTEREST RATES

(a) Each Loan shall bear interest on the outstanding principal amount thereof, as follows:

(i) with respect to each Base Rate Loan, at a fluctuating rate per annum equal to the sum of (x) the Base Rate in effect from time to time while such Base Rate Loan is outstanding and (y) the Base Rate Margin; and

(ii) with respect to each Eurocurrency Loan, during each Interest Period applicable thereto at a rate per annum equal to the sum of (x) the LIBO Rate applicable to such Interest Period and (y) the Eurocurrency Margin.

(b) Interest on Base Rate Loans shall be computed on the basis of a year of 365 (or 366) days and paid for the actual number of days for which due. Interest on Eurocurrency Loans shall be computed on the basis of a year of 360 days and paid for the actual number of days for which due, provided that interest on any Foreign Currency Loan or CAF Advance denominated in British Pounds Sterling shall be calculated on the basis of a year of 365 (or 366) days and paid for the actual number of days for which due. Interest for each Interest Period with respect to a Eurocurrency Loan shall be calculated from and including the first day thereof to but excluding the last day thereof.

2.15 INTEREST PAYMENT DATES

Interest on each Loan shall be payable as follows:

(a) with respect to each Base Rate Loan, on each March 31, June 30, September 30 and December 31 that such Loan is outstanding, and upon payment in full of such Loan; and

(b) with respect to each Eurocurrency Loan, (i) if the current Interest Period for such Eurocurrency Loan is one month, two months or three months, on the last day of such Interest Period or (ii) if the current Interest Period for such Eurocurrency Loan is six months, on the last day of the third month and on the last day of the sixth month of such Interest Period, and upon payment in full of such Loan.

2.16 OVERDUE PRINCIPAL AND INTEREST

Any overdue principal of the Loans and, to the extent permitted by law, overdue interest thereon, shall bear interest payable on demand for each day from the date payment thereof was due to the date of actual payment, as follows:

(a) with respect to each Base Rate Loan, at a rate per annum equal to 1% plus the sum of (x) the Base Rate in effect from time to time while such Loan is overdue and (y) the Base Rate Margin; and

(b) (i) with respect to overdue principal on each Eurocurrency Loan, at a daily rate, which shall be calculated by the Administrative Agent (whose determination shall be conclusive in the absence of manifest error) and shall be a rate per annum equal to the sum of (A) 1% plus (B) the Eurocurrency Margin plus (C) the LIBO Rate, and (ii) with respect to overdue interest on each Eurocurrency Loan, at the rate per annum equal to the sum of (X) 1% plus (Y) the Eurocurrency Margin plus (Z) the interest rate per annum at which deposits in the amount of such overdue interest are offered to the Administrative Agent by other leading banks, as determined by the Administrative Agent, in the interbank market in which the Eurocurrency is obtained for a period of one day, or if no such rate is available, one month (or, if such amount remains unpaid more than three Eurocurrency Business Days, then for such other period of time not longer than six months as the Administrative Agent may elect).

2.17 DATES FOR PAYMENT OR OPTIONAL PREPAYMENT OF PRINCIPAL

The Company and each Affiliate unconditionally promises to repay the unpaid principal amount of each Loan made to it on or before the Maturity Date. The Company or an Affiliate may, at its option, prepay the principal amount of any Loan, in whole or in part, without penalty or premium, as follows:

(a) with respect to any Base Rate Loan, on any Domestic Business Day, provided that the Company deliver an irrevocable notice of prepayment to the Administrative Agent no later than 11:00 a.m., New York City time, on such date, which notice shall specify the date and amount of prepayment; and

(b) with respect to any Eurocurrency Loan on the last day of any Interest Period therefore, provided that the Company deliver an irrevocable notice of prepayment to the Administrative Agent no later than 3:00 p.m., London, England time, three Eurocurrency Business Days prior to such date, which notice shall specify the date and amount of prepayment;

in each case together with accrued interest on the amount prepaid to the date of prepayment. Partial prepayments of any Loans shall be in an aggregate principal amount of \$1,000,000 or a whole multiple thereof.

2.18 OPTIONAL PREPAYMENT ON OTHER DATES; REIMBURSEMENT FOR CERTAIN COSTS

The Company or an Affiliate, as applicable, may, at its option, prepay the principal amount of any Eurocurrency Loan, in whole or in part, at times other than those provided for in Section 2.17(b), in each case together with accrued interest on the amount prepaid to the date of prepayment; provided, however, that with respect to any such Loan, the Company or the Affiliate, whichever is the borrower, shall reimburse each Bank on demand for any loss incurred by such Bank as a result of the timing of such payment, including without limitation, any loss incurred in liquidating or re-employing deposits from third parties but excluding loss of the Eurocurrency Margin or any other profit for the period after such payment, provided that the amount of such loss shall in no event exceed the amount of interest that would have accrued from the date of prepayment to the last day of the then-current Interest Period in the absence of prepayment, and the relevant Bank shall have delivered to the Company and, if the borrower is an Affiliate, to such Affiliate, a written statement setting forth the basis for determining such loss, which written statement shall be conclusive in the absence of manifest error. Each Bank shall use its reasonable efforts to mitigate any loss resulting from any prepayment by the Company or an Affiliate.

2.19 METHOD OF PAYMENT

All payments required to be made pursuant to this Agreement shall be made in immediately available funds (i) with respect to the Facility Fee and the Utilization Fee, in United States dollars to the account in the continental United States designated by the Administrative Agent pursuant to Section 2.3, (ii) with respect to payments relating to Loans (including, without limitation, principal, interest, any Gross-up or any payments pursuant to Section 2.18 or 10.3) or CAF Advances, in the lawful currency of the country in which the Loan or CAF Advance is denominated, to the Administrative Agent for the account of the Banks at (A) the Domestic Funding Office, with respect to each Domestic Loan and each CAF Advance denominated in United States dollars, (B) the Eurodollar Funding Office, with respect to each Eurocurrency Loan which is denominated in United States dollars, (C) the Foreign Currency Funding Office, with respect to each Foreign Currency Loan or CAF Advance denominated in a Foreign Currency or (D) in each case, at such other location as may be agreed upon by the Administrative Agent and the Company and (iii) with respect to any other payment due hereunder, in such currency and in such place or office as may be required hereunder or as may otherwise be agreed upon by the Administrative Agent and the Company. The Administrative Agent shall distribute such payments to the Banks promptly upon receipt in like funds as received. Whenever any payment of principal of, or interest on, any Domestic Loan or of the Facility Fee shall be due on a day which is not a Domestic Business Day, the date for payment thereof shall be extended to the next succeeding Domestic Business Day and, in the case of a payment of principal, interest thereon shall be payable for such extended time. Whenever any payment of principal of, or interest on, any Eurocurrency Loan which is denominated in United States dollars shall be due on a day which is not a Eurodollar Business Day, the date for payment thereof shall be extended to the next succeeding Eurodollar Business Day, unless as a result thereof such date would fall in the next calendar month, in which case, such date shall be advanced to the next preceding Eurodollar Business Day, and, in the case of a payment of principal, interest thereon shall be payable to the date of payment as extended or advanced as the case may be. Whenever any payment of principal of, or interest on, any Foreign Currency Loan shall be due on a day which is not a Foreign Currency Business Day, the date for payment thereof

shall be extended to the next succeeding Foreign Currency Business Day, unless as a result thereof such date would fall in the next calendar month, in which case, such date shall be advanced to the next preceding Foreign Currency Business Day, and, in the case of a payment of principal, interest thereon shall be payable to the date of payment as extended or advanced as the case may be.

2.20 PRO RATA TREATMENT AND PAYMENTS

(a) Each Borrowing by the Company or any Affiliate from the Banks hereunder, each payment by the Company or any Affiliate on account of the Facility Fee or Utilization Fee and any reduction of the Commitments of the Banks shall be made pro rata according to the respective Revolving Percentages of the Banks.

(b) Each payment (including each prepayment) by the Company or any Affiliate on account of principal of and interest on the Loans shall be made pro rata according to the respective outstanding amounts of principal and interest then due and owing to the Banks.

(c) Unless the Administrative Agent shall have been notified in writing by any Bank prior to a Borrowing that such Bank will not make the amount that would constitute its share of such Borrowing available to the Administrative Agent, the Administrative Agent may assume that such Bank is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Company (or an Affiliate) a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing date such Bank shall pay to the Administrative Agent, on demand, such amount with interest thereon, at a rate equal to the greater of (i) the Federal Funds Effective Rate and (ii) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, for the period until such Bank makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Bank with respect to any amounts owing under this paragraph shall be conclusive in the absence of manifest error. If such Bank's share of such Borrowing is not made available to the Administrative Agent by such Bank within three Domestic Business Days after such Borrowing Date, the Administrative Agent shall also be entitled to recover (i) in the case of amounts denominated in United States dollars, such amount with interest thereon at the rate per annum applicable to Base Rate Loans, on demand, from the Company or (ii) in the case of amounts denominated in Foreign Currencies, such amount with interest thereon at a rate determined by the Administrative Agent to be the cost to it of funding such amount, on demand, from the Company or the relevant Affiliate.

(d) Unless the Administrative Agent shall have been notified in writing by the Company or any Affiliate prior to the date of any payment due to be made by the Company or any Affiliate hereunder that the Company or such Affiliate will not make such payment to the Administrative Agent, the Administrative Agent may assume that the Company or such Affiliate is making such payment, and the Administrative Agent may, but shall not be required to, in reliance upon such assumption, make available to the Banks their respective pro rata shares of a corresponding amount. If such payment is not made to the Administrative Agent by the Company or such Affiliate within three Domestic Business Days after such due date, the Administrative Agent shall be entitled to recover, on demand, from each Bank to which any amount which was made

available pursuant to the preceding sentence (i) in the case of amounts denominated in United States dollars, such amount with interest thereon at the rate per annum equal to the daily average Federal Funds Effective Rate and (ii) in the case of amounts denominated in Foreign Currencies, such amount with interest thereon at a rate per annum determined by the Administrative Agent to be the cost to it of funding such amount. Nothing herein shall be deemed to limit the rights of the Administrative Agent or any Bank against the Company or any Affiliate.

2.21 LIMITATION ON EUROCURRENCY TRANCHES

Notwithstanding anything to the contrary in this Agreement, all borrowings, conversions and continuations of Eurocurrency Loans and all selections of Interest Periods shall be in such amounts and be made pursuant to such elections so that, no more than fifteen Eurocurrency Tranches in any currency shall be outstanding at any one time.

SECTION 3. [RESERVED]

SECTION 4. GUARANTEE OF LOANS TO AFFILIATES

(a) The Company hereby guarantees to the Administrative Agent, for the ratable benefit of the Banks and their affiliates, the due and punctual payment of the principal of and interest on any Loans made to any Affiliate under this Agreement and any other Obligations of any Affiliate to the Administrative Agent or any Bank under this Agreement or its Accession Memorandum (the "Guaranteed Obligations") when and as the same shall become due and payable, whether at maturity, upon declaration or otherwise, according to the terms thereof. Upon the occurrence of an Affiliate Event of Default with respect to an Affiliate under this Agreement, the Company shall on behalf of such Affiliate upon demand by the Administrative Agent punctually make any payment due and payable by such Affiliate under this Agreement or its Accession Memorandum, whether at maturity, upon declaration or otherwise; and any such payment shall be treated for the purposes of such Accession Memorandum and this Agreement (other than Section 10.4) as if such payment were made by the Affiliate.

(b) The Company hereby agrees that its obligations under this Section 4 shall be irrevocable and unconditional and that the Company shall not have the right to assert any defenses based upon the validity, regularity or enforceability of any Accession Memorandum or this Agreement or any Note, the absence of any attempt to collect from the defaulting Affiliate or other action to enforce the same, the waiver or consent by the Administrative Agent or any Bank with respect to any provisions thereof or hereof (other than with respect to this Section 4), or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of the Company or of a guarantor.

(c) With respect to its obligations under this Section 4, the Company waives filing of claims with a court, trustee or receiver in the event of receivership or bankruptcy of the defaulting Affiliate, diligence, presentment, demand of payment, protest or notice with respect to Guaranteed Obligations and all demands whatsoever (other than that provided for in subsection (a) above), and covenants that this Guarantee is a continuing guarantee and will not be

discharged except by complete performance of the Guaranteed Obligations of the defaulting Affiliate and the obligations of the Company under this Guarantee.

(d) To the extent of any payment by the Company to the Administrative Agent or any Bank under this Section 4, the Company shall succeed to all corresponding claims that the Administrative Agent or such Bank may have and otherwise be subrogated to the rights of the Administrative Agent or such Bank against the defaulting Affiliate or any other person or security in connection with the Loans to such Affiliate, and the Administrative Agent and any such Bank shall use reasonable efforts to cooperate with the Company in seeking recovery under such claims.

(e) The Company's obligations under this Section 4 constitute a guarantee of payment and not of collection merely and shall remain in full force and effect with respect to any Affiliate until the Guaranteed Obligations of such Affiliate shall have been paid in full in accordance with the terms of the relevant Accession Memorandum and of this Agreement. If at any time any payment of any of the Guaranteed Obligations of an Affiliate is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of such Affiliate or otherwise, the Company's obligations hereunder with respect to such payment shall be reinstated at such time as though such payment had not been made.

(f) If demand for, or acceleration of the time for, payment by any Affiliate to the Administrative Agent or any Bank of any Guaranteed Obligations of such Affiliate is stayed upon the insolvency, bankruptcy, reorganization or proposed compromise or arrangement with creditors of such Affiliate, all such Guaranteed Obligations of which payment or performance is stayed that would otherwise be subject to demand for payment or acceleration shall nonetheless be payable by the Company under this Section 4 immediately on demand by the Administrative Agent or such Bank.

SECTION 5. CONDITIONS TO LOANS AND CAF ADVANCES

The obligation of each Bank to make each Loan or CAF Advance hereunder is subject to the performance by the Company or the Affiliate, whichever is the borrower, of all its obligations under this Agreement and to the satisfaction of the following further conditions:

5.1 EACH LOAN OR CAF ADVANCE TO THE COMPANY OR ANY AFFILIATE

(a) In the case of each Loan or CAF Advance proposed to be made hereunder to the Company or any Affiliate:

(i) the Administrative Agent shall have received the notice from the Company required by Section 2.6 or Section 2.8;

(ii) the principal amount of such Loan or CAF Advance, when added to the aggregate principal amount of all Loans and CAF Advances then outstanding hereunder, shall not exceed the amount of the Aggregate Commitments;

(iii) after giving effect to the making of such Loan or CAF Advance no Event of Default nor Event of Default -- Bankruptcy and no event which, with the giving of notice or lapse of time or both, would become an Event of Default or an Event of Default -- Bankruptcy shall have occurred and be continuing; and

(iv) the representations and warranties of the Company contained in this Agreement, except those contained in Sections 6.2(b) and 6.3, shall be true and correct in all material respects on and as of the date of such Loan or CAF Advance, as the case may be, except to the extent such representations and warranties expressly relate to an earlier date.

Each Borrowing by or CAF Advance to the Company or any Affiliate shall be deemed to be a representation and warranty by the Company or Affiliate that the conditions specified in clauses (ii), (iii) and (iv) above are satisfied on and as of the date of such Borrowing or CAF Advance.

(b) In addition to the conditions stated in Section 5.1(a) above, in the case of each Loan proposed to be made to any Affiliate:

(i) after giving effect to the making of such Loan, no Affiliate Event of Default with respect to such Affiliate and no event which, with the giving of notice or lapse of time or both, would become an Affiliate Event of Default with respect to such Affiliate shall have occurred and be continuing;

(ii) the representations and warranties of the Affiliate contained in its Accession Memorandum shall be true and correct in all material respects on and as of the date of such Loan, except to the extent such representations and warranties expressly relate to an earlier date; and

(iii) upon request of the Administrative Agent or any Bank, the Administrative Agent or such Bank, as the case may be, shall have received the latest available annual and interim financial statements for the Affiliate (certified, if available).

Each Borrowing by any Affiliate shall be deemed to be a representation and warranty by the Affiliate that the conditions specified in clauses (i) and (ii) above are satisfied on and as of the date of such Borrowing or issuance.

5.2 FIRST LOAN OR CAF ADVANCE TO THE COMPANY OR ANY AFFILIATE

(a) In the case of the first Loan or CAF Advance proposed to be made hereunder to the Company or any Affiliate:

(i) the Administrative Agent shall have received an opinion of the Vice President - General Counsel or an Assistant General Counsel of the Company, or, at the Company's option, other counsel (in which case, such counsel shall be satisfactory to the Administrative Agent), addressed to the Administrative Agent and Banks and in form satisfactory to the Administrative Agent in its reasonable judgment, to the effect that:

(A) the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power under the laws of such State to enter into this Agreement, to borrow money and extend the Guarantee as contemplated by this Agreement, and to carry out the provisions of this Agreement;

(B) this Agreement has been duly authorized, executed and delivered by the Company and, assuming due authorization, execution and delivery hereof by the Banks, is a valid and binding agreement of the Company enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws relating to or affecting creditors' rights generally and by general equitable principles regardless of whether such enforceability is considered in a proceeding in equity or at law;

(C) the execution, delivery and performance by the Company of this Agreement will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under (in each case material to the Company and its subsidiaries considered as a whole), or result in the creation or imposition of any lien, charge or encumbrance (in each case material to the Company and its subsidiaries considered as a whole) upon any of the property or assets of the Company pursuant to the terms of, any indenture, mortgage, deed of trust, loan agreement, guarantee, lease financing agreement or other similar agreement or instrument known to such counsel under which the Company is a debtor or a guarantor, nor will such action result in any violation of the provisions of the Certificate of Incorporation or the By-Laws of the Company; and

(D) there is no consent, approval, authorization, order, registration or qualification of or with any Governmental Authority having jurisdiction over the Company which is required for, and the absence of which would materially affect, the execution, delivery and performance of this Agreement;

(ii) the Administrative Agent shall have received such additional documents as it may reasonably request relating to the existence and good standing of the Company under the laws of the States of Delaware and Michigan and to the authorization, execution and delivery of this Agreement in form and substance reasonably satisfactory to the Administrative Agent;

(iii) the Administrative Agent shall have received this Agreement, executed and delivered by the Administrative Agent, the Company and each Person listed on Schedule 1; and

(iv) the Administrative Agent shall have received satisfactory evidence that the Existing 364-Day Credit Agreement shall have been terminated in accordance with its terms and all amounts due and payable thereunder shall have been paid; provided, that to the extent any Person listed on Schedule 1 is also a lender under the Existing 364-Day Credit Agreement, then such Person, by executing this Agreement, agrees to waive

compliance with the notice requirements set forth in Section 2.5 of the Existing 364-Day Credit Agreement for optional termination and reduction of the commitments thereunder.

The documents referred to in this Section 5.2(a) shall be delivered to the Administrative Agent no later than the date of the first Loan or CAF Advance hereunder, except that if such Loan is a Eurocurrency Loan, the documents shall be delivered to the Bank at least two Eurodollar Business Days before such Loan.

(b) In addition to the conditions stated in Section 5.2(a) above, in the case of the first Loan proposed to be made to any Affiliate, the Administrative Agent shall have received:

(i) a duly executed Accession Memorandum of such Affiliate;
and

(ii) such additional documents as it may reasonably request relating to the existence and good standing of the Affiliate under the laws of the jurisdiction of its incorporation or organization and to the authorization, execution and delivery of the Accession Memorandum, all in form and substance reasonably satisfactory to the Administrative Agent.

The documents referred to in this Section 5.2(b) shall be delivered to the Administrative Agent no later than the date of the first Loan to the Affiliate. Such documents, including executed documents, may be sent to the Administrative Agent by facsimile on the required date, with the originals to be sent by professional courier.

SECTION 6. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to the Administrative Agent and each Bank that:

6.1 CORPORATE AUTHORITY OF THE COMPANY, ETC.

(a) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power under the laws of such State to execute and deliver this Agreement and to perform its obligations hereunder and thereunder, and is duly qualified and in good standing to do business as a foreign corporation in the State of Michigan;

(b) This Agreement has been duly authorized, executed and delivered on behalf of the Company and, assuming due authorization, execution and delivery by the Banks, is a valid and legally binding agreement of the Company;

(c) The execution, delivery and performance by the Company of this Agreement will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under (in each case material to the Company and its subsidiaries considered as a whole), or result in the creation or imposition of any lien, charge or encumbrance (in each case material to the Company and its subsidiaries considered as a whole) upon any of the property or assets of the Company pursuant to the terms of, any indenture, mortgage, deed of trust, loan agreement, guarantee, lease financing agreement or other similar agreement or instrument under which the

Company is a debtor or a guarantor, nor will such action result in any violation of the provisions of the Certificate of Incorporation or the By-Laws of the Company; and

(d) There is no consent, approval, authorization, order, registration or qualification of or with any Governmental Authority having jurisdiction over the Company which is required for, and the absence of which would materially affect, the execution, delivery and performance of this Agreement.

6.2 FINANCIAL STATEMENTS

(a) The Company has furnished the Administrative Agent and each Bank with, and the Administrative Agent and each Bank hereby acknowledges receipt of, a copy of the audited consolidated balance sheet and the related consolidated statements of income, equity and cash flows of the Company and its Subsidiaries at December 31, 2002 and 2001, and such financial statements present fairly in all material respects the financial position of the Company and Subsidiaries at those dates, in conformity with GAAP; and

(b) As of the date of this Agreement there has not occurred any material adverse change in the financial position of the Company and its Subsidiaries considered as a whole, since December 31, 2002.

6.3 LITIGATION

As of the date of this Agreement there are no legal or governmental proceedings pending of which the Company or any of its Subsidiaries is the subject, and no such proceedings are known by the Company to be threatened or contemplated by Governmental Authorities or threatened by others, other than such proceedings which the Company believes will not have a material adverse effect upon the financial position of the Company and its Subsidiaries considered as a whole.

6.4 USE OF PROCEEDS

The proceeds of the Loans and CAF Advances will be used by the Company and its Affiliates for general corporate purposes including, without limitation, to support commercial paper issued by the Company. None of the proceeds of the Loans and CAF Advances will be used, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any margin stock within the meaning of Regulation U of the Federal Reserve Board.

6.5 COMPLIANCE WITH ERISA

The Company has satisfied the minimum funding standards under ERISA with respect to its Plans and is in compliance in all material respects with the currently applicable provisions of ERISA.

SECTION 7. COVENANTS

During the term of this Agreement, unless compliance shall have been waived in writing in accordance with the terms of this Agreement, the Company agrees that:

7.1 REPORTS; CERTIFICATE AS TO DEFAULT

It will deliver to the Administrative Agent at the Notice Office:

(a) within 120 days after the end of each of its fiscal years copies of the Company's consolidated financial statements including consolidated results of operations and cash flows of the Company and its consolidated subsidiaries all as audited by the Company's independent certified public accountants (the "Annual Report"), provided that if and when the Company files an Annual Report on Form 10-K with the Securities and Exchange Commission (the "10-K Report"), copies of the 10-K Report will be delivered to the Administrative Agent in lieu of the Annual Report;

(b) within 70 days after the end of each of the first three quarters of each of its fiscal years, copies of the Company's consolidated financial statements including consolidated results of operations and cash flows of the Company and its consolidated subsidiaries (the "Quarterly Report"), provided that if and when the Company files a Quarterly Report on Form 10-Q with the Securities and Exchange Commission (the "10-Q Report"), copies of the 10-Q Report will be delivered to the Administrative Agent in lieu of the Quarterly Report;

(c) simultaneously with the delivery of each Annual Report or 10-K Report (as applicable) referred to in (a) above, a certificate of an authorized officer of the Company (i) stating whether, to the knowledge of such officer, there exists on the date of the certificate any condition or event which then constitutes, or which after notice or lapse of time or both would constitute, an Event of Default or an Event of Default -- Bankruptcy, and, if any such condition or event exists, specifying the nature and period of existence thereof and the action the Company is taking and proposes to take with respect thereto, and (ii) demonstrating compliance with the Consolidated Leverage Ratio set forth in Section 7.9 hereof; and

(d) simultaneously with the delivery of each Quarterly Report or 10-Q Report (as applicable) referred to in (b) above, a certificate of an authorized officer of the Company demonstrating compliance with the Consolidated Leverage Ratio set forth in Section 7.9 hereof.

7.2 FURTHER INFORMATION

(a) From time to time while this Agreement is in effect, upon the reasonable request of the Administrative Agent or any Bank, officials of the Company will confer with officials of the Administrative Agent or such Bank and advise them as to matters bearing on the financial condition of the Company, or of any Affiliate to which Loans are then outstanding.

(b) The Company shall notify the Administrative Agent and each of the Banks at least two Foreign Currency Business Days prior to any Loan to any Affiliate in the event that any Gross-up with respect to such Loan could be required by any Bank pursuant to the terms of this Agreement.

7.3 LIENS

The Company shall not nor shall it permit any Subsidiary to directly or indirectly, create, incur, assume or suffer to exist any Indebtedness secured by a Lien upon any of its property or revenues, whether now owned or hereafter acquired, except Liens at any one time outstanding with respect to which the aggregate outstanding principal amount of the obligations secured thereby shall not exceed 15% of Consolidated Total Assets as reflected in the most recent Annual Report or 10-K Report delivered pursuant to Section 7.1(a); provided, however, that this Section 7.3 shall not apply to Indebtedness secured by:

(a) Liens on property of, or on any shares of stock of or Indebtedness of, any corporation existing at the time such corporation becomes a Subsidiary;

(b) Liens in favor of the Company or any Subsidiary;

(c) Liens in favor of any governmental body to secure progress, advance or other payments pursuant to any contract or provision of any statute;

(d) Liens on property, shares of stock or Indebtedness existing at the time of acquisition thereof (including acquisition through merger or consolidation) or to secure the payment of all or any part of the purchase price thereof or to secure any Indebtedness incurred prior to, at the time of, or within 60 days after, the acquisition of such property or shares or Indebtedness for the purpose of financing all or any part of the purchase price thereof; and

(e) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Lien referred to in the foregoing clauses (a) to (d), inclusive; provided, however, that such extension, renewal or replacement Lien shall be limited to all or a part of the same property, shares of stock or Indebtedness that secured the Lien extended, renewed or replaced (plus improvements on such property).

7.4 SALE-LEASEBACKS

The Company shall not nor shall it permit any Subsidiary to, directly or indirectly, enter into any arrangement with any bank, insurance company or other lender or investor (not including the Company or any Subsidiary) providing for the leasing by the Company or any Subsidiary of any property owned by the Company or any Subsidiary (except for leases between the Company and a Subsidiary or between Subsidiaries), which property has been or is to be sold or transferred by the Company or such Subsidiary to such bank, insurance company or other lender or investor (not including the Company or any Subsidiary) ("Sale-Leasebacks"), except for Sale-Leasebacks consummated since the Effective Date and which are outstanding on the relevant date of determination (other than Sale-Leasebacks to the extent the proceeds thereof are used to refinance any Sale-Leaseback which was in existence on the date hereof) in an aggregate amount, which when combined with (but without duplication) the aggregate outstanding principal amount of obligations secured by a Lien upon any of the property or revenues of the Company or any of its Subsidiaries at the time of entering into any such Sale-Leaseback, shall

not exceed 15% of Consolidated Total Assets as reflected in the most recent Annual Report or 10-K Report delivered pursuant to Section 7.1(a).

7.5 MERGERS AND CONSOLIDATIONS

The Company may consolidate with, or sell or convey all or substantially all its assets to, or merge with or into any other corporation, provided that in any such case (i) the successor corporation shall be a corporation organized and existing under the laws of the United States of America or a State thereof, (ii) such corporation shall expressly assume the due and punctual payment of the principal of and interest on all the Loans made to the Company hereunder, and the due and punctual performance and observance of all the covenants and conditions of this Agreement to be performed by the Company, including, without limitation, the Guarantee, by an instrument, satisfactory to the Administrative Agent in its reasonable judgment, executed and delivered to the Administrative Agent by such corporation, and (iii) such successor corporation shall not, immediately after such merger or consolidation or such sale or conveyance, be in default in the performance of any such covenant or condition and shall not immediately thereafter have outstanding any secured Indebtedness not expressly permitted by the provisions of Section 7.3.

7.6 ADDITIONAL COVENANTS

In the event that, at any time while this Agreement is in effect, the Company shall issue any indebtedness for borrowed money which is not by its terms subordinate and junior to other indebtedness of the Company ("Senior Debt") and such Senior Debt shall include, or be issued pursuant to a trust indenture or other agreement which includes, financial covenants not substantially provided for in this Agreement, the Company shall so advise the Administrative Agent. Thereupon, if the Administrative Agent shall so request by written notice to the Company, the Company, Administrative Agent and the Banks shall enter into an amendment to this Agreement providing for substantially the same financial covenants as those contained in such Senior Debt, trust indenture or other agreement, mutatis mutandis. Such amendment containing such financial covenants shall remain in effect so long as such covenants remain in effect with respect to such Senior Debt. As used in this Section 7.6 the term "financial covenant" shall mean a covenant on the part of the Company to the general effect that the Company shall maintain, on a consolidated basis and as of a specified date or dates, (a) a specified minimum net worth, (b) a ratio of debt to net worth not in excess of a specified maximum, (c) current assets in an amount not less than a specified amount in excess of current liabilities or (d) any similar ratio or amount or similar measure for the same general purpose of stating a minimum financial condition.

7.7 ERISA

The Company will comply with the minimum funding standards under ERISA with respect to its Plans and will use its best efforts to comply in all material respects with all other applicable provisions of ERISA and the regulations and interpretations promulgated thereunder. The Company will deliver to the Administrative Agent within 30 days after any executive officer of the Company becomes aware of the occurrence of any Reportable Event (other than a reduction in active Plan participants) with respect to any Plan, a certificate signed by the Chief Financial Officer, the Vice President - Finance, the Controller or the Treasurer of the Company setting forth the

details as to such Reportable Event and the action which the Company is taking and proposes to take with respect thereto, together with a copy of the notice of such Reportable Event given to the Pension Benefit Guaranty Corporation.

7.8 NOTIFICATION

The Company will notify the Administrative Agent within 30 days after any executive officer of the Company becomes aware of any failure on the part of the Company duly to observe or perform any covenant contained in Section 7.3 or Section 7.4.

7.9 CONSOLIDATED LEVERAGE RATIO

The Company shall not permit the Consolidated Leverage Ratio to exceed 3.5 to 1.0 at the end of any fiscal quarter.

SECTION 8. DEFAULT

8.1 DEFAULTS RELATING TO THE COMPANY

In case one or more of the following "Events of Default" shall have occurred and be continuing, that is to say:

(a) default in any payment of principal of any Loan or CAF Advance to the Company as and when the same shall become due and payable, whether at maturity or upon required repayment or upon declaration or otherwise, and the continuance of such default for five Domestic Business Days in the case of a Domestic Loan or CAF Advance or five Eurodollar Business Days in the case of a Eurocurrency Loan; or

(b) default in the payment of any installment of interest upon any Loan or CAF Advance to the Company as and when the same shall become due and payable, and continuance of such default for a period of five Domestic Business Days in the case of a Domestic Loan or CAF Advance or five Eurodollar Business Days in the case of a Eurocurrency Loan; or

(c) failure on the part of the Company duly to observe or perform any covenant contained in Section 7.3 or Section 7.4 for 90 days after the date on which written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Administrative Agent or the Required Banks; or

(d) failure on the part of the Company duly to observe or perform any other of the covenants or agreements of this Agreement for a period of 30 days after the date on which written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Administrative Agent or the Required Banks; provided, however, that in the case of a default under Section 4, such 30-day grace period shall run from the date that demand for payment by the Administrative Agent was made upon the Company pursuant to Section 4; or

(e) any representation or warranty by the Company in this Agreement or in any certificate delivered pursuant hereto shall have proven to have been materially false or misleading; or

(f) a Reportable Event (other than a reduction in active Plan participants) shall have occurred with respect to any Plan and, within 30 days after the reporting of such Reportable Event to the Administrative Agent, the Administrative Agent shall have notified the Company in writing that the Administrative Agent has made a reasonable determination that such Reportable Event is likely to have a material adverse effect upon the financial position of the Company and its subsidiaries considered as a whole; or

(g) default in the payment of the principal of (or premium, if any, on) or interest on any other borrowing of the Company of \$5,000,000 or more and such default continues for a period of 30 days, or any default with respect to any other borrowing of the Company of \$5,000,000 or more and such default causes acceleration thereof; or

(h) more than 50% in voting power of the voting securities of the Company shall be held by (i) any person or persons who "act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities" of the Company within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, or (ii) persons whose election to the Board of Directors shall not have been recommended by the committee of the Board of Directors charged with such recommendations shall constitute a majority of the members of the Board of Directors of the Company;

then, and in each and every such case, with the consent of the Required Banks, the Administrative Agent may, or upon the request of the Required Banks, the Administrative Agent shall, by notice in writing to the Company, terminate the Commitments and/or declare the principal of all Loans and CAF Advances to the Company and Affiliates and all other amounts owing under this Agreement to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived.

8.2 DEFAULTS RELATING TO AFFILIATES

In case one or more of the following "Affiliate Events of Default" shall have occurred and be continuing with respect to an Affiliate, that is to say:

(a) default in any payment of principal of any Loan to such Affiliate as and when the same shall become due and payable, whether at maturity or upon required repayment or upon declaration or otherwise, and the continuance of such default for five Domestic Business Days in the case of a Domestic Loan or five Eurodollar Business Days in the case of a Eurocurrency Loan; or

(b) default in the payment of any installment of interest upon any Loan to such Affiliate as and when the same shall become due and payable, and continuance of such

default for a period of five Domestic Business Days in the case of a Domestic Loans, five Eurodollar Business Days in the case of a Eurocurrency Loan; or

(c) any representation or warranty by such Affiliate in this Agreement, in its Accession Memorandum or in any certificate delivered in connection therewith shall have proven to have been materially false or misleading; or

(d) such Affiliate shall have entered against it by a court having jurisdiction in the premises a decree or order for relief in respect of the Affiliate in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Affiliate or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and such decree or order shall remain unstayed and in effect for a period of 90 consecutive days; or

(e) such Affiliate shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the Affiliate or for any substantial part of its property, or make any general assignment for the benefit of creditors, or fail generally to pay its debts as they become due, or take any corporate action in furtherance of any of the foregoing;

(f) an Event of Default under Section 8.1 shall have occurred and be continuing; or

(g) the Guarantee set forth in Section 4 shall no longer be in full force and effect;

then, (i) if such event is an Event of Default specified in clause (d) or (e), automatically all of the Loans to such Affiliate and all other amounts owing by the Affiliate under this Agreement (but not any Loans to the Company or any other Affiliate) shall immediately become due and payable, or (ii) if such event is any other Event of Default, with the consent of the Required Banks, the Administrative Agent may, or upon the request of the Required Banks, the Administrative Agent shall, by notice in writing to the Company and the defaulting Affiliate, declare the principal of all outstanding Loans to such Affiliate and all other amounts owing by the Affiliate under this Agreement (but not any Loans to the Company or any other Affiliate) to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived.

8.3 DEFAULTS RELATING TO BANKRUPTCY OF THE COMPANY

In case one or more of the following "Events of Default - Bankruptcy" shall have occurred and be continuing with respect to the Company, that is to say:

(a) the Company shall have entered against it by a court having jurisdiction in the premises a decree or order for relief in respect of the Company in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Company or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and such decree or order shall remain unstayed and in effect for a period of 90 consecutive days; or

(b) the Company shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the Company or for any substantial part of its property, or make any general assignment for the benefit of creditors, or fail generally to pay its debts as they become due, or take any corporate action in furtherance of any of the foregoing;

then if such event is an Event of Default - Bankruptcy specified in either of section (a) or (b) of this Section 8.3 with respect to the Company, automatically the Commitments shall immediately terminate and the Loans and CAF Advances hereunder (with accrued interest thereon) and all other amounts owing under this Agreement shall immediately become due and payable.

SECTION 9. ASSIGNMENT; PARTICIPATIONS

9.1 ASSIGNMENT

(a) No Bank shall, without the consent of the Company and the Administrative Agent (in each case which consent shall not be unreasonably withheld; it being understood, however, that any concern that the Company may have regarding the availability of a currency as a result of exchange controls or otherwise is a reasonable basis for the Company to withhold its consent), transfer to any other office, branch or affiliate of the Bank or to any other financial institution, person or entity, all or any portion of the Extensions of Credit, CAF Advances or the Commitment or any of the Bank's other rights and obligations under this Agreement; provided, however, that:

(i) without the consent of the Company, a Bank may transfer or assign (A) any of its Extensions of Credit or CAF Advances or any interest therein as a pledge to any Federal Reserve Bank or other similar central bank in another jurisdiction, provided that such pledge shall not release the Bank from its obligations hereunder and (B) all or any portion of the Extensions of Credit, any CAF Advance, the Commitment or any of the Bank's other rights and obligations under this Agreement to any one or more assignees that is a Bank immediately prior to giving effect to such assignment; and

(ii) without the consent of the Company, a Bank may transfer or assign all or any portion of the Loans, the Commitment or any of the Bank's other rights and obligations under this Agreement to any Person (A) five or more days after the occurrence and

continuance of an Event of Default under Section 8.1(a) or Section 8.1(d) (in respect of Section 4) or (B) upon the occurrence and continuance of any Event of Default-Bankruptcy under Section 8.3.

(b) Assignments shall be subject to the following additional conditions:

(i) except in the case of an assignment to a Bank, an affiliate of a Bank or an assignment of the entire remaining amount of the assigning Bank's Commitments or Extensions of Credit, the amount of the Commitments or Extensions of Credit (without duplication) of the assigning Bank subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 and, after giving effect thereto, the assigning Bank shall have Commitments and Extensions of Credit (without duplication) in an aggregate amount of at least \$5,000,000, in each case unless the Company and the Administrative Agent otherwise consent, provided that (1) no such consent of the Company shall be required if an Event of Default under Section 8.1(a) or Section 8.1(d) (in respect of Section 4) has occurred and is continuing for a period of at least five days or an Event of Default-Bankruptcy under Section 8.3 has occurred and is continuing and (2) such amounts shall be aggregated in respect of each Bank and its affiliates, if any;

(ii) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500;

(iii) the assignee, if it shall not be a Bank, shall deliver to the Administrative Agent an administrative questionnaire; and

(c) In the case of any assignment to financial institutions made without the consent of the Company, any such transferee or assignee of a Bank shall not be entitled to receive any greater interest or other payment by reason of Section 10.3 or 10.4 than such Bank would have been entitled to receive with respect to the rights so transferred or assigned unless such transfer or assignment is made by reason of the provisions of Section 10.2, 10.3 or 10.4 requiring the Bank to designate a different lending office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

(d) Notwithstanding the foregoing, any Conduit Bank may assign any or all of the Loans or CAF Advance it may have funded hereunder to its designating Bank without the consent of the Company or the Administrative Agent and without regard to the limitations set forth in this Section 9.1. Each of the Company, each Affiliate, each Bank and the Administrative Agent hereby confirms that it will not institute against a Conduit Bank or join any other Person in instituting against a Conduit Bank any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Bank; provided, however, that each Bank designating any Conduit Bank hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage or expense arising out

of its inability to institute such a proceeding against such Conduit Bank during such period of forbearance.

9.2 PARTICIPATION.

Each Bank shall have the right to sell to any bank or other financial institution (a "Participant") a participating interest in such Bank's Extensions of Credit, CAF Advances or Commitment held by such Bank; provided, however, that, following any such sale, (a) such Bank's obligations under this Agreement shall remain unmodified and fully effective and enforceable against such Bank, (b) such Bank shall remain solely responsible to the Company and its Affiliates for the performance of such obligations, including, without limitation, its Commitment and the obligation of such Bank to fund Loans hereunder, (c) the Administrative Agent and the Company and any Affiliates which have borrowed hereunder shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement, (d) such Bank shall retain the sole right and responsibility to enforce the obligations of the Company and Affiliates hereunder, including, without limitation, the sole right to approve of or consent to any action hereunder or any amendment, modification or waiver hereof, except that such Bank may grant to a Participant a joint right to approve of or consent to any action, amendment, modification or waiver that would (i) reduce the amount or extend the time for payment (other than pursuant to Section 2.12) of any principal of, or interest on, the Loans or any CAF Advance, (ii) increase the amount of such Bank's Commitment or (iii) reduce the amount of the Facility Fee or the Utilization Fee, in each case, from that in effect at the time of the sale of the participating interest, provided that if such Bank so grants to a Participant a right to approve of or consent to a reduction in the Facility Fee and Utilization Fee, the term of the participating interest sold to such Participant shall not extend beyond, and unless earlier terminated such participating interest shall automatically terminate on, the day immediately prior to the day and month of the Effective Date next following the sale of such participating interest, and (e) any such participating interest shall be in a minimum amount of \$5,000,000 or the Equivalent thereof on the date the participating interest is sold. On the month and day of the Effective Date of each year (or, if any such month and day of the Effective Date is not a Domestic Business Day, on the next succeeding Domestic Business Day), each relevant Bank shall furnish to the Administrative Agent and the Company a written notice disclosing the name of each Participant which held a participating interest in such Bank's Commitment or any Loan held by such Bank at any time during the 12-month period ended on the day immediately prior to the day and month of the Effective Date next preceding such date. A Participant shall not be entitled to receive any greater payment under Section 10.3 or 10.4 than the applicable Bank would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Company's prior written consent. Any Participant that is a foreign person (i.e., a person organized or incorporated under the laws of a country other than that under which the Company is incorporated, if it is the borrower, or an Affiliate is incorporated or organized, if such Affiliate is the borrower) shall not be entitled to the benefits of Section 10.4 unless such Participant complies with Section 10.4(c).

SECTION 10. CHANGE IN CIRCUMSTANCES

10.1 BASIS FOR DETERMINING INTEREST RATE INADEQUATE OR UNFAIR

The Banks shall have no obligation to make a new Eurocurrency Loan, to extend an outstanding Eurocurrency Loan or to convert an outstanding Loan into a Eurocurrency Loan if the Administrative Agent determines that:

(a) by reason of circumstances generally affecting all interbank markets for deposits in the currency in which the Eurocurrency Loan has been requested to be denominated (in the applicable amounts), LIBO Rates for such deposits are not being offered to the Banks for a term equal to any Interest Period for which such new Loan, extended Loan or converted Loan shall be requested by the Company or an Affiliate;

(b) based on notice received from the Required Banks, the LIBO Rate will not adequately and fairly reflect the cost to the Banks of maintaining or funding such new Loan, extended Loan or converted Loan as shall be requested by the Company or an Affiliate;

(c) deposits in the applicable currency are not generally available, or cannot be obtained by the Banks, in the applicable market (any Foreign Currency affected by the circumstances described in clause (a), (b) or (c) is referred to as an "Affected Foreign Currency").

Upon any such determination, the Administrative Agent shall give telecopy or telephonic notice thereof to the Company and the Banks as soon as practicable. If such notice is given (y) pursuant to clause (a) or (b) of this Section 10.1 in respect of Eurocurrency Loans denominated in United States dollars, then (i) any Eurocurrency Loans denominated in United States dollars requested to be made on the first day of such Interest Period shall be made as Base Rate Loans, (ii) any Base Rate Loans that were to have been converted on the first day of such Interest Period to Eurocurrency Loans denominated in United States dollars shall be continued as Base Rate Loans and (iii) any outstanding Eurocurrency Loans denominated in United States dollars shall be converted, on the last day of the then-current Interest Period, to Base Rate Loans and (z) in respect of any Foreign Currency Loans, then (i) any Foreign Currency Loans in an Affected Foreign Currency requested to be made on the first day of such Interest Period shall not be made and (ii) any outstanding Foreign Currency Loans in an Affected Foreign Currency shall be due and payable on the first day of such Interest Period. Until such relevant notice has been withdrawn by the Administrative Agent, no further Eurocurrency Loans denominated in United States dollars or Foreign Currency Loans in an Affected Foreign Currency shall be made or continued as such, nor shall the Company have the right to convert Base Rate Loans to Eurocurrency Loans denominated in United States dollars.

10.2 ILLEGALITY

(a) If, after the date of this Agreement, the introduction of, or any change in, any applicable law or regulation or in the interpretation or administration thereof by any governmental, monetary, or regulatory authority charged with the interpretation or administration thereof or compliance by any Bank with any request or directive of any such authority shall make

it unlawful for such Bank to make, maintain or fund any Loan or CAF Advance, such Bank shall give notice thereof to the Company and, if the Loan is to an Affiliate, to such Affiliate (in each case with a copy to the Administrative Agent). Before giving any notice pursuant to this Section 10.2, the relevant Bank shall designate a different lending office if such designation would avoid the need for giving such notice and it would not otherwise be disadvantageous to such Bank in its reasonable judgment. Upon receipt of such notice the Company shall or, if the Loan is to an Affiliate, the Affiliate shall on either (A) the last day of the then-current Interest Period applicable to such Loan or CAF Advance if such Bank may lawfully continue to maintain and fund such Loan to such day or (B) not later than the last date such Bank may lawfully continue to fund and maintain such Loan or CAF Advance, either (i) prepay in full, without premium or penalty, the then outstanding principal amount of each affected Loan or CAF Advance, together with accrued interest thereon, or (ii) convert such Loan into another category of Loan (which would not be unlawful for the relevant Banks to make) as provided in Section 2.12.

(b) Upon any prepayment of a CAF Advance or prepayment or conversion of a Loan made pursuant to Section 10.2(a) other than at the end of an Interest Period, the Company or the Affiliate, as applicable, shall reimburse the Bank upon demand for any loss incurred by it as a result of the timing of such prepayment or conversion, in the manner provided in Section 2.18.

10.3 INCREASED COST

(a) If (i) Regulation D of the Federal Reserve Board as in effect on the Effective Date ("Regulation D"), (ii) minimum reserve requirements of the Bank of England and/or the Financial Services Authority as in effect on the Effective Date ("Mandatory Cost Rate"), or (iii) after the date hereof, the adoption of any applicable law or regulation, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank with any request or directive of any such authority, central bank or comparable agency (a "Regulatory Change"):

(A) shall subject any Bank to any tax, duty or other charge with respect to Eurocurrency Loans or LIBO Rate CAF Advances or its obligation to make Eurocurrency Loans, or shall change the basis of taxation of payments to such Bank of the principal of or interest on Eurocurrency Loans or LIBO Rate CAF Advances or any other amounts due under this Agreement in respect of Eurocurrency Loans or LIBO Rate CAF Advances or its obligation to make Eurocurrency Loans (except for changes in the rate of tax on the overall net income of such Bank or the Eurodollar Lending Office imposed by the jurisdictions in which such Bank's principal executive office or Eurodollar Lending Office are located); or

(B) shall impose, modify or cause to be applicable any reserve (including, without limitation, any imposed by the Federal Reserve Board), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, such Bank or the Eurodollar Lending Office or shall impose on such Bank (or the Eurodollar Lending Office) or all interbank markets applicable to such Eurocurrency Loans

or LIBO Rate CAF Advances any other condition affecting the Eurocurrency Loans or LIBO Rate CAF Advances or its obligation to make Eurocurrency Loans;

and the result of any of the foregoing is to increase the cost to such Bank (or the Eurodollar Lending Office) of making or maintaining any Eurocurrency Loans or LIBO Rate CAF Advances, or to reduce the amount of any sum received or receivable by such Bank (or the Eurodollar Lending Office) under this Agreement, by an amount deemed by such Bank to be material, the Company shall pay or, if such Eurocurrency Loans are to Affiliates, such Affiliates shall pay to such Bank such additional amount or amounts as will compensate such Bank for any such increased cost or reduction incurred or suffered by such Bank from and after the later of (i) the date that is 15 days prior to receipt of notice from such Bank of such costs and (ii) the last date preceding receipt of such notice from such Bank on which interest was due and payable pursuant to Section 2.9 on any such LIBO Rate CAF Advance or Section 2.15 on any such Eurocurrency Loan. Any Bank which provides notice to the Company of increased costs pursuant to this Section 10.3(a) shall also provide a copy of such notice to the Administrative Agent.

(b) Without limiting the effect of the foregoing, so long as any Bank shall be required to maintain reserves against "Eurocurrency liabilities" under Regulation D (or, so long as such Bank may be required, by any Mandatory Cost Rate or by reason of any Regulatory Change, to maintain reserves against any other category of liabilities which includes deposits by reference to which the interest rate on Eurocurrency Loans or LIBO Rate CAF Advances is determined as provided in this Agreement or against any category of extensions of credit or other assets of such Bank which includes any LIBO Rate CAF Advances or Eurocurrency Loans) (such reserves are collectively called "Reserves") the Company shall pay or, if such Eurocurrency Loans are to Affiliates, such Affiliates shall pay to such Bank an amount (reasonably estimated by such Bank) for each day during each Interest Period for such LIBO Rate CAF Advances or Eurocurrency Loans equal to the product of the following:

(i) the principal amount of each LIBO Rate CAF Advance or Eurocurrency Loan to which such Interest Period relates; multiplied by

(ii) the difference between (A) a fraction, the numerator of which is the LIBO Rate (expressed as a decimal) applicable to such LIBO Rate CAF Advance or Eurocurrency Loan and the denominator of which is one (1) minus such Bank's Actual Reserve Cost (defined below) (expressed as a decimal) and (B) the LIBO Rate; multiplied by

(iii) 1/360.

For the purposes of this Section 10.3(b), the "Bank's Actual Reserve Cost" (which shall be reasonably estimated by the relevant Bank) shall be equal to the cost actually incurred by such Bank from time to time during such Interest Period as a result of the requirement that such Bank maintain Reserves with respect to such LIBO Rate CAF Advance or Eurocurrency Loan.

(c) If any Governmental Authority of the jurisdiction of any Foreign Currency (or any other jurisdiction in which the funding operations of any Bank shall be conducted with respect to

such Foreign Currency) shall have in effect any reserve, liquid asset or similar requirement with respect to any category of deposits or liabilities customarily used to fund loans in such Foreign Currency, or by reference to which interest rates applicable to loans in such Foreign Currency are determined, and the result of such requirement shall be to increase the cost to such Bank of making or maintaining any Foreign Currency Loan in such Foreign Currency, and such Bank shall deliver to the Company a notice requesting compensation under this paragraph, then the Company will pay or cause the relevant Affiliate to pay to such Bank on each Interest Payment Date with respect to each affected Foreign Currency Loan an amount that will compensate such Bank for such additional cost.

(d) Notwithstanding any other provision of this Agreement, if, after the date hereof, there shall have occurred any change in national or international financial, political or economic conditions (including the imposition of or any change in exchange controls, but excluding conditions otherwise covered by this Section 10.3) or currency exchange rates which would make it impracticable for the Required Banks to make or maintain Foreign Currency Loans denominated in the relevant currency to, or for the account of, the Company or any Affiliate, then, by written notice to the Company or such Affiliate and to the Administrative Agent:

(i) such Bank or Banks may declare that Foreign Currency Loans (in the affected currency or currencies) will not thereafter (for the duration of such unlawfulness) be made by such Bank or Banks hereunder (or be continued for additional Interest Periods), whereupon any request for a Foreign Currency Loan (in the affected currency or currencies) or to continue a Foreign Currency Loan (in the affected currency or currencies), as the case may be, for an additional Interest Period) shall, as to such Bank or Banks only, be of no force and effect, unless such declaration shall be subsequently withdrawn; and

(ii) such Bank may require that all outstanding Foreign Currency Loans (in the affected currency or currencies), made by it be converted to Base Rate Loans or Loans denominated in United States dollars, as the case may be (unless repaid by the Company or the relevant Affiliate as described below), in which event all such Foreign Currency Loans (in the affected currency or currencies) shall be converted to Base Rate Loans or Loans denominated in United States dollars, as the case may be, as of the effective date of such notice as provided below and at the Exchange Rate on the date of such conversion or, at the option of the Company or the Affiliate, repaid on the last day of the then current Interest Period with respect thereto or, if earlier, the date on which the applicable notice becomes effective.

In the event any Bank shall exercise its rights under this paragraph (d), all payments and prepayments of principal that would otherwise have been applied to repay the converted Foreign Currency Loans of such Bank shall instead be applied to repay the Base Rate Loans or Loans denominated in United States dollars, as the case may be, made by such Bank resulting from such conversion. For purposes of Section 10.3(d), a notice to the Company or Affiliate by any Bank shall be effective as to each Foreign Currency Loan made by such Bank, if lawful, on the last day of the Interest Period currently applicable to such Foreign Currency Loan; in all other cases such notice shall be effective on the date of receipt thereof by the Company or Affiliate.

(e) Each Bank shall take reasonable steps, including without limitation, the designation of a different Eurodollar Lending Office or Foreign Currency Lending Office (unless it would otherwise be disadvantageous to the Bank in its reasonable judgment) if such steps would avoid the need for or reduce the amount of any payment that otherwise would be due under Section 10.3(a), 10.3(b) or 10.3(c). Any amounts payable by the Company or any Affiliate under Sections 10.3(a), 10.3(b) or 10.3(c) shall be remitted after the end of each Interest Period, within 30 days after submission by the Bank to the Company and such Affiliate (with a copy to the Administrative Agent) of a written statement setting forth the amount thereof.

(f) From time to time during the term of this Agreement, upon the request of the Company, each Bank shall provide to the Company (with a copy to the Administrative Agent) its best estimate of such Bank's Actual Reserve Cost incurred or to be incurred with respect to Eurocurrency Loans in the principal amounts specified in the Company's request.

10.4 WITHHOLDING TAXES

(a) Each Bank agrees to take reasonable measures, unless it would otherwise be disadvantageous to such Bank in its reasonable judgment to avoid or minimize withholding taxes in connection with any payments made to such Bank hereunder, including without limitation designating another office of the Bank as the lending office for a Loan.

(b) If the Company or any Affiliate shall be required by law to deduct or withhold any taxes from or in respect of any sum payable hereunder to the Administrative Agent or any Bank, then, subject to Sections 10.4(e) and 10.4(f):

(i) the Company or the Affiliate, as applicable, shall make such deductions;

(ii) the Company or the Affiliate, as applicable, shall pay the full amount deducted to the relevant taxation authority in accordance with applicable law, and shall provide to the Administrative Agent or such Bank upon its request any official receipts or other evidence of payment thereof that the Company or such Affiliate may obtain or have in its possession; and

(iii) if (A) the Administrative Agent or such Bank notifies the Company (pursuant to Section 2.6 or 2.12) at the time that the Company (on behalf of itself or an Affiliate) gives a notice of Borrowing or a notice to extend or convert any Loan that such Bank will require a Gross-up for withholding taxes in connection with such Loan, as so extended or converted, if applicable, or (B) no such notice was given by the Administrative Agent or any Bank, but after a notice of Borrowing, extension or conversion pursuant to Section 2.6 or 2.12 in respect of such Loan was given a change in applicable law or regulation, or a change in the interpretation or administration thereof by any governmental or comparable authority, occurs that requires the Company or any Affiliate to so deduct or withhold taxes from or in respect of any sum payable to the Administrative Agent or such Bank, then the sum payable to the Administrative Agent or such Bank after the Company or the Affiliate makes all required deductions shall be increased by an amount such that the Administrative Agent or such Bank receives a total

amount equal to the sum it would have received had no such deductions been made. If neither the Administrative Agent nor the affected Bank notifies the Company at or prior to the time that the Company (on behalf of itself or an Affiliate) gives a notice of Borrowing or a notice to extend or convert a Loan, as applicable, that the Administrative Agent or such Bank will require a Gross-up in connection with such Loan, as so extended or converted, if applicable, no Gross-up in respect of such Loan will be paid to the Administrative Agent or such Bank, except to the extent that a subsequent change in applicable law or regulation, or a change in the interpretation or administration thereof by any governmental or comparable authority, requires the Company or any Affiliate to deduct or withhold taxes (or an increased amount thereof) from or in respect of any sum payable to the Administrative Agent or such Bank in respect of such Loan. Notwithstanding anything contained in this Section 10.4, in the event that the Company shall fail to comply with its obligations under Section 7.2(b) with respect to a Loan, the Company shall pay (or cause its Affiliate to pay) to the Administrative Agent or affected Bank an amount such that the Administrative Agent or such Bank receives the amount it would have received had no such deductions been made with respect to payments in connection with such Loan.

(c) If a Bank or the Bank's lending office is a foreign person (i.e., a person organized or incorporated under the laws of a country other than that under which the Company is incorporated, if it is the borrower, or an Affiliate is incorporated or organized, if such Affiliate is the borrower), such Bank agrees that:

(i) it shall promptly deliver to the Administrative Agent and either the Company or the Affiliate such accurate and complete signed forms or documentation as may be required from time to time by any applicable law, treaty, rule or regulation as a condition to exemption or other relief from or reduction of tax for withholding purposes; and

(ii) it shall, before or promptly after the occurrence of any event (including the passing of time) requiring a change in or renewal of the most recent forms or documentation previously delivered by such Bank, deliver to the Administrative Agent and either the Company or the Affiliate, as applicable, accurate and complete signed copies of such forms or documentation.

(d) To the extent that, as determined in good faith by the Administrative Agent or any Bank in its sole discretion and without any obligation to disclose its tax records, taxes withheld and paid in accordance with this Section 10.4 for which a Gross-up has been paid have been irrevocably utilized by the Administrative Agent or such Bank (either as credits or deductions) to reduce its tax liabilities and such utilization is consistent with its overall tax policies, the Administrative Agent or such Bank shall pay to the Company or the relevant Affiliate, as the case may be, an amount equal to such reduction obtained to the extent of such Gross-up paid by the Company or the Affiliate to the Administrative Agent or such Bank as aforesaid.

(e) Notwithstanding anything herein to the contrary, the Company and the Affiliates will not be required to pay any Gross-up in respect of taxes described below:

(i) if the obligation to pay such Gross-up would not have arisen but for a failure by a Bank to comply with its obligations under Section 10.4(c) in respect of the applicable lending office; or

(ii) if a Bank shall have delivered to the Company or an Affiliate any form or documentation required by Section 10.4(c) pursuant to which the Bank claims exemption from withholding tax by any jurisdiction or under any treaty of such jurisdiction, and the Bank shall not at any time be entitled to exemption from deduction or withholding of taxes by such jurisdiction in respect of payment by the Company or any Affiliate hereunder for the account of such lending office for any reason other than a change in such jurisdiction's law or regulations or any applicable tax treaty or regulations or in the official interpretation of any such law, treaty or regulations by any Governmental Authority charged with the interpretation or administration thereof after the date of delivery of such form or documentation.

(f) In the event any Bank sells or grants a participation in its rights under this Agreement or any Loan hereunder, such Bank agrees to undertake sole responsibility for complying with any withholding tax requirements relating to the purchaser thereof imposed by any jurisdiction, including, without limitation, those imposed by Sections 1441 and 1442 of the United States Internal Revenue Code of 1986, as amended.

10.5 REPLACEMENT OF BANKS. The Company shall be permitted to replace any Bank that (a) requests reimbursement for amounts owing pursuant to Section 10.3 or 10.4(b) or (b) defaults in its obligation to make Loans hereunder, with a replacement financial institution; provided that (i) such replacement does not conflict with any Requirement of Law, (ii) no Event of Default, Affiliate Event of Default or Event of Default-Bankruptcy shall have occurred and be continuing at the time of such replacement, (iii) prior to any such replacement, such Bank shall have taken no action under Section 10.3(e) or 10.4(a) so as to eliminate the continued need for payment of amounts owing pursuant to Section 10.3 or 10.4(b), (iv) the replacement financial institution shall purchase, at par, all Loans and other amounts owing to such replaced Bank on or prior to the date of replacement, (v) the Company shall be liable to such replaced Bank under Section 2.18 if any Eurocurrency Loan owing to such replaced Bank shall be purchased other than on the last day of the Interest Period relating thereto, (vi) the replacement financial institution, if not already a Bank, shall be reasonably satisfactory to the Administrative Agent, (vii) the replaced Bank shall be obligated to make such replacement in accordance with the provisions of Section 9.1 (provided that the Company shall be obligated to pay the registration and processing fee referred to therein), (viii) until such time as such replacement shall be consummated, the Company shall pay all additional amounts (if any) required pursuant to Section 10.3 or 10.4(b), as the case may be, and (ix) any such replacement shall not be deemed to be a waiver of any rights that the Company, the Administrative Agent or any other Bank shall have against the replaced Bank.

SECTION 11. THE AGENTS

11.1 APPOINTMENT

Each Bank hereby irrevocably designates and appoints the Administrative Agent as the agent of such Bank under this Agreement, and each such Bank irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent.

11.2 DELEGATION OF DUTIES

The Administrative Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care in consultation with the Company.

11.3 EXCULPATORY PROVISIONS

Neither any Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such person under or in connection with this Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Banks for any recitals, statements, representations or warranties made by the Company or any Affiliate or any officer thereof contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Agents under or in connection with, this Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or for any failure of the Company or any Affiliate to perform its obligations hereunder. The Agents shall not be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Company or any Affiliate.

11.4 RELIANCE BY ADMINISTRATIVE AGENT

The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper person or persons and upon advice and statements of legal counsel (including counsel to the Company or any Affiliate), independent accountants and other experts selected by the Administrative Agent. The

Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first receive such advice or concurrence of the Required Banks (or, if so specified by this Agreement, all Banks) as it deems appropriate or it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Banks (or, if so specified by this Agreement, all Banks), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks and all future holders of the Loans.

11.5 NOTICE OF DEFAULT

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any default or Event of Default, Affiliate Event of Default or Event of Default-Bankruptcy unless the Administrative Agent has received notice from a Bank, the Company or an Affiliate referring to this Agreement, describing such default or Event of Default, Affiliate Event of Default or Event of Default-Bankruptcy and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Banks. The Administrative Agent shall take such action with respect to such default or Event of Default, Affiliate Event of Default or Event of Default-Bankruptcy as shall be reasonably directed by the Required Banks (or, if so specified by this Agreement, all Banks); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such default or Event of Default, Affiliate Event of Default or Event of Default-Bankruptcy as it shall deem advisable in the best interests of the Banks.

11.6 NON-RELIANCE ON AGENTS AND OTHER BANKS

Each Bank expressly acknowledges that neither the Agents nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by any Agent hereafter taken, including any review of the affairs of the Company or any Affiliate, shall be deemed to constitute any representation or warranty by any Agent to any Bank. Each Bank represents to the Agents that it has, independently and without reliance upon any Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Company and its Affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Bank also represents that it will, independently and without reliance upon any Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Company and its Affiliates. Except for

notices, reports and other documents expressly required to be furnished to the Banks by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Company and its Affiliates that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

11.7 INDEMNIFICATION

The Banks agree to indemnify each Agent in its capacity as such (to the extent not reimbursed by the Company and the Affiliates and without limiting the obligation of the Company and the Affiliates to do so), ratably according to their respective Aggregate Exposure Percentages in effect on the date on which indemnification is sought under this Section (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such Aggregate Exposure Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of, the Commitments, the Loans, this Agreement, any documents contemplated by or referred to herein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent under or in connection with any of the foregoing; provided that no Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

11.8 AGENT IN ITS INDIVIDUAL CAPACITY

Each Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Company or an Affiliate as though such Agent were not an Agent. With respect to Loans made or renewed by it, each Agent shall have the same rights and powers under this Agreement as any Bank and may exercise the same as though it were not an Agent, and the terms "Bank" and "Banks" shall include each Agent in its individual capacity.

11.9 SUCCESSOR ADMINISTRATIVE AGENT

The Administrative Agent may resign as Administrative Agent upon 45 days' notice to the Banks and the Company. If the Administrative Agent shall resign as Administrative Agent under this Agreement, then the Required Banks shall appoint from among the Banks a successor administrative agent for the Banks, which successor administrative agent shall (unless an Event of Default under Section 8.1(a) or Section 8.3 with respect to the Company shall have occurred and be continuing) be subject to approval by the Company (which approval shall not be unreasonably withheld or delayed), whereupon such successor administrative agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative

Agent" shall mean such successor administrative agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor administrative agent has accepted appointment as Administrative Agent by the date that is 45 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective, and the Banks shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Banks appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section 11 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

11.10 SYNDICATION AGENT

The Syndication Agent shall not have any duties or responsibilities hereunder in its capacity as such.

SECTION 12. MISCELLANEOUS

12.1 NOTICES

Unless otherwise specified herein all notices, requests, demands or other communications to or from the parties hereto shall be in writing and shall be deemed to have been duly given and made, in the case of a letter, upon delivery or three days after deposit in the mail registered first class mail, postage prepaid; and in the case of a facsimile, when a facsimile is sent and receipt is telephonically confirmed; provided, however, that notices pursuant to Section 2.6, 2.8 or 2.12 or any other notices herein which are given by telephone shall not be effective until received by the party to whom notice is given. Unless otherwise specified herein, any such notice, request, demand, or communication shall be delivered or addressed as follows:

(a) if to the Company, to it at 5500 Auto Club Drive, Dearborn, Michigan 48126 U.S.A., Attention: Treasurer (or facsimile number 313-390-3322, Attention: Treasurer);

(b) if to an Affiliate, to it at the address or facsimile number of the Affiliate designated in the Accession Memorandum of such Affiliate;

(c) if to the Administrative Agent, to it at the Notice Office; and

(d) if to the Banks, to each Bank at the address set forth in the administrative questionnaire delivered to the Administrative Agent;

or at such other address or facsimile number as either party hereto may designate by written notice to the other party hereto.

12.2 TERM OF AGREEMENT

The term of this Agreement shall be until the termination of the Commitments or until the payment in full of the Loans and CAF Advances, whichever occurs last, provided that the obligations of the Company or any Affiliate with respect to any payment required to be made by it under this Agreement shall survive the term of this Agreement.

12.3 NO WAIVERS

No failure or delay by the Administrative Agent or any Bank in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

12.4 NEW YORK LAW AND JURISDICTION

(a) THIS AGREEMENT AND EACH ACCESSION MEMORANDUM SHALL BE CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK.

(b) THE COMPANY AND THE AFFILIATES AND THE ADMINISTRATIVE AGENT AND THE BANKS EACH HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE EXCLUSIVE JURISDICTION AND VENUE OF THE COURTS OF THE STATE OF NEW YORK AND OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND THE APPELLATE COURTS FROM ANY THEREOF, FOR PURPOSES OF ANY ACTION ARISING UNDER THIS AGREEMENT OR ANY ACCESSION MEMORANDUM, OR REGARDING ANY LOANS MADE HEREUNDER, AND EACH HEREBY AGREES THAT ANY DISPUTES RELATING TO THIS AGREEMENT OR ANY ACCESSION MEMORANDUM OR ANY LOANS MADE HEREUNDER SHALL BE RESOLVED ONLY IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK. EACH OF THE FOREGOING PARTIES HEREBY STIPULATES THAT THE VENUES REFERENCED IN THIS SECTION 12.4(B) ARE CONVENIENT AND EACH WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE RELATING TO THE VENUE OR CONVENIENCE OF SUCH COURTS. IF FOR ANY REASON CLAIMS HEREUNDER CANNOT BE PURSUED IN ANY OF THE FOREGOING COURTS OF NEW YORK, ALL REFERENCES IN THIS SECTION 12.4(B) TO THE COURTS OF NEW YORK SHALL INSTEAD BE DEEMED TO BE REFERENCES TO THE COURTS OF THE STATE OF MICHIGAN AND OF THE UNITED STATES FOR THE EASTERN DISTRICT OF MICHIGAN. ENFORCEMENT OF FINAL, NONAPPEALABLE JUDGMENTS RECEIVED IN ANY OF THE FOREGOING COURTS MAY ALSO BE SOUGHT IN ANY OTHER APPROPRIATE COURT OR JURISDICTION.

(c) The Secretary of the Company shall be the agent for service of process with regard to all claims hereunder by the Administrative Agent or Banks against any Affiliate.

12.5 ENTIRE AGREEMENT

This Agreement, together with any Accession Memoranda, constitutes the entire understanding between the parties with respect to the subject matter of this Agreement and supersedes any prior discussions, negotiations, agreements and understandings. The parties hereto acknowledge that the general banking or business conditions or any similar bank lending rules or requirements of any organization not having the force of law, now or hereafter in effect shall not be applicable to this Agreement, the Accession Memoranda or any Loans made hereunder to the Company or any Affiliate by the Banks.

12.6 PAYMENT OF CERTAIN EXPENSES

(a) Except to the extent otherwise agreed upon in writing by the parties hereto, the Company agrees to pay or reimburse the Administrative Agent for all its out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and any other documents prepared in connection herewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and disbursements of counsel to the Administrative Agent, with statements with respect to the foregoing to be submitted to the Company prior to the Effective Date (in the case of amounts to be paid on the Effective Date) and from time to time thereafter on a quarterly basis or such other periodic basis as the Administrative Agent shall deem appropriate.

(b) The Company, with respect to an Event of Default and Event of Default -- Bankruptcy and Loans to it, or an Affiliate, with respect to an Affiliate Event of Default by such Affiliate and Loans to such Affiliate, will

(i) upon the occurrence of an Event of Default, Event of Default -- Bankruptcy, or Affiliate Event of Default, as applicable, pay all reasonable out-of-pocket expenses incurred by the Administrative Agent and the Banks (including counsel fees) in connection with such Event of Default, Event of Default -- Bankruptcy, or Affiliate Event of Default and collection and other enforcement proceedings resulting therefrom; and

(ii) pay all stamp and other taxes, if any, which may be determined to be payable in connection with the execution and delivery of this Agreement and any Accession Memoranda, or in connection with any modification of any Accession Memoranda or this Agreement or any waiver or consent under or in respect of this Agreement or any Accession Memoranda, and will save the Administrative Agent and the Banks harmless against any loss or liability (including interest and penalties) resulting from nonpayment or delay in payment of any such taxes.

(c) If an Affiliate borrows a Foreign Currency Loan denominated in the euro from a Foreign Currency Lending Office that is not located in the same Participating Member State as the Affiliate, the Affiliate will pay all reasonable out-of-pocket expenses incurred by the Banks in making such cross-border Loan (but limited solely to expenses directly attributable to the cross-border nature of such Loan, and not including any withholding taxes which are addressed

separately by Section 10.4). Each Bank shall take reasonable steps, including without limitation, the designation for purposes of such Loan of a Foreign Currency Lending Office located in a different country (unless it would otherwise be disadvantageous to such Bank in its reasonable judgment) if such steps would avoid or reduce such expenses.

(d) The Company and the Affiliate jointly and severally agree to pay, indemnify, and hold each Bank and the Administrative Agent and their respective officers, directors, employees, affiliates, agents and controlling persons (each, an "Indemnatee") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement, including any of the foregoing relating to the use of proceeds of the Loans or the violation of, noncompliance with or liability under, any environmental law applicable to the operations of the Company or any of its Subsidiaries or any of their respective owned or leased properties and the reasonable fees and expenses of legal counsel in connection with claims, actions or proceedings by any Indemnatee against the Company or any Affiliate (all the foregoing in this clause (d), collectively, the "Indemnified Liabilities"), provided, that neither the Company nor any Affiliates shall have any obligation hereunder to any Indemnatee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnatee. Without limiting the foregoing, and to the extent permitted by applicable law, the Company and its Affiliates agree not to assert and to cause their Subsidiaries not to assert, and hereby waives and agrees to cause its Subsidiaries to waive all rights for contribution or any other rights of recovery with respect to all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, under or related to environmental laws, that any of them might have by statute or otherwise against any Indemnatee. All amounts due under this Section 12.6 shall be payable not later than 10 days after written demand therefor.

(e) The obligations of the Company and the Affiliates under this Section 12.6 shall survive payment of the Loans.

12.7 JUDGMENT CURRENCY

If for the purposes of obtaining judgment in any court it is necessary to convert a sum due from a party borrowing or making Loans hereunder in the currency expressed to be payable hereunder (for purposes of this Section 12.7, the "specified currency") into another currency, the rate of exchange used shall be the Spot Rate on the day that final, nonappealable judgment is given. The obligations of such parties hereunder in respect of any sum due to another party hereunder shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Eurodollar Business Day following receipt by a party of any sum adjudged to be so due in such other currency such party may in accordance with normal, reasonable banking or foreign exchange procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to such party, in the specified currency, the party which owed such sum agrees, to the fullest extent that it may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify the party to which the sum was owed against such loss.

12.8 CHANGES, WAIVERS, ETC.; ADJUSTMENTS

(a) Neither this Agreement nor any provision hereof may be amended, supplemented, changed, waived, discharged or terminated orally, but only by a statement in writing signed by the Company and the Required Banks or, with the consent of the Required Banks, the Company and the Administrative Agent; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) forgive the principal amount or extend the final scheduled date of maturity of any Loan or CAF Advance, reduce the stated rate of any interest or fee payable hereunder or extend the scheduled date of any payment thereof, or increase the amount or extend the termination date of any Bank's Commitment, in each case without the written consent of each Bank directly affected thereby; (ii) eliminate or reduce the voting rights of any Bank under this Section 12.8 without the written consent of such Bank; (iii) reduce any percentage specified in the definition of Required Banks, consent to the assignment or transfer by the Company of any of its rights and obligations under this Agreement, or release the Company from its guarantee obligations under Section 4 in each case without the written consent of all Banks; (iv) add currencies as Foreign Currencies under this Agreement without the written consent of all Banks; or (v) amend, modify or waive any provision of Section 11 without the written consent of each Agent. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Banks and shall be binding upon the Company, the Affiliates, the Banks, the Agents and all future holders of the Loans. In the case of any waiver, the Company, the Affiliates, the Banks and the Administrative Agent shall be restored to their former position and rights hereunder, and any default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other default or Event of Default, or impair any right consequent thereon.

(b) Except to the extent that this Agreement expressly provides for payments to be allocated to a particular Bank, if any Bank (a "Benefitted Bank") shall receive any payment of all or part of the Obligations owing to it in a greater proportion than any such payment to any other Bank, if any, in respect of the Obligations owing to such other Bank, such Benefitted Bank shall purchase for cash from the other Banks a participating interest in such portion of the Obligations owing to each such other Bank as shall be necessary to cause such Benefitted Bank to share the excess payment ratably with each of the Banks; provided, however, that if all or any portion of such excess payment is thereafter recovered from such Benefitted Bank, such purchase shall be rescinded and the purchase price returned, to the extent of such recovery, but without interest.

12.9 SEVERABILITY

If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Agreement shall be valid and enforceable to the extent permitted by law.

12.10 SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

12.11 COUNTERPARTS

This Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument. Complete sets of counterparts shall be delivered to the Company, the Administrative Agent and the Banks.

12.12 THIRD PARTY BENEFICIARIES

Each of the Affiliates of the Company and each office, branch or affiliate of the Administrative Agent and the Banks which make Loans or CAF Advances hereunder shall be a third party beneficiary of this Agreement.

12.13 ELECTRONIC RECORDING

The parties to this Agreement may electronically record any telephone communications with one another relating to any preliminary or final notices of any Borrowing, CAF Advance Borrowing, or any extension and conversion of Loans pursuant to Section 2.6, 2.8 or 2.12. In the event that any electronically recorded final notice of Borrowing, CAF Advance Borrowing or extension or conversion differs from the terms of the corresponding written notice of Borrowing, CAF Advance Borrowing or extension or conversion, the terms of the electronically recorded notice shall control.

12.14 AGGREGATION OR COMPARISON OF AMOUNTS IN DIFFERENT CURRENCIES; CALCULATION OF CERTAIN FEES

Whenever any provision of this Agreement requires the aggregation of two or more amounts denominated in different currencies (e.g., the aggregation of the principal amounts of Loans and CAF Advances outstanding in different currencies), or the comparison of two amounts denominated in different currencies (e.g., the requirement that the principal amount of Foreign Currency Loans not exceed an amount expressed in United States dollars), such amounts denominated in a Foreign Currency shall be notionally converted, for purposes of such aggregation or comparison, to the Equivalent thereof in United States dollars, such that the result of such aggregation or comparison shall be an amount or amounts expressed in United States dollars. Similarly, whenever any provision of this Agreement requires the calculation of a fee as a per annum percentage of a particular amount (e.g., the Utilization Fee), the amounts upon which such fee is to be calculated shall be notionally converted to the Equivalent thereof in United States dollars, so that the result of such calculation shall be a fee amount expressed in United States dollars.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be
duly executed as of the date first above written.

VISTEON CORPORATION

By: /s/Peter Look

Title: Vice President and Treasurer

JPMORGAN CHASE BANK, as Administrative
Agent and as a Bank

By: /s/Robert P. Kellas

Title: Vice President

CITIBANK, N.A., as Syndication Agent
and as a Bank

By: /s/Wayne Beckmann

Title: Managing Director

Visteon Corporation and Subsidiaries
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(in millions)

	First Half	For the Years Ended December 31,				
	2003	2002	2001	2000	1999	1998
	-----	-----	-----	-----	-----	-----
Earnings						
Income/(loss) before income taxes, minority interest and change in accounting	\$ (275)	\$ (117)	\$ (169)	\$ 439	\$ 1,172	\$ 1,116
Earnings of non-consolidated affiliates	(30)	(44)	(24)	(56)	(47)	(26)
Cash dividends received from non-consolidated affiliates	33	16	12	17	24	17
Fixed charges	63	139	174	215	173	103
Capitalized interest, net of amortization	2	1	(2)	(3)	(1)	1
	-----	-----	-----	-----	-----	-----
Earnings	\$ (207)	\$ (5)	\$ (9)	\$ 612	\$ 1,321	\$ 1,211
	=====	=====	=====	=====	=====	=====
Fixed Charges						
Interest and related charges on debt	\$ 49	\$ 109	\$ 139	\$ 176	\$ 149	\$ 86
Portion of rental expense deemed to be interest	14	30	35	39	24	17
	-----	-----	-----	-----	-----	-----
Fixed charges	\$ 63	\$ 139	\$ 174	\$ 215	\$ 173	\$ 103
	=====	=====	=====	=====	=====	=====
Ratios						
Ratio of earnings to fixed charges*	N/A	N/A	N/A	2.8	7.6	11.8

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* For the First Half ended June 30, 2003 and the years ended December 31, 2002 and 2001 fixed charges exceeded earnings by \$270 million, \$144 million and \$183 million, respectively, resulting in a ratio of less than one.

July 24, 2003

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Commissioners:

We are aware that our report dated July 16, 2003 on our review of interim financial information of Visteon Corporation (the "Company") as of and for the period ended June 30, 2003, and included in the Company's quarterly report on Form 10-Q for the quarter then ended is incorporated by reference in its Registration Statements on Form S-3 (No. 333-85406) and Form S-8 (Nos. 333-39756, 333-39758, and 333-40202).

Very truly yours,

/s/PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)

I, PETER J. PESTILLO, CERTIFY THAT:

1. I have reviewed this quarterly report on Form 10-Q of Visteon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2003

/s/ Peter J. Pestillo

 Peter J. Pestillo
 Chairman and Chief Executive Officer
 (Principal Executive Officer)

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)

I, DANIEL R. COULSON, CERTIFY THAT:

1. I have reviewed this quarterly report on Form 10-Q of Visteon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2003

/s/ Daniel R. Coulson

 Daniel R. Coulson
 Executive Vice President and
 Chief Financial Officer
 (Principal Financial Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SS.1350
AND EXCHANGE ACT RULE 13a-14(b)

Solely for the purposes of complying with 18 U.S.C. ss.1350 and Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), I, the undersigned Chairman and Chief Executive Officer of Visteon Corporation (the "Company"), hereby certify, based on my knowledge, that Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2003 (the "Report") fully complies with the requirements of Section 13(a) of the Exchange Act and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Peter J. Pestillo

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Peter J. Pestillo
July 29, 2003

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO 18 U.S.C. SS.1350
AND EXCHANGE ACT RULE 13a-14(b)

Solely for the purposes of complying with 18 U.S.C. ss.1350 and Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), I, the undersigned Executive Vice President and Chief Financial Officer of Visteon Corporation (the "Company"), hereby certify, based on my knowledge, that Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2003 (the "Report") fully complies with the requirements of Section 13(a) of the Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Daniel R. Coulson

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Daniel R. Coulson
July 29, 2003

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

NEWS RELEASE

Contact(s): Media Inquiries:
Marjorie Sorge
313-755-5773
msorge@visteon.com

Visteon Corporation
Corporate Communications
17000 Rotunda Drive
Dearborn, Michigan 48120
Facsimile: 313-755-7983

Investor Inquiries:
Derek Fiebig
313-755-3699
dfiebig@visteon.com

[VISTEON(R) LOGO]

VISTEON NAMES ANJAN CHATTERJEE SENIOR VICE PRESIDENT, STRATEGY AND BUSINESS PLANNING

DEARBORN, Mich., July 25, 2003 - Visteon Corporation (NYSE:VC) has named Anjan Chatterjee, senior vice president, strategy and business planning. In this position he will further develop the company's strategic global direction by integrating existing product lines, marketing, manufacturing and supply chain strategies into a single, customer-connected organization.

"Anjan's experience is broad-based, spanning strategy, product, distribution and operations," said Chairman and CEO Peter Pestillo. "We are confident his fresh-eye look at our business and product strategies will enhance the progress Visteon has already made as a top Tier One supplier."

Chatterjee comes to Visteon from McKinsey and Company where he was a director and North America automotive sector leader. In that role he advised numerous OEMs and Tier One suppliers on strategy and operating issues. He also established McKinsey and Company's Detroit office and grew that team to 50 professionals over the last five years.

"Anjan will take a hands-on approach to enhancing our strategic direction," said President and COO Mike Johnston. "His expertise will create process improvements that allow Visteon to move more quickly through the decision-making process while improving product development and speed to market."

Chatterjee also was a partner at A.T. Kearney, where he focused on strategy and operational engagements, and a principal at Booz Allen Hamilton in the computer, semiconductor and technology areas. Early in his career he worked for NASA as a computer scientist in the space and technology program.

He received a Bachelor of Science degree in electrical engineering from IIT in Delhi, India, a Master of Science degree in computer science from George Washington University and an MBA from Stanford University.

Chatterjee will join Visteon in August. He will report to Pestillo and will be a member of Visteon's Strategy Council.

Visteon Corporation is a leading full-service supplier that delivers consumer-driven technology solutions to automotive manufacturers worldwide and through multiple channels within the global automotive aftermarket. Visteon has approximately 75,000 employees and a global delivery system of more than 180 technical, manufacturing, sales, and service facilities located in 25 countries.

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Photos of Anjan Chatterjee as well as Visteon news releases, photographs and product specification details are available at www.visteon.com