Hearing Date: October 21, 2010 at 9:45 a.m. (Eastern Time)
Objection Deadline: October 14, 2010 at 4:00 p.m. (Eastern Time)

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	Chapter 11
Motors Liquidation Company., *et al.*, *f/k/a General Motors Corp., et al.*,	:	Case No. 09-50026 (REG)
Debtors.	:	(Jointly Administered)

LIMITED OBJECTION OF GREEN HUNT WEDLAKE, INC., TRUSTEE OF GENERAL MOTORS NOVA SCOTIA FINANCE COMPANY, TO DEBTORS' PROPOSED DISCLOSURE STATEMENT

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Green Hunt Wedlake, Inc., in its capacity as trustee (the "**Nova Scotia Trustee**") for General Motors Nova Scotia Finance Company ("**GM Nova Scotia**"), by and through its undersigned counsel, hereby submits this limited objection (the "**Limited Objection**") to the *Debtors' Motion for an Order (i) Approving Notice of Disclosure Statement Hearing; (ii) Approving Disclosure Statement; (iii) Establishing a Record Date; (iv) Establishing Notice and Objection Procedures for Confirmation of the Plan; (v) Approving Solicitation Packages; and Procedures for Distribution Thereof; (vi) Approving the Forms of Ballots and Establishing Procedures for Voting on the Plan; and (vii) Approving the Form of Notices to Non-Voting Classes under the Plan* (Docket No. 6854) (the "**Motion**"). In support of this Limited Objection, the Nova Scotia Trustee respectfully represents as follows:

PRELIMINARY STATEMENT

1. By the Motion, the Debtors[1] ask this Court to approve a disclosure statement (Docket No. 6830) (the "**Disclosure Statement**") that contains material omissions, not only with respect to the Nova Scotia Trustee's claim, but also with respect to the treatment of similarly situated unsecured creditors. The Nova Scotia Trustee has provided the Debtors with proposed language to resolve each of its objections to the Disclosure Statement (aside from Claims estimate information, which only the Debtors possess). To date, the Debtors have refused to incorporate the Nova Scotia Trustee's requested disclosures. Attached hereto as Exhibit A is the proposed language that would resolve this Limited Objection.

2. Without revision and supplemental information—such as a description of the Nova Scotia Trustee's Claim and the amount in which the Nova Scotia Trustee's Claim may be

[1] Terms not otherwise defined herein shall have the meanings ascribed to such terms in the Proposed Debtors' Joint Chapter 11 Plan, dated August 31, 2010 (Docket No. 6829) (the "**Plan**") and Disclosure Statement.

Allowed—creditors will not be able to make an informed judgment whether to vote to accept or reject the Plan.

BACKGROUND

3. The Nova Scotia Trustee is the statutory trustee appointed under the Bankruptcy and Insolvency Act in Canada (the "**BIA**") to oversee the winding up proceedings of GM Nova Scotia. GM Nova Scotia is a Nova Scotia unlimited company and a direct, wholly owned subsidiary of MLC. GM Nova Scotia was formed to issue debt and allow the General Motors group to benefit from favorable tax treatment in both the United States and Canada. GM Nova Scotia is the issuer of notes under the Fiscal and Paying Agency Agreement among GM Nova Scotia, General Motors Corp., Deutsche Bank Luxembourg S.A., as fiscal agent, and Banque Général du Luxembourg S.A., as paying agent, dated as of July 10, 2003 (the "**Fiscal and Paying Agency Agreement**"). According to the proofs of claim filed in these cases by the Noteholders (as defined below), as of the date of GM Nova Scotia's bankruptcy order, there were approximately $1.07 billion in notes outstanding under the Fiscal and Paying Agency Agreement (the "**GM Nova Scotia Notes**"). GM Nova Scotia is the primary obligor on the GM Nova Scotia Notes and MLC is a guarantor of the GM Nova Scotia Notes. Accordingly, the holders of the GM Nova Scotia Notes (the "**Noteholders**") have a claim against MLC on account of such guarantee (the "**Guarantee Claim**").

4. Prior to the Commencement Date, GM Nova Scotia was also party to a currency swap arrangement (the "**Swap Arrangement**") with MLC. MLC assumed the Swap Arrangement in connection with the 363 Transaction and assigned such arrangement to New GM. New GM has filed a claim in the Winding Up Proceeding (defined below) alleging that GM Nova Scotia's liability under the Swap Arrangement as of October 9, 2009 was approximately $564 million (the "**Swap Liability**").

5. On October 9, 2009, the Supreme Court of Nova Scotia entered an order declaring GM Nova Scotia bankrupt under the BIA and appointing the Nova Scotia Trustee to oversee GM Nova Scotia's winding up (the "**Wind Up Proceeding**"). The Nova Scotia Trustee, as an officer of the Supreme Court of Nova Scotia, has obligations to the creditors of GM Nova Scotia, including the obligation to examine claims against GM Nova Scotia and maximize GM Nova Scotia's assets for distribution to its creditors.

6. The Nova Scotia Trustee's claim against MLC arises out of section 135 of the *Companies Act* Nova Scotia (the "**Companies Act**"). Because GM Nova Scotia is an unlimited company, upon its winding up, its members are exposed to unlimited liability for its obligations, including unpaid debts and the costs of administering the winding up proceeding. *Companies Act*, R.S.N.S. 1989, c. 81 (Nova Scotia). In connection with the Wind Up Proceeding, the Noteholders have asserted claims against GM Nova Scotia for in excess of $1.04 billion. MLC's obligations to the Noteholders and in respect of the Swap Liability, which aggregate $1,607,647,592.49, plus additional windup costs (collectively, the "**Wind Up Claim**"), are assertable against MLC as the sole member of GM Nova Scotia pursuant to the Companies Act.

7. On November 25, 2009, the Nova Scotia Trustee filed a proof of claim (claim no. 65814) against MLC for not less than $1,607,647,592.49 in respect of the Wind Up Claim. On November 30, 2009, the Nova Scotia Trustee filed an amended claim (claim no. 66319), providing additional detail regarding the Wind Up Claim.[2]

8. GM Nova Scotia is also party to a prepetition agreement with GM Canada, MLC and certain of the Noteholders providing for their mutual cooperation in connection with the 363

[2] By an omnibus objection dated September 17, 2010, the Debtors objected to the claim no. 65814 as duplicative of claim no. 66319. The Nova Scotia Trustee has not contested this non-substantive objection, but reserves all rights with respect to the amended proof of claim.

Transaction and MLC's Chapter 11 Cases (the "**Lock Up Agreement**").[3] The Lock Up Agreement, the product of extensive negotiation among the MLC, GM Canada and their significant creditor constituencies, was signed on June 1, 2009 and contained the following material terms:

- GM Nova Scotia, GM Canada and MLC agreed that (i) the Wind Up Claim is enforceable against MLC as a general unsecured claim, (ii) the GM Nova Scotia Notes are enforceable against GM Nova Scotia in their full amount, and (iii) the Guarantee Claim is enforceable against MLC as a general unsecured claim. *See* Lock Up Agreement at ¶ 6(a), 6(b)(ii), (iii).

- GM Nova Scotia agreed to consent to entry of an order under the BIA and appointment of the Nova Scotia Trustee. *See* Lock Up Agreement at ¶ 6(b)(i).

- GM Canada funded a fee (the "**Consent Fee**") into an escrow account, which would be payable to the Noteholders upon their passing an extraordinary resolution. *See* Lock Up Agreement at ¶ 2.

- GM Canada was relieved of its liability under certain intercompany loans to GM Canada (the "**GM Canada Loans**"), *provided, however*, that if the Consent Fee is successfully challenged, the full amount owing under the GM Canada Loans will be immediately due and payable by GM Canada to GM Nova Scotia. *See* Lock Up Agreement at ¶ 5(b).

- The Noteholders agreed to discontinue prosecution of certain litigation against GM Nova Scotia, GM Canada, GM and their respective officers and directors, *provided, however,* that the action may be reinstituted if the Consent Fee is required to be disgorged. *See* Lock Up Agreement at ¶ 5(a).

- MLC agreed that if, for any reason, any portion of the Wind Up Claim is disallowed, GM Nova Scotia's liability to MLC on the Swap Claim would be subordinated to full repayment of the GM Nova Scotia Notes. MLC further agreed not to assert any setoff rights with respect to the Wind Up Claim. *See* Lock Up Agreement at ¶ 6(b)(v), (vi).

The Lock Up Agreement also contained termination provisions in the event any party to the Lock Up Agreement failed to uphold its obligations. *See* Lock Up Agreement at ¶3. As noted

[3] A copy of the Lock Up Agreement is attached hereto as Exhibit B.

above, in connection with the 363 Transaction, MLC assumed and assigned the Lock Up Agreement to New GM.

9. On July 2, 2010, the Official Committee of Unsecured Creditors filed its *Objection to Claims Filed by Green Hunt Wedlake, Inc. and Noteholders of General Motors Nova Scotia Finance Company and Motion for Other Relief* (Docket No. 6248) (the "**Claims Objection**"). Through the Claims Objection, the Committee is seeking disallowance of or, in the alternative, equitable subordination of the Wind Up Claim and certain of the Noteholders' Claims. A hearing on the Claims Objection is currently scheduled for November 18, 2010. Despite their obligations under the Lock Up Agreement, to date, the Debtors and New GM have remained silent regarding the Claims Objection.

10. On August 31, 2010, the Debtors filed the Plan and Disclosure Statement, neither of which references either the Wind Up Claim or the Lock Up Agreement.

LIMITED OBJECTION

11. Bankruptcy Code section 1125 defines "adequate information" as "information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor's books and records… that would enable … a hypothetical investor of the relevant class to make an informed judgment about the plan." 11 U.S.C. § 1125(a)(1). The disclosure statement is the primary source of information upon which creditors rely in making an informed judgment about a plan of reorganization and, accordingly, it must provide sufficient information to enable an impaired class to evaluate a plan. *Momentum Mfg. Corp. v. Empl. Creditors Comm.* (*In re Momentum Mfg. Corp.*), 25 F.3d 1132, 1136 (2d Cir. 1994); *In re Feldman*, 53 B.R. 355, 358-59 (Bankr. S.D.N.Y. 1985); *In re Scioto Valley Mortg. Co.*, 88 B.R. 168, 172 (Bankr. S.D. Ohio 1988). A disclosure statement should not be approved "if it does not contain such information so that all creditors and equity shareholders can make an

intelligent and informed decision as to whether to accept or reject the plan." *In re Copy Crafters Quickprint, Inc.*, 92 B.R. 973, 980 (N.D.N.Y. 1988); *see also Kunica v. St. Jean Fin. Inc.*, 233 B.R. 46, 54 (S.D.N.Y. 1999) (citing *In re Oneida Motor Freight, Inc.*, 848 F.2d 414, 417-18 (3d Cir. 1988), *cert denied*, 488 U.S. 967 (1988)) ("The importance of full disclosure is underlaid [sic] by the reliance placed upon the disclosure statement by the creditors and the court.").

12. What constitutes adequate information in any particular instance must be determined based on the facts and circumstances presented by each case. *In re Ionosphere Clubs, Inc.*, 179 B.R. 24, 29 (S.D.N.Y. 1995) (adequacy of a disclosure statement is to be determined on a case by case basis); *Quickprint*, 92 B.R. at 979 (same). In virtually every circumstance, however, a debtor must disclose all claims and liabilities in order to comply with Bankruptcy Code section 1125(a). *See, e.g.*, *In re Malek*, 35 B.R. 443, 444 (Bankr. E.D. Mich, 1983) ("The Debtor must also provide financial information sufficient to inform the creditors of all liens, encumbrances, security interests, loans or other financial obligations which may impair the Debtor or his assets."); *Scioto*, 88 B.R. at 170-71 (finding that "information regarding claims against the estate" should be included in a disclosure statement). In sum, despite the fluid definition of adequate information, there is little disagreement that material claims against the estate must be disclosed.

A. The Disclosure Statement Fails to Provide Adequate Information Regarding the Debtors' Obligations Under the Lock Up Agreement and the Related Wind Up Claim

13. As drafted, the Disclosure Statement omits any reference to the Debtors' obligations under the Lock Up Agreement and in respect of the Wind Up Claim. Without appropriate disclosure of these issues, creditors entitled to vote on the Plan will be unable to evaluate the plan properly or make an informed judgment when voting to accept or reject the Plan.

14. As discussed above, the Wind Up Claim is a statutory claim, the validity of which is mandated by applicable non-bankruptcy law and the allowance of which MLC confirmed prepetition. For the benefit of creditors entitled to vote on the Plan, it is crucial that the Disclosure Statement elaborate on the allowance of the Wind Up Claim and the potential consequences of MLC's failure to abide by its obligations under the Lock Up Agreement.

15. The Debtors' compliance with the terms of the Lock Up Agreement was material to the resolution of the Noteholders' prepetition litigation against MLC, GM Canada, and GM Nova Scotia. The Debtors' failure to continue to comply with the entirety of the Lock Up Agreement not only materially and negatively impacts the Nova Scotia Trustee, but also may give rise to additional causes of action against MLC, GM Canada and/or New GM that could adversely impact creditor recoveries. First, the Lock Up Agreement specifically obligates MLC (and, following assumption and assignment of the agreement, New GM) to support the allowance of the Wind Up Claim. Lock Up Agreement at ¶ 6(b)(iii), (viii). Failure to comply with this obligation could subject MLC and/or New GM to litigation and postpetition liability. Second, upon a material breach of the Lock Up Agreement by MLC or New GM, the Noteholders may, among other things, terminate the Lock Up Agreement and reinstate litigation against GM, GM Nova Scotia and GM Canada. Third, to the extent the Consent Fee is required to be disgorged, GM Canada (and ultimately New GM) will be subject to additional liabilities for the full amount of the GM Canada Loans (approximately CAN$1.3 billion), which may impact the value of securities to be distributed to unsecured creditors of MLC under the Plan. Without disclosure of the Wind Up Claim, the obligations in the Lock Up Agreement (including the requirement to allow the Wind Up Claim) and the consequences for the breach of the Lock Up

Agreement by MLC and/or New GM, creditors will not have sufficient information to vote on the Debtors' Plan.

B. Inconsistencies in the Defined Terms Leave Creditors Unclear on their Treatment Under the Plan

16. The Disclosure Statement must be modified to remedy certain drafting errors that could confuse creditors about the nature and amounts of their Claims, and whether such Claims will be Allowed under the Plan. Specifically:

- The definition of Eurobond Claims is overly broad, encompassing all Claims against the Debtors "*arising under or in connection with* [the applicable agreements]." Plan, Art. 1.72 (emphasis added). Because the definition is vague and could be read to improperly encompass both the Guarantee Claim and the Wind Up Claim, the Plan and Disclosure Statement should be modified to define the Guarantee Claim separately from the Wind Up Claim.

- The Disclosure Statement provides that the Eurobond Claims will be Allowed. Disclosure Statement III.C. However, the definition of "Disputed" suggests that the Wind Up Claim and the Guarantee Claim, each of which are subject to an objection, are Disputed for purposes of the Plan. Plan, Art. 1.53. The Disclosure Statement and Plan should be modified to specifically allow the Guarantee Claim and the Wind Up Claim.

- The Disclosure Statement explains that the GUC Trust Administrator will have the authority to sell New Warrants that are set to expire, including the New Warrants held in the Disputed Claims Reserve, and distribute the proceeds to holders of Allowed General Unsecured Claims. Disclosure Statement at III.F.6; Plan, Art. 5.2(e). The Disclosure Statement does not, however, indicate that the proceeds from New Warrants in the Disputed Claims Reserve will be held for the benefit of Disputed Claims, pending resolution of such Claims. The Disclosure Statement should thus specify that the appropriate proceeds will be maintained in the Disputed Claims Reserve.

- The Disclosure Statement explains that the GUC Trust Administrator will have the authority to sell the GUC Trust Assets. Disclosure Statement at III.G.2.f; Plan, Art. 6.2(f). The Disclosure Statement fails, however, to explain whether the GUC Trust Administrator will be authorized to sell GUC Trust Assets held on account of Disputed Claims. The Disclosure Statement should specify that the GUC Trust Administrator will not have the power to sell the GUC Trust Assets being held on account of Disputed Claims, except in accordance with Article 5.2(e) of the Plan.

- The Disclosure Statement fails to adequately describe the disputed claims reserve that will be created for holders of Disputed General Unsecured Claims.

Specifically, the Debtors fail to disclose the amount of New GM Securities and Cash that will be retained for Disputed Claims. Disclosure Statement at III.C.; Plan, Art. 4.3(a). The Disclosure Statement must, therefore, be amended to disclose the percentage of New GM Securities and Cash that will be retained, pending resolution of the Disputed Claims.

- Although the Disclosure Statement includes estimation procedures, the current language fails to indicate whether the proposed process for estimation of Claims is intended to fix the amount of the Claims for voting purposes or distribution purposes. Disclosure Statement at III.H.3; Plan, Art. 7.3. Creditors are entitled to clear notice regarding potential limitations of their Claims. Accordingly, the procedures should be revised to specify the purposes for which the estimated Claim amount will be used. In addition, the Wind Up Claim and the Guarantee Claim should be specifically excluded from the estimation procedures and deemed Allowed under the Plan.

- The Disclosure Statement explains that the Plan provides for the payment of the reasonable fees and expenses of the Indenture Trustees, but it fails to describe (i) the mechanism for distribution to the Noteholders and (ii) whether the Debtors will provide for the payment of the reasonable fees and expenses of the Fiscal and Paying Agents. Plan, Art. 2.5. The Plan must be amended to specifically provide for distributions to be made through the Fiscal and Paying Agents, as required by the Fiscal and Paying Agency Agreement, and to provide for payment of the associated fees. To the extent such expenses will not be paid by the estates, the Noteholders' recoveries will be proportionally reduced to cover such costs. The Debtors must therefore disclose why the Noteholders will be treated differently from similarly situated unsecured creditors.

The Nova Scotia Trustee has provided the Debtors with language that would resolve each of the foregoing objections, but as of the filing of this Limited Objection, the Debtors have not agreed to revise the Plan and Disclosure Statement.

C. The Disclosure Statement Must be Amended to Include the Missing Claim Amounts

17. The Disclosure Statement must be modified in order to give all creditors a range of recoveries or, at a minimum, the quantum of creditors who will share in the limited assets at each class.[4] As drafted, the Disclosure Statement does not allow creditors to make an informed judgment on the Plan because it omits (i) Allowed Claim amounts with respect to material

[4] The Debtors believe estimates of recoveries are unnecessary because of the liquidating nature of the Plan. See Disclosure Statement at Art. III.

Claims (including the Wind Up Claim) and (ii) estimated total Allowed Claims in each class. Without estimates of the amounts of Allowed Claims that will share in the distributions to each Class, the Disclosure Statement fails to meet the standards set forth in Bankruptcy Code section 1125 and cannot be approved.

CONCLUSION

WHEREFORE, for all of the foregoing reasons, the Nova Scotia Trustee respectfully requests that the Court (i) deny the relief requested in the Motion or, in the alternative, require the Debtors to modify the Disclosure Statement to incorporate the Nova Scotia Trustee's proposed revisions before the Disclosure Statement can be approved and (ii) grant the Nova Scotia Trustee such other and further relief as this Court deems just, proper and equitable.

Dated: October 14, 2010

Respectfully Submitted,

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EXHIBIT A

Proposed Revisions to Disclosure Statement

[*Objection 1: The Plan and Disclosure Statement do not reference the Wind Up Claim or MLC's obligations under the Lock Up Agreement.*]

Plan Section I (definitions)

Companies Act means *Companies Act* (Nova Scotia), being Chapter 81 of the Revised Statutes of Nova Scotia, 1989, as amended.

GM Nova Scotia means General Motors Nova Scotia Finance Company, a non-debtor, which was declared bankrupt under the Bankruptcy and Insolvency Act (Canada) on October 9, 2009.

Global Proof of Claim means the global proof of claim (No. 69551) related to the Guarantee Claim which was filed in the aggregate amount of $1,072,557,531.72 (converted to U.S. dollars using the exchange rate 1.6443) less the amount of certain Individual Proofs of Claim identified therein pursuant to the *Order Granting in Part and Denying in Part the Motion of Certain Noteholders for an Order Modifying the Bar Date Order* (Docket No. 4704).

Guarantee Claim means the guarantee Claim against MLC arising as a result of MLC's guarantee of the Nova Scotia Notes under the Nova Scotia Fiscal and Paying Agency Agreement. The Guarantee Claim has been asserted in the amount of $1,072,557,531.72, plus any additional amounts owed under the Nova Scotia Fiscal and Paying Agency Agreement.

Individual Proofs of Claim means the individual proofs of claim filed by Nova Scotia Noteholders on account of their Guarantee Claim.

Lock Up Agreement means that certain agreement, dated as of June 1, 2009, among GM Nova Scotia, GM Canada, GM Nova Scotia Investments Ltd., GM and certain Nova Scotia Noteholders, as amended or modified, which was assumed and assigned to New GM pursuant to the 363 Transaction.

Nova Scotia Fiscal and Paying Agency Agreement means that certain Fiscal and Paying Agency Agreement, dated as of July 10, 2003, among GM Nova Scotia, MLC, Deutsche Bank Luxembourg S.A., as fiscal agent, and Banque Générale du Luxembourg S.A., as paying agent, as amended or modified.

Nova Scotia Notes means the £350,000,000 8.375% Guaranteed Notes due December 7, 2015 and the £250,000,000 8.875% Guaranteed Notes due July 10, 2023, in each case issued under the Nova Scotia Fiscal and Paying Agency Agreement.

Nova Scotia Noteholders means the beneficial holders of the Nova Scotia Notes.

Wind Up Claim means the Claim by the trustee of GM Nova Scotia against MLC, arising under Section 135 of the Companies Act, in the amount of $1,607,647,592.49, plus any additional amounts allowed under Canada's Bankruptcy and Insolvency Act or Section 135 of the Companies Act.

Disclosure Statement Section II.D

Nova Scotia Fiscal and Paying Agency Agreement. As of the Commencement Date, GM was party to ~~a~~ **the Nova Scotia** Fiscal and Payment Agency Agreement, ~~dated as of July 10, 2003, by and between non-Debtor General Motors Nova Scotia Finance Company, as issuer, GM, as guarantor, Deutsche Bank Luxembourg S.A., as fiscal agent, and Bank Général du Luxembourg S.A., as paying agent. Under the Nova Scotia Fiscal and Paying Agency Agreement,~~ **under which** GM guaranteed the payment by GM Nova Scotia of principal and interest on the ~~£350,000,000 of 8.375% unsecured notes due 2015 and £250,000,000 of 8.875% unsecured notes due 2023 issued by GM~~ Nova Scotia **Notes**. As of the Commencement Date, the total principal amount outstanding under the Nova Scotia Fiscal and Paying Agency Agreement was, in U.S. dollars, approximately $853 million. **Individual Proofs of Claim and a Global Proof of Claim have been filed asserting claims on account of the Guarantee Claim in an amount not less than $1,072,557,531.72.**

[New] Disclosure Statement New Section II.E

E. Obligations to GM Nova Scotia

Non-debtor GM Nova Scotia, an unlimited company under the Companies Act, is a direct, wholly owned subsidiary of MLC. On October 9, 2009, GM Nova Scotia was declared bankrupt and the Supreme Court of Nova Scotia appointed Green Hunt Wedlake Inc. (the "Nova Scotia Trustee") as the legal representative of GM Nova Scotia. As discussed in detail below, the Nova Scotia Trustee believes that under Section 135 of the Companies Act, upon the winding-up of GM Nova Scotia, MLC, as its parent, is liable to the Nova Scotia Trustee for the amount of the unpaid debts and liabilities of GM Nova Scotia (the "Wind Up Claim").

GM Nova Scotia was formed to issue debt and allow the General Motors corporate group to benefit from favorable tax treatment on such debt. GM Nova Scotia, as the issuer of the Nova Scotia Notes, is the primary obligor under the Nova Scotia Fiscal and Paying Agency Agreement. GM Nova Scotia is also party to a currency swap arrangement (the "Swap Arrangement") with New GM (which was assigned the swap arrangement from MLC).

On July 10, 2003, GM Nova Scotia loaned certain of the proceeds from the Nova Scotia Notes to GM Canada, resulting in intercompany loans payable by GM Canada to GM Nova Scotia in the aggregate principal amount of approximately CAN$1.3 billion (the "GM Canada Loans"). In May 2008, GM and GM Canada entered into two transactions involving returns of capital to GM and amended the credit agreement to which GM and GM Canada were parties. On March 2, 2009, certain of the Nova Scotia Noteholders filed

an action in the Supreme Court of Nova Scotia (the "Nova Scotia Proceeding") against, among others, GM, GM Canada, and GM Nova Scotia for certain Canadian law causes of action alleging that the aforementioned transactions violated Sections 238 and 241 of the Canadian Business Corporations Act. The plaintiffs sought a declaration that each of these transactions was "oppressive, unfairly prejudicial and unfairly disregarded the interests of creditors." They further sought orders to set aside the two May 2008 transactions, compel GM to disgorge the sums received, and enjoin GM Canada from guaranteeing or securing the debt of any other entity. Finally, the Plaintiffs requested the award of damages and compensation jointly and severally against GM, GM Canada, GM Nova Scotia, a GM Nova Scotia affiliate and certain individual directors of GM Canada or of GM Nova Scotia and its affiliate. *See Aurelius Capital Partners, LP, et al. v. General Motors Corp., et al.*, Court File No. HFX No. 308066.

Following prepetition negotiations, on June 1, 2009, GM Nova Scotia, GM Canada, GM Nova Scotia Investments Ltd., GM and certain of the Nova Scotia Noteholders signed the Lock Up Agreement. The Lock Up Agreement contains the following material provisions:

- **GM Nova Scotia, GM Canada and GM agreed that (i) the Wind Up Claim is enforceable against GM as a general unsecured claim, (ii) the Nova Scotia Notes are enforceable against GM Nova Scotia in their full amount, and (iii) the Guarantee Claim is enforceable against GM as a general unsecured claim. *See* Lock-Up Agreement, ¶6(a).**
- **The Wind Up Claim includes the amount outstanding under the Nova Scotia Fiscal and Paying Agency Agreement, the Swap Arrangement and any other liabilities of GM Nova Scotia. *See* Lock Up Agreement, ¶6(b)(iii).**
- **GM Nova Scotia agreed to consent to entry of an order (a "Bankruptcy Order") under Canada's Bankruptcy and Insolvency Act (the "BIA"). *See* Lock-Up Agreement, ¶ 6(b)(i).**
- **GM Canada funded a consent fee (the "Consent Fee") into an escrow account, which would be payable to the Nova Scotia Noteholders upon the Nova Scotia Noteholders' approval of an extraordinary resolution. *See* Lock-Up Agreement, ¶2.**
- **GM Canada was relieved of its liability under the GM Canada Loans, provided, however, that if the Consent Fee is ever successfully challenged, the full amount owing under the GM Canada Loans will be immediately due and payable by GM Canada to the Nova Scotia Noteholders. *See* Lock Up Agreement, ¶5(b).**
- **The Nova Scotia Noteholders agreed to discontinue prosecution of the Nova Scotia Proceeding, provided, however, that the action may be reinstituted if the Consent Fee is required to be disgorged. *See* Lock Up Agreement, ¶5(a).**
- **GM agreed that if, for any reason, any portion of the Wind Up Claim is disallowed, GM Nova Scotia's liability to GM on the Swap Liability (as defined below) would be subordinated to full repayment of the GM Nova Scotia Notes. GM further agreed not to assert any setoff rights with respect to the Wind Up Claim. *See* Lock Up Agreement, ¶6(b)(v), (vi).**

- **GM agreed not to take any action or assert any position inconsistent with the provisions of paragraph 6 of the Lock Up Agreement. To the extent requested by the Nova Scotia Noteholders, GM is required to confirm its support of the Wind Up Claim and Guarantee Claim. *See* Lock Up Agreement, ¶6(b)(vii).**
- **Among other termination provisions, any party not in material breach of the Lock Up Agreement may terminate the agreement if another party takes an action that is materially inconsistent with the Lock Up Agreement. *See* Lock Up Agreement, ¶3.**

On November 30, 2009, the Nova Scotia Trustee filed the Wind Up Claim (claim no. 66319, amending claim no. 65814) in the amount of $1,607,647,592.49, plus additional amounts owing under the Companies Act and the BIA. As of October 9, 2009 (the "GM Nova Scotia Petition Date"), the amount outstanding to the Nova Scotia Noteholders was CAN$1,088,542,512.01 (as converted from pounds sterling at a rate of 1.66852, the rate at market closing on the GM Nova Scotia Petition Date). In addition, New GM (as successor in interest to MLC under the Swap Arrangement) has also asserted a claim under the Swap Arrangement of CAN$589,292,176.53 (the "Swap Liability"). The Nova Scotia Trustee believes that as a result of the foregoing claims against GM Nova Scotia and the other expenses of GM Nova Scotia, the Nova Scotia Trustee has a statutory unsecured claim against MLC for CAN$1,678,270,910.68 (converted at the exchange rate of 0.957919, the claim amounts to US$1,607,647,592.49), plus all other amounts owed to GM Nova Scotia under the Companies Act and BIA.

In connection with the 363 Transaction (discussed in detail in section II.B of this Disclosure Statement), the Lock Up Agreement was assumed and assigned to New GM.

The Nova Scotia Trustee believes that Lock Up Agreement obligates MLC and, following assumption and assignment, New GM to support allowance of the Wind Up Claim and the Guarantee Claim in the Chapter 11 Cases. A failure to comply with the terms of the Lock Up Agreement may expose MLC and New GM to significant risks. First, to the extent that MLC and/or New GM fail to meet their obligations under the Lock Up Agreement, MLC and/or New GM may be subject to significant litigation and postpetition liability for, among other things, breach of contract. Second, upon a material breach of the Lock Up Agreement by MLC or New GM, the Noteholders may, among other things, terminate the Lock Up Agreement and reinstate the Nova Scotia Proceeding against GM, GM Nova Scotia and GM Canada. Third, to the extent the Consent Fee is required to be disgorged, GM (and ultimately, New GM) will be liable for the full amount of the GM Canada Loans (approximately CAN$1.3 billion), and such liability may impact the value of securities to be distributed to unsecured creditors of MLC under the Plan.

On July 2, 2010, the Creditors' Committee filed its *Objection to Claims Filed by Green Hunt Wedlake, Inc. and Noteholders and General Motors Nova Scotia Finance Company and Motion for Other Relief* (Docket No. 6248) (the "Claims Objection"). Through the Claims Objection, the Committee is seeking disallowance of or, in the alternative, equitable subordination of the Wind Up Claim and certain of the

Noteholders' Claims. Responses to the Claims Objection are due on November 15, 2010. A hearing on the Claims Objection is currently scheduled for November 18, 2010. Despite their obligations under the Lock Up Agreement, the Debtors have remained silent regarding the Claims Objection. If the Guarantee Claim and the Wind Up Claim are Allowed, each Claim will be classified as a General Unsecured Claim and receive distributions *pari passu* with other Class 3 General Unsecured Claims.

[*Objection 2: The Plan and Disclosure Statement do not explain whether the Guarantee Claim and the Wind Up Claim are both to be treated as Eurobond Claims or General Unsecured Claims under the Plan.*]

Disclosure Statement Section III.C/ Plan 4.3(f) and 1.72

General Unsecured Claims (Class 3). (Estimated Amount of Allowed General Unsecured Claims is $_____.) The aggregate amount of General Unsecured Claims filed against the Debtors on or before the Bar Dates, as well as the General Unsecured Claims listed in the Debtors' Schedules, is approximately $270 billion. However, the Debtors estimate that the aggregate amount of Allowed Claims in Class 3 will be approximately $___ billion, after deducting duplicate Claims, amended and superseded Claims, previously paid Claims, Claims not supported by the Debtors' books and records, Claims that are covered by insurance, and Claims that are subject to other objections. The Claims in Class 3 consist of the Claims of unions, suppliers and other vendors, landlords with prepetition rent claims and/or claims based on rejection of leases, employment, personal injury, and other litigation claimants to the extent not covered by insurance, Asbestos Property Damage Claims, environmental claims subject to discharge under Environmental Laws to pay money to private and governmental entities for cleanup or remediation of property not owned by the Debtors, including Superfund liabilities, parties to contracts with the Debtors that are being rejected, the principal and interest accrued and unpaid through the Commencement Date under the notes that are subject to the Indentures, **the Wind Up Claim (to the extent Allowed), the Guarantee Claim (to the extent Allowed)** and other general unsecured claims. Class 3 does not include any Property Environmental Claims or Asbestos Personal Injury Claims.

The Eurobond Claims under (i) that certain Fiscal and Paying Agency Agreement, dated as of July 3, 2003, among MLC, Deutsche Bank AG London, and Banque Générale du Luxembourg S.A. shall be Allowed in the amount of $_____ , **and (ii)** ~~**that certain Fiscal and Paying Agency Agreement, dated as of July 10, 2003, among General Motors Nova Scotia Finance Company, MLC, Deutsche Bank Luxembourg S.A., and Banque Générale du Luxembourg S.A. shall be Allowed in the amount of $_____, and (iii)**~~ that certain Bond Purchase and Paying Agency Agreement, dated May 28, 1986, between General Motors Corporation and Credit Suisse, shall be Allowed in the amount of $_____ (together, the "Fixed Allowed Eurobond Claims"). The Fixed Allowed Eurobond Claims shall override and supersede any individual Claims filed by record or by beneficial holders of debt securities arising out of or relating to the Eurobond Claims.

1.72 Eurobond Claim means a Claim against any of the Debtors arising under or in connection with any of the respective notes, bonds, or debentures issued under (i) that certain Fiscal and Paying Agency Agreement, dated as of July 3, 2003, among MLC, Deutsche Bank AG London, and Banque Générale du Luxembourg S.A., **and (ii) ~~that certain Fiscal and Paying Agency Agreement, dated as of July 10, 2003, among General Motors Nova Scotia Finance Company, MLC, Deutsche Bank Luxembourg S.A., and Banque Générale du Luxembourg S.A., and (iii)~~** that certain Bond Purchase and Paying Agency Agreement, dated May 28, 1986, between General Motors Corporation and Credit Suisse. For the avoidance of doubt, Eurobond Claim does not include the Wind Up Claim.

[*Objection 3: The Disclosure Statement and Plan contain inconsistencies between the definitions of Eurobond Claims and Disputed Claims*.]

Plan Section 1.4

1.4 **Allowed** means (i) with reference to any Claim (other than an Asbestos Personal Injury Claim), (a) any Claim against any Debtor that has been listed by such Debtor in the Schedules, as such Schedules may be amended by the Debtors from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent and for which no contrary proof of Claim has been filed, (b) any (I) timely filed Claim that is no longer subject to the ADR Procedures in the case of Unliquidated Litigation Claims or (II) Claim listed on the Schedules or timely filed proof of Claim, as to which no objection to allowance has been interposed in accordance with Section 7.1 hereof or such other applicable period of limitation fixed by the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or as to which any objection has been determined by a Final Order to the extent such objection is determined in favor of the respective holder, or (c) any Claim expressly allowed by a Final Order, pursuant to the Claim Settlement Procedures, or **(d) any Claim specifically allowed under the Plan, regardless of whether an objection to such Claim is pending,** and (ii) with reference to any Asbestos Personal Injury Claim, any Asbestos Personal Injury Claim to the extent that it is Allowed in accordance with the procedures established pursuant to the Asbestos Trust Agreement and the Asbestos Trust Distribution Procedures, which shall establish the amount of legal liability against the Asbestos Trust in the amount of the liquidated value of such Asbestos Personal Injury Claim, as determined in accordance with the Asbestos Trust Distribution Procedures. The Asbestos Trust Claim shall be deemed "Allowed" when fixed by Final Order or settlement.

1.53 **Disputed** means, with respect to any Claim (other than an Asbestos Personal Injury Claim) that has not been Allowed pursuant to the Plan or a Final Order,

(a) if no proof of Claim has been filed by the applicable deadline: a Claim (other than an Asbestos Personal Injury Claim) that has been or hereafter is listed on the Schedules as other than disputed, contingent, or unliquidated, but as to which the Debtors or any other party in interest has interposed an objection or request for estimation which has not been withdrawn or determined by a Final Order; or

(b) if a proof of Claim or request for payment of an Administrative Expense has been filed by the applicable deadline: (i) a Claim for which no corresponding Claim has been or hereafter is listed on the Schedules, (ii) a Claim for which a corresponding Claim has been or hereafter is listed on the Schedules as other than disputed, contingent, or unliquidated, but the nature or amount of the Claim as asserted in the proof of Claim varies from the nature and amount of such Claim as listed on the Schedules, (iii) a Claim for which a corresponding Claim has been or hereafter is listed on the Schedules as disputed, contingent, or unliquidated, or (iv) a Claim for which a timely objection or request for estimation is interposed which has not been withdrawn or determined by a Final Order. Any Claim expressly allowed by a Final Order, pursuant to the Claim Settlement Procedures **or under the Plan**, shall be an Allowed Claim, not a Disputed Claim.

For the avoidance of doubt, if no proof of Claim has been filed by the applicable deadline and the Claim (other than an Asbestos Personal Injury Claim) has been or hereafter is listed on the Schedules as disputed, contingent, or unliquidated, such Claim shall not be valid and shall be disregarded.

[*Objection 4: The GUC Trust Administrator is given the authority to sell New Warrants that are set to expire and distribute the proceeds to holders of Allowed General Unsecured Claims; however, the Plan does not indicate whether the proceeds of sale of the New Warrants will be held for the benefit of holders of Disputed Claims.*]

Disclosure Statement III.F.6/Plan 5.2(e)

Sale of New Warrants About to Expire. During the sixty (60) days preceding the expiration of the New Warrants, the GUC Trust Administrator shall have the authority to sell any New Warrants remaining in the GUC Trust, whether held in a reserve for Disputed General Unsecured Claims or otherwise, and distribute **a pro rata amount of the** proceeds thereof to holders of Allowed General Unsecured Claims and/or GUC Trust Units, **and hold a pro rata amount of the proceeds in a reserve for Disputed General Unsecured Claims,** as applicable, consistent with, and as provided in, the Plan.

[*Objection 5: The Plan authorizes the GUC Trust Administrator to sell the GUC Trust Assets; however, it is not clear whether the GUC Trust Administrator will be authorized to sell GUC Trust Assets being held on account of Disputed Claims.*]

Disclosure Statement III.G.2.f/Plan 6.2(f)

Role of the GUC Trust Administrator. In furtherance of and consistent with the purpose of the GUC Trust and the Plan, the GUC Trust Administrator shall (i) have the power and authority to hold, manage, sell, invest, and distribute to the holders of Allowed General Unsecured Claims the GUC Trust Assets, **provided that the GUC Trust Administrator shall not sell or otherwise distribute GUC Trust Assets being held on account of Disputed General Unsecured Claims except as provided in Section 5.2(e)**, (ii) . . .

[*Objection 6: The Plan and Disclosure Statement do not disclose an estimate of the amount of Cash and New GM Securities that will be distributed on the Effective Date to holders of non-Disputed General Unsecured Claims*.]

Disclosure Statement Section III.C/Plan 4.3(a):

As soon as is reasonably practicable after the Effective Date (but no earlier than the first Business Day following the Distribution Record Date), each holder of an Allowed General Unsecured Claim as of the Distribution Record Date shall receive from the GUC Trust is Pro Rata Share of (i) New GM Securities and (ii) GUC Trust Units, in accordance with the terms of the GUC Trust and the GUC Trust Agreement. **The Debtors estimate that approximately ___% of the aggregate amount of New GM Securities and Cash will be distributed on the Effective Date on account of non-Disputed General Unsecured Claims. The balance will be held in the GUC Trust pending resolution of the Disputed Claims.** The GUC Trust shall make subsequent distributions of New GM Securities and GUC Trust Units to holders of Disputed General Unsecured Claims as of the Distribution Record Date whose Claims are subsequently allowed. The GUC Trust shall make additional distributions of New GM Securities to holders of GUC Trust Units in accordance with the terms of the GUC Trust and the GUC Trust Agreement.

[*Objection 7: The Plan and Disclosure Statement do not indicate whether the proposed estimation process is intended to fix the Allowed amount of Claims for distribution purposes.*]

Disclosure Statement III.H.3/Plan 7.3

Estimation. The Debtors or the GUC Trust Administrator, as applicable, may at any time request that the Bankruptcy Court estimate any contingent, unliquidated, or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code **for all purposes**, regardless of whether the Debtors or the GUC Trust Administrator previously objected to such Claim, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent, unliquidated, or Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim **for all purposes, including for purposes of making distributions under the Plan**, as determined by the Bankruptcy Court, **provided that the estimation provisions shall not apply to the Guarantee Claim and/or the Wind Up Claim.**

[*Objection 8: The Plan provides for the payment of the reasonable fees and expenses of the Indenture Trustees, but it does not provide for the payment of reasonable fees and expenses of the Fiscal and Paying Agents. The Plan and Disclosure Statement do not provide any information concerning the mechanics of distributions of the Claims of the Noteholders*.]

[New] Plan 1.74:

Fiscal and Paying Agents means, collectively, Deutsche Bank AG London, solely in its capacity as the fiscal agent, and Bank Général du Luxebourg S.A., solely in its capacity as the paying agent, under the Nova Scotia Fiscal and Paying Agency Agreement.

Plan 2.5:

Special Provisions Regarding Indenture Trustee **and Fiscal and Paying Agents** Fees and Expenses. The reasonable prepetition and postpetition fees and expenses of each of the Indenture Trustees (which includes the reasonable fees and expenses of any counsel and/or other professionals retained by the Indenture Trustees) **and the reasonable prepetition and postpetition fees and expenses of the Fiscal and Paying Agents (which includes the reasonable fees and expenses of any counsel and/or other professionals retained by the Fiscal and Paying Agents)** shall be deemed Allowed Administrative Expenses and shall be paid in Cash on the Effective Date . . .

[New] Disclosure Statement III.F.7/Plan 5.3(c):

Distributions to the Nova Scotia Noteholders. Any distribution from the Debtors, the GUC Trust, or the Avoidance Action Trust to the Fiscal Agent in accordance with the Plan shall be deemed a distribution to the respective beneficial owners under the applicable trust. Distributions shall be made to the beneficial owners as follows:

(i) The Fiscal Agent shall distribute, as soon as is reasonably practicable after receipt thereof and pursuant to the terms of the Fiscal and Paying Agency Agreement, the New GM Securities and the GUC Trust Units (or the proceeds of the foregoing, as applicable) it receives from the GUC Trust pursuant to Section 4.3 hereof to the beneficial owners as of the Distribution Record Date. The GUC Trust shall make additional distributions of New GM Securities (or the proceeds of the foregoing, as applicable) to holders of GUC Trust Units in accordance with the GUC Trust Agreement and Section 4.3 hereof.

EXHIBIT B

LOCK UP AGREEMENT

This Lock Up Agreement (this "**Agreement**"), dated as of June 1, 2009, is entered into by and among General Motors Nova Scotia Finance Company, a Nova Scotia unlimited company (the "**Company**"), General Motors of Canada Limited, a Canadian federal corporation ("**GM Canada**" or "**GMCL**"), GM Nova Scotia Investments Ltd., a Nova Scotia company ("**GM Investments**" and, collectively with the Company and GM Canada, the "**Canadian Entities**"), General Motors Corporation, a Delaware corporation (the "**Guarantor**"), and each of the undersigned beneficial owners (each a "**Holder**" and collectively, the "**Holders**") of the Company's 8.375% Guaranteed Notes due December 7, 2015 (the "**2015 Notes**") or the Company's 8.875% Guaranteed Notes due July 10, 2023 (the "**2023 Notes**" and together with the 2015 Notes, the "**Notes**"). The Holders, the Canadian Entities, the Guarantor and any subsequent person that becomes a party hereto in accordance with the terms hereof are referred to herein as the "**Parties**." Each of the terms used herein not defined herein shall have the meaning given such term in the Fiscal and Paying Agency Agreement, dated as of July 10, 2003 (the "**Fiscal and Paying Agency Agreement**"), among the Company, the Guarantor, Deutsche Bank Luxembourg S.A., as fiscal agent (the "**Fiscal Agent**") and Banque Générale du Luxembourg S.A. governing each series of Notes.

RECITALS

WHEREAS, the Guarantor and certain of its subsidiaries and affiliates who shall be debtors in the Chapter 11 Cases (as defined below) intend to commence on or about June 1, 2009 jointly administered chapter 11 cases (the "**Chapter 11 Cases**") by filing voluntary petitions for relief under chapter 11, title 11 of the United States Code (the "**Bankruptcy Code**"), in the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**");

WHEREAS, the Holders, the Canadian Entities and the Guarantor desire to, among other things, take certain actions and consummate certain transactions contemplated hereby to facilitate the resolution and settlement of various direct, indirect or derivative claims and causes of action of the Holders against one or more of the Canadian Entities and the Guarantor and to facilitate the business and financial restructuring of the Guarantor, the other debtors in the Chapter 11 Cases and certain of the Canadian Entities;

WHEREAS, the Company has requested and the Holders have agreed to vote to amend the Fiscal and Paying Agency Agreement and the global securities representing the Notes as contemplated by this Agreement, in exchange for certain cash payments and the preservation in the Chapter 11 Cases of certain direct, indirect or derivative claims and causes of action of the Holders and the Company against the Guarantor;

WHEREAS, in furtherance of the foregoing, the Company shall, in accordance with the terms of the Fiscal and Paying Agency Agreement, convene a meeting (the "**Meeting**") of holders of the Notes for the purpose of passing an extraordinary resolution to amend the Fiscal and Paying Agency Agreement and the global securities representing the Notes to provide for the waiver of certain rights of the holders of the Notes, the release and discharge of certain claims

and demands by such holders and the payment of certain amounts by the Company to the holders of the Notes upon the terms set forth in the form of extraordinary resolution attached hereto as Exhibit A (the "**Extraordinary Resolution**").

WHEREAS, in connection with the transactions contemplated by this Agreement and in accordance with the terms and subject to the conditions hereof, Holders beneficially owning at least two-thirds of the aggregate principal amount of the 2015 Notes and Holders beneficially owning at least two-thirds of the aggregate principal amount of the 2023 Notes intend to vote such Notes in favor of the Extraordinary Resolution;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Support of the Extraordinary Resolution; Additional Covenants.

(a) Each Holder agrees (i) that the Extraordinary Resolution, when duly passed at a Meeting, shall be binding on such Holder; (ii) to deliver or cause to be delivered irrevocably within three Business Days after the date of this Agreement voting instructions, in such form as specified by the Company, in favor of the Extraordinary Resolution at the Meeting at which the Extraordinary Resolution is to be submitted in respect of the principal amount of each series of Notes held by such Holder as set forth on the signature page of such Holder or over which such Holder has voting power; provided such instruction shall cease to be irrevocable and shall become void and of no further force and effect automatically upon termination of this Agreement; (iii) to the extent permitted under the terms of the Fiscal and Paying Agency Agreement, to waive compliance with all covenants contained in the Fiscal and Paying Agency Agreement (other than those applicable to the Company's or the Guarantor's obligations hereunder) and to forebear from exercising their rights thereunder resulting from any default or event of default so long as this Agreement is in effect; and (iv) to cooperate in good faith in satisfying any other conditions required for the passage of the Extraordinary Resolution and the consummation of the transactions contemplated thereby (the "**Transactions**"), including effecting the voting commitments hereunder and the negotiation of any documents or agreements to be executed or implemented in connection therewith, or otherwise contemplated thereby, each of which documents and agreements shall be consistent in all material respects with this Agreement and the Extraordinary Resolution (all such proxies, instructions, documents and agreements, collectively, the "**Transaction Documents**").

(b) Each Holder agrees that it shall not (i) take any action that would cause the acceleration of the payment of principal of or interest on the Notes other than in connection with the liquidation referred to in section 6(b) and except as a result of the Chapter 11 Case of the Guarantor; (ii) propose, vote for, consent to, support or participate in the formulation of any plan or resolution other than Transactions, the Extraordinary Resolution and the Transaction Documents; (iii) other than as provided in Section 6(b) below, directly or indirectly seek, solicit, support or

encourage any plan or resolution, including but not limited to any decree or order for relief in respect of any of the Company, the Guarantor or GM Canada 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, the Guarantor or GM Canada or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs, other than the Transactions, the Extraordinary Resolution and the Transaction Documents, or any plan or resolution that reasonably could be expected to prevent, delay or impede the successful passage of the Extraordinary Resolution or implementation of the Transactions; or (iv) directly or indirectly sell, assign, pledge, hypothecate, grant an option on, or otherwise dispose of (each, a "**Transfer**") or permit to subsist any pledge or security interest (save in the normal course of prime brokerage activity) over any of the Notes held by such Holder on the date hereof; provided, however, that any Holder may Transfer any of such Notes to any entity that executes and delivers to the Company a duly executed counterpart of this Agreement. This Agreement shall in no way be construed to preclude any Holder from acquiring additional Notes; provided, however, that any such additional Notes shall automatically be deemed to be subject to all of the terms of this Agreement.

(c) The Company agrees (i) following the giving of the notice in accordance with clause (ii) of this Section 1(c), to convene the Meeting at the earliest time practicable under the terms of the Fiscal and Paying Agency Agreement for the purpose of passing the Extraordinary Resolution in accordance with the requirements of the Fiscal and Paying Agency Agreement, including, without limitation, the requirements of Schedule 4 (Provisions for Meetings of Noteholders) to the Fiscal and Paying Agency Agreement; (ii) within three Business Days after the date of this Agreement to give a notice in respect of the Meeting to holders of the Notes for the purpose of passing the Extraordinary Resolution, which notice shall specify the place, day and hour of the Meeting in accordance with the requirements of the Fiscal and Paying Agency Agreement; (iii) to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to facilitate the compliance by the Holders with their obligations in Section 1(a) of this Agreement; (iv) to otherwise take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to satisfy all conditions required to be satisfied by the Company and the Paying Agent under the Fiscal and Paying Agency Agreement (including the schedules thereto) for the passage of the Extraordinary Resolution and the consummation of the Transactions, (v) to provide written confirmation to the Holders in the event that the Company elects not to move forward with the Transactions, and (vi) to cooperate in good faith in satisfying any other conditions required for the passage of the Extraordinary Resolution and the consummation of the Transactions, including the negotiation of the Transaction Documents, all of which shall be consistent in all material respects with this Agreement and the Extraordinary Resolution.

(d) The Company, GMCL and the Holders agree within three Business Days after the date of this Agreement to establish an escrow account and enter into an escrow agreement with an escrow agent mutually satisfactory to the Parties, which agreement shall incorporate the terms of Exhibit B hereto ("Escrow Agreement").

(e) The Holders agree not to object to the treatment of unsecured creditors previously disclosed in the Current Report on Form 8-K filed by the Guarantor on May 28, 2009.

2. Amounts Payable. The Company agrees that upon approval of the Extraordinary Resolution, it shall pay the amounts specified therein in accordance therewith (the "**Consent Fee**"). The Company further agrees that within three business days after the approval of the Extraordinary Resolution, the Canadian Entities shall reimburse affiliates of Aurelius Capital Management, LP, Appaloosa Management L.P. and Fortress Investment Group LLC for legal fees and costs in the amount of US$2,000,000.

3. Termination of Agreement. This Agreement shall terminate or be terminable, as follows (such date of termination, the "**Termination Date**"): (i) by any Holder upon written notice to the Company on or after July 9, 2009, unless on or prior to such date the Meeting has been convened, the Extraordinary Resolution has been approved and the Company and the Paying Agent have paid of all amounts specified in the Extraordinary Resolution to the holders of the Notes in accordance therewith; (ii) by a Party not then in material breach of this Agreement upon written notice to the other Parties, upon the material breach by any non-terminating Party of any of the representations, warranties or covenants contained in this Agreement or the taking of any action by any non-terminating Party that is otherwise materially inconsistent with this Agreement; (iii) automatically upon the commencement prior to the date on which the Extraordinary Resolution is passed of any voluntary or involuntary case commenced under the Bankruptcy Code (or any proceedings therein), under any Canadian insolvency statutes, the Companies' Creditors Arrangement Act (Canada), the Bankruptcy and Insolvency Act (Canada), or any statute, law, legislation, rule or regulation in respect of corporate reorganization or which provides for the appointment of an interim receiver, receiver, receiver and manager or liquidator, against or involving GM Canada or the Company or any of their assets or properties; or (iv) by any Holder upon written notice to the Company on or after the Transactions contemplated in this Agreement shall have been enjoined or otherwise prohibited by law and such injunction or prohibition is not vacated or otherwise terminated on or before the 10th day after the effectiveness of such injunction or prohibition. Upon termination of this Agreement, all obligations under this Agreement shall terminate and shall be of no further force and effect; provided, however, that (a) any claim for breach of this Agreement shall survive termination and all rights and remedies with respect to such claims shall not be prejudiced in any way; (b) all claims of the Holders with respect to the Consent Fee or any funds held in escrow under the terms of the Escrow Agreement as provided therein shall survive termination and all rights and remedies with respect to such claims shall not be prejudiced in any way, and (c) all rights and remedies set forth in Section 8 shall survive termination and shall not be prejudiced in any way. (i) Upon termination of this Agreement other than as a result of a material breach by the Holders prior to the date of payment of the Consent Fee to the Holders, or (ii) if after the date on which the Extraordinary Resolution is passed the Holders are required to turnover the Consent Fee by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority requiring such amounts be returned to the Company, all direct, indirect

or derivative claims, causes of action, remedies, defenses, setoffs, rights or other benefits of the Holders against or from one or more of the Canadian Entities and the Guarantor except in the case of clause (ii) of this sentence the individual defendants in the Nova Scotia Proceeding shall be fully preserved without any estoppel, evidentiary or other effect of any kind or nature whatsoever, including, without limitation, all claims and causes of action referred to in Section 5 of this Agreement and the full amount owing under the Loan Agreements as of the date hereof shall be immediately due and payable according to their terms as they exist as of the date hereof.

4. Representations and Warranties. Each of the Parties represents and warrants to each of the other Parties that the following statements are true, correct and complete as of the date hereof:

(a) Power and Authority. It has all requisite power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement.

(b) Authorization. The execution and delivery of this Agreement by it and the performance of its obligations hereunder have been duly authorized by all necessary action on its part.

(c) Binding Obligation. Upon execution as set forth in Section 10, this Agreement is the legally valid and binding obligation of it, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

(d) No Conflicts. The execution, delivery and performance by it of this Agreement do not and shall not (i) violate any provision of law, rule or regulation applicable to it or its certificate of incorporation, by-laws, unlimited company agreement or other organizational document or (ii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under, or give rise to a right of, or result in any termination, cancellation or acceleration of any obligation or to loss of a material benefit under, any material contractual obligation, covenant or condition to which it is a party or under its certificate of incorporation or by-laws (or other organizational documents).

(e) Governmental Consents. The execution, delivery and performance by it of this Agreement do not and shall not require it to obtain or make any registration or filing with, consent or approval of, or notice to, or other action to, with or by, any supranational, national, Federal, state, local, municipal, foreign or provincial government or any court of competent jurisdiction, tribunal, judicial or arbitral body, administrative or regulatory agency (including any stock exchange), public authority, commission or board or other governmental department, bureau, branch, agency, or any instrumentality of any of the foregoing, including, without limitation, the United States Treasury, the Bankruptcy Court or any other United States or Canadian court of competent jurisdiction, or any other third party, which has not already been obtained.

(f) No Proceedings. There is no civil, criminal, administrative or arbitral action, suit, claim, hearing, investigation or proceeding pending or, to the knowledge of such Party, threatened, against such Party or any of its affiliates or subsidiaries that questions the validity of this Agreement or any action taken or to be taken by such Party in connection with the performance or consummation of any transactions contemplated by this Agreement.

(g) Signing Holders. If the undersigned is a Holder, (i) the undersigned is either (A) a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended or (B) if resident in Canada, an "accredited investor" as defined in National Instrument 45-106 – *Prospectus and Registration Exemptions*; (ii) the undersigned has such knowledge and experience in financial and business affairs that the undersigned is capable of evaluating the merits and risks of the Transactions; (iii) the undersigned represents and warrants that the principal amount of each series of Notes held by such Holder as set forth on the signature page of such Holder is an accurate amount and that it is the beneficial owner of such Notes free and clear of all liens or other encumbrances, including any encumbrances on the right to vote such Notes under the Fiscal and Paying Agency Agreement; and (iv) the undersigned has the requisite power and authority to vote and grant proxies to vote the aggregate principal amount of the Notes represented as beneficially owned by it.

(h) No Other Creditors of the Company. The Company represents and warrants to the Holders that other than the indebtedness evidenced by the Notes and the Swap Liability (as defined below), the Company has no outstanding direct or indirect liability, indebtedness, obligation, commitment, expense, claim, deficiency, guaranty or endorsement of or by any person or entity of any type, whether accrued, absolute, contingent, matured, unmatured or otherwise in excess of an aggregate of US$2,000,000.

5. Certain Claims.

(a) Nova Scotia Proceeding. Upon the execution of this agreement by the Parties all proceedings in the proceeding in the Supreme Court of Nova Scotia titled Aurelius Capital Partners, LP et al. v. General Motors Corporation et al., Court File No. HFX No. 308066 (the "**Nova Scotia Proceeding**") shall be held in abeyance pending the approval of the Extraordinary Resolution by the Holders of the Notes at the Meeting. Upon the approval of the Extraordinary Resolution at the Meeting and the payment by the Company and the Paying Agent of the Consent Fee to each of the Holders in accordance therewith, each Holder hereby releases and discharges the defendants in the Nova Scotia Proceeding (and the past and/or present directors, officers, employees, partners, insurers, co-insurers, controlling shareholders, attorneys, advisers, consultants, accountants or auditors, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, heirs, related and/or affiliated entities of each of them) from all claims and demands that are raised in the Nova Scotia Proceeding, and agrees to discontinue the Nova Scotia Proceeding on a without costs basis. Nothing contained in this Agreement shall preclude any Holder from pursuing any of the claims raised in the Nova Scotia Proceeding against any of the Canadian Entities or the Guarantor or any of the other debtors in the Chapter 11 Cases in the event that the

payment of the Consent Fee is successfully challenged by any person in a future proceeding and, as a result, an amount equal to the Consent Fee has been repaid provided, that, this Agreement precludes each Noteholder from pursuing any of the claims raised in the Nova Scotia Proceeding against any of Neil Macdonald, John Stapleton, Mercedes Michel and Maurita Sutedja (and their respective heirs, administrators and assigns) in the event that the payment of the Consent Fee is successfully challenged by any person in a future proceeding.

(b) Intercompany Loan. Upon the approval of the Extraordinary Resolution at the Meeting and the payment by the Company and the Paying Agent of the Consent Fee to each of the Holders in accordance therewith, each Holder waives all (and shall cease to have any) rights and claims against the Company in respect of the Loan Agreements (as defined below), including with respect to any compromise or settlement of the loans thereunder, and such Holder's rights in the Loan Agreements, and each Holder hereby releases and discharges GM Canada (and its past and present officers, directors and employees), Neil Macdonald, John Stapleton, Mercedes Michel and Maurita Sutedja (and their respective heirs, administrators and assigns) from all claims and demands whatsoever, presently known or unknown, which the Holders ever had, now have or may hereafter have against them by reason of claims and demands arising from or in connection with those certain loan agreements between the Company and GM Canada each dated as of July 10, 2003 and pursuant to which GM Canada borrowed from the Company the sum of five hundred fifty-five million, eight hundred sixty thousand Canadian dollars (C$555,860,000), and the sum of seven hundred seventy-eight million, two hundred four thousand Canadian dollars (C$778,204,000), respectively (collectively, the "**Loan Agreements**"), provided that nothing contained in this Agreement shall preclude the Holders from pursuing any claim in respect of the parties and claims otherwise released in this paragraph in the event that the payment of the Consent Fee is successfully challenged by any person in a future proceeding. Furthermore, in the event that the payment of the Consent Fee is successfully challenged by any person in a future proceeding and, as a result, an amount equal to the Consent Fee has been repaid, the settlement between the Company and GM Canada of the amount owing under the Loan Agreements as contemplated by this Transaction shall be null and void and the full amount owing under the Loan Agreements as of the date hereof shall be immediately due and payable according to their terms as they exist as of the date hereof.

(c) Other Claims. Upon the approval of the Extraordinary Resolution at the Meeting and the payment by the Company and the Paying Agent of the Consent Fee to each of the Holders in accordance therewith, with respect to any other claim it may have against the Canadian Entities or the Guarantor in its capacity as a holder of the Notes, each Holder covenants and agrees not to pursue any claim it may have other than in connection with the advancement of its claim under the Guarantee, the advancement of its claim against GM Nova Scotia in respect of the Notes and the Deficiency Claim (each as defined below). Nothing contained in this Agreement shall preclude the Holder from pursuing any other claim it may have against the Canadian Entities or the Guarantor or any of the other debtors in the Chapter 11 Cases in the event that the payment of the Consent Fee is successfully challenged by any person in a future proceeding. For purposes of this Agreement, the "**Guarantee**" shall mean that certain guarantee of the

Notes by the Guarantor included in the Fiscal and Paying Agency Agreement and the Notes.

(d) For purposes of clarity, it is understood and agreed that nothing contained in this Agreement shall: (i) release in any respect whatsoever any claim against the Company on the Notes or any claim against the Guarantor on the Guarantee, or (ii) preclude a Holder from pursuing any claim it may have against the Guarantor or any of the other debtors in the Chapter 11 Cases or any other Party that is not based on such Holder's ownership of Notes.

(e) Legal Costs. The defendants in the Nova Scotia Proceeding release and waive any claim against the Holders for fees and costs related to that proceeding.

6. Stipulations and Acknowledgements.

(a) Acknowledgement of Deficiency Claim and Guarantee Claim. Each of the Parties hereto hereby expressly acknowledges, agrees and confirms that nothing contained in this Agreement is in any way intended to, nor shall it in any way operate to, directly or indirectly, limit, waive, impair or restrict, any rights, interests, remedies or claims (whether at law or in equity, and whether now or hereafter existing) which any Holder may have against, or to which any Holder is due or owed from, the Company in respect of the Notes or the Guarantor in respect of the Guarantee Claim or the Deficiency Claim (as defined below). Each of the Company and the Guarantor hereby expressly acknowledges, agrees and confirms that (i) the Deficiency Claim is a valid and enforceable claim of the Company and shall be enforceable against the Guarantor as allowed pre-petition general unsecured claims (the "**Allowed Claims**") to the fullest extent permitted under applicable laws, (ii) the Notes are valid and enforceable claims of the Holders and shall be enforceable against the Company in their full amount, and (iii) the Guarantee Claim is a valid and enforceable claim of the Holders and shall be enforceable against the Guarantor in the Chapter 11 Cases as Allowed Claims to the fullest extent permitted under applicable laws.

(b) Guarantor Insolvency Claims. The Company and Guarantor stipulate and acknowledge as follows:

(i) forthwith after execution of this Agreement, the Company shall provide the Holders with a consent to a bankruptcy order pursuant to the Bankruptcy and Insolvency Act (Canada), which shall be executed by the duly authorized officers and directors of the Company in form satisfactory to the Holders. The Holders are hereby authorized for and on behalf of the Company to add to the executed consent the court file number for the application for the bankruptcy order once issued by the relevant court, and proceed to obtain the bankruptcy order. GMCL agrees to provide all necessary funding to the trustee in bankruptcy of the Company as may be required for it to administer the estate and to fully advance the Deficiency Claim (defined below) in the bankruptcy or insolvency proceedings of the Guarantor, including the payment of a retainer in

the amount not to exceed $100,000, on the date that the Extraordinary Resolution is passed;

(ii) holders of the 2015 Notes and the 2023 Notes would and shall be entitled to a general unsecured claim in the bankruptcy or insolvency proceedings of the Guarantor for the full amount of the outstanding principal, interest and costs due on such Notes by virtue of the Guarantor's Guarantee (the "**Guarantee Claim**");

(iii) the trustee in bankruptcy of the Company would and shall be entitled to a general unsecured claim for contribution for any amounts unpaid to the Company's creditors, namely the amount outstanding under the Notes, the Swap Liability (defined below) and any other liabilities (collectively, a "**Deficiency Claim**"), in the bankruptcy and insolvency proceedings of the Guarantor;

(iv) for greater certainty, the Consent Fee payment does not reduce, limit or impair the Notes, the Guarantee Claim or the Deficiency Claim;

(v) the Guarantor confirms that its only claim against the Company is the Swap Liability. If for any reason any portion of the Deficiency Claim is disallowed, the Guarantor agrees that the Swap Liability is subordinated to the prior, indefeasible payment in full of the Notes. In any event, any and all other undisclosed indebtedness, claims, liabilities or obligations of the Company to the Guarantor other than the Swap Liability are subordinated to the prior, indefeasible payment in full of the Notes. To the extent of the subordination provided for herein, the Guarantor agrees that should it receive any payments from the Company or a trustee in bankruptcy of the Company, it will hold such payment in trust and immediately pay over such amounts to the paying agent for the Notes;

(vi) the Guarantor shall not assert any right of set-off in respect of the Deficiency Claim; and

(vii) the Guarantor agrees and covenants that it will not take any action or assert any position inconsistent with this Section 6 and, if called upon by the Holders, will confirm its agreement with the positions confirmed herein in writing or at a court hearing as reasonably requested by the Holders.

For purposes of this Agreement, "**Swap Liability**" shall mean the obligations of the Company to the Guarantor, under currency swap arrangements between the Guarantor and the Company.

7. Non-Public Information. The Holders hereby acknowledge that: (i) each of the Company and the Guarantor may be, and each Holder is proceeding on the assumption that the Company and the Guarantor are, in possession of material, non-public information concerning themselves and their respective direct and indirect subsidiaries (the "**Information**") which is not or may not be known to the Holders and that neither the Company nor the Guarantor has disclosed to the Holders; (ii) each Holder is voluntarily assuming all risks associated with the

Transactions and expressly warrants and represents that (x) neither the Company nor the Guarantor has made, and except as expressly provided in this Agreement, each Holder disclaims the existence of or its reliance on, any representation by the Company or the Guarantor concerning the Company, the Guarantor or the Notes and (y) except as expressly provided in this Agreement, it is not relying on any disclosure or non-disclosure made or not made, or the completeness thereof, in connection with or arising out of the Transactions, and therefore has no claims against the Company or the Guarantor with respect thereto; (iii) if any such claim may exist, each Holder, recognizing its disclaimer of reliance and reliance by the Company and the Guarantor on such disclaimer as a condition to entering into the Transactions, covenants and agrees not to assert it against the Company, the Guarantor or any of their respective officers, directors, shareholders, partners, representatives, agents or affiliates; and (iv) neither the Company nor the Guarantors shall have any liability, and each Holder waives and releases any claim that such Holder might have against the Company, the Guarantor or any of their respective officers, directors, shareholders, partners, representatives, agents and affiliates whether under applicable securities law or otherwise, based on the knowledge, possession or nondisclosure by the Company or the Guarantors to each Holder of the Information. Each Holder further represents and acknowledges that is has received and reviewed (a) a copy of the prospectus, dated April 27, 2009, as amended and supplemented to date (or if resident in Canada, a copy of the Canadian offering memorandum dated April 27, 2009 which incorporates the prospectus, as amended and supplemented to date), relating to the offers by the Company and the Guarantor to exchange certain series of securities, including the Notes, which includes and incorporates by reference material public information concerning the Company and the Guarantors and (b) the Form 8-K filed by the Guarantor on May 28, 2009 relating to the proposed sale by the Guarantor of substantially all of its assets pursuant to Section 363(b) of the U.S. Bankruptcy Code.

8. Specific Performance. Each of the Parties hereto recognizes and acknowledges that a breach by any of the Parties hereto of any covenants or agreements contained in this Agreement will cause the other Parties to sustain damages for which such Parties would not have an adequate remedy at law for money damages, and therefore each Party hereto agrees that in the event of any such breach the other Parties shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which such Parties may be entitled, at law or in equity.

9. Remedies Cumulative. All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any right, power or remedy thereof by any Party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such Party.

10. Effectiveness; Amendments. This Agreement shall not become effective and binding on a Party unless and until a counterpart signature page to this Agreement has been executed and delivered by such Party. Except as otherwise provided herein, once effective, this Agreement may not be modified, amended or supplemented except in a writing signed by each of the Parties hereto.

11. No Waiver. The failure of any Party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to

insist upon compliance by any other Party hereto with its obligations hereunder, and any custom or practice of the Parties at variance with the terms hereof, shall not constitute a waiver by such Party of its right to exercise any such or other right, power or remedy or to demand such compliance.

12. No Admission. Neither this Agreement nor the settlement contained herein, nor any act performed or document executed pursuant to or in furtherance of this Agreement or the settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any claims released pursuant to Section 5 above, or of any wrongdoing or liability of or damage by any of the Parties hereto or their directors; or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of any of the Parties hereto or their respective directors in any civil, criminal or administrative proceeding in any court, administrative proceeding in any court, administrative agency or other tribunal. The Parties and the Released Persons may file this Agreement and Exhibits in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

13. Governing Law; Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflict of laws of the State of New York. The Parties hereby irrevocably and unconditionally submit to the jurisdiction of any federal or state court located within the borough of Manhattan of the City, County and State of New York over any dispute for purposes of any action, suit or proceeding arising out of or relating to this Agreement or any of the transactions contemplated hereby. Each party irrevocably waives any objection it may have to the venue of any action, suit or proceeding brought in such court or to the convenience of the forum.

14. Notices. All notices and consents hereunder shall be in writing and shall be deemed to have been duly given upon receipt if personally delivered by courier service, messenger, facsimile, or by certified or registered mail, postage prepaid return receipt requested, to the following addresses, or such other addresses as may be furnished hereafter by notice in writing, to the following parties:

If to any one Holder, to:

such Holder at the address shown for such Holder on the applicable signature page hereto, to the attention of the person who has signed this Agreement on behalf of such Holder

with copies to:

Greenberg Traurig, LLP
200 Park Avenue
New York, NY 10166
Facsimile No.: (212) 801-9362
Attn: Bruce R. Zirinsky
Clifford E. Neimeth
Anthony J. Marsico

And

Fried, Frank, Harris, Shriver & Jacobson LLP
One New York Plaza
New York, NY 10004
Facsimile No.: (212) 859-8583
Attn: Brian D. Pfeiffer

If to the Company, to:

General Motors Nova Scotia Finance Company
1300-1969 Upper Water Street
Purdy's Wharf Tower Tower II
Halifax, Nova Scotia, Canada B3J 3R7

Facsimile No.: (905) 644-7319
Attn: Chief Executive Offer, Chief Financial Officer and
Principal Accounting Officer

with a copy to:
Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Facsimile No.: (212) 310-8007
Attn: Todd R. Chandler

15. Representation by Counsel. Each Party acknowledges that it has been represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived.

16. Consideration. It is hereby acknowledged by the Parties that, other than the agreements, covenants, representations and warranties of the Parties, as more particularly set forth herein, no consideration shall be due or paid to the Company for their agreement to use their commercially reasonable efforts to consummate the Transactions and the Extraordinary Resolutions in accordance with the terms and conditions of this Agreement.

17. Headings. The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not affect the interpretation hereof.

18. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of the Parties and their respective permitted successors, assigns, heirs, executors, administrators and representatives.

19. Several, Not Joint, Obligations. The agreements, representations and obligations of the Parties under this Agreement are, in all respects, several and not joint.

20. Prior Negotiations. This Agreement supersedes all prior negotiations with respect to the subject matter hereof but shall not supersede the Extraordinary Resolution or the Transaction Documents.

21. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement. Delivery of an executed signature page of this Agreement by facsimile or e-mail shall be as effective as delivery of a manually executed signature page of this Agreement.

22. No Third-Party Beneficiaries. Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties, and no other person or entity shall be a third party beneficiary hereof.

23. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

24. Additional Parties. Without in any way limiting the provisions hereof, additional holders of the Notes may elect to become Parties by executing and delivering to the Company a counterpart hereof. Such additional holder shall become a party to this Agreement as a Holder in accordance with the terms of this Agreement.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed and delivered by its duly authorized officer as of the date first above written.

GENERAL MOTORS NOVA SCOTIA FINANCE COMPANY

By: _____
Name: Neil J. Macdonald
Title: Secretary

GENERAL MOTORS CORPORATION

By: _____
Name:
Title:

GENERAL MOTORS OF CANADA LIMITED

By: _____
Name: Neil J. Macdonald
Title: Vice President

GM NOVA SCOTIA INVESTMENTS LTD.

By: _____
Name: Neil J. Macdonald
Title: Secretary

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed and delivered by its duly authorized officer as of the date first above written.

GENERAL MOTORS NOVA SCOTIA FINANCE COMPANY

By: _____
Name:
Title:

GENERAL MOTORS CORPORATION

By: _____
Name: RAY G. YOUNG
Title: CHIEF FINANCIAL OFFICER

GENERAL MOTORS OF CANADA LIMITED

By: _____
Name:
Title:

GM NOVA SCOTIA INVESTMENTS LTD.

By: _____
Name:
Title:

HOLDERS:

AURELIUS CAPITAL PARTNERS, LP

By: Aurelius Capital GP, LLC, its General Partner

By:_____
Dan Gropper
Managing Director
Principal amount of 2015 Notes held: £17,822,000

Principal amount of 2023 Notes held: £41,480,000

Date: June 1, 2009

Address: 535 Madison Avenue
22nd Floor
New York, NY 10022

Attention: Dan Gropper
Fax: 212-786-5870

HOLDERS:

AURELIUS CAPITAL MASTER, LTD.

By: Aurelius Capital Management, LP, solely as investment manager and not in its individual capacity

By:_____
Dan Gropper
Managing Director
Principal amount of 2015 Notes held:
£17,424,000

Principal amount of 2023 Notes held:
£38,970,000

Date: June 1, 2008

Address for Notice: AURELIUS CAPITAL MASTER, LTD.
c/o Aurelius Capital Management, LP
535 Madison Avenue
22nd Floor
New York NY 10022

Registered Office: AURELIUS CAPITAL MASTER, LTD.
c/o GlobeOp Financial Services (Cayman) Limited
45 Market Street, Suite 3205
2nd Floor, Gardenia Court
Camana Bay, West Bay Road South
Grand Cayman KY1-9003

Attention: Dan Gropper
Fax: 212-786-5870

HOLDERS:

Drawbridge DSO Securities LLC

By: _____
Constantine M. Dakolias
President

Principal amount of 2015 Notes held: £111,600,000.00
Date: May 31, 2009

1345 Avenue of the Americas, 46th Floor
New York, New York 10105
Attention: Constantine M. Dakolias
Fax: (212) 798-6099

Drawbridge OSO Securities LLC

By: _____
Constantine M. Dakolias
President

Principal amount of 2015 Notes held: £12,400,000.00
Date: May 31, 2009

1345 Avenue of the Americas, 46th Floor
New York, New York 10105
Attention: Constantine M. Dakolias
Fax: (212) 798-6099

FCOF UB Securities LLC

By: _____
Constantine M. Dakolias
President

Principal amount of 2015 Notes held: £9,500,000.00
Principal amount of 2023 Notes held: £5,500,000.00
Date: May 31, 2009

1345 Avenue of the Americas, 46th Floor
New York, New York 10105
Attention: Constantine M. Dakolias
Fax: (212) 798-6099

HOLDERS:

Appaloosa Investment Limited Partnership I

By: James E. Bolin
Name: James E Bolin
Title: Partner

Principal amount of 2015 Notes held: $ $ 15,181,000

Principal amount of 2023 Notes held: $ $ 22,696,000

Date: 6/1/09

c/o Appaloosa Management LP
51 JFK Parkway, 2nd Fl
Short Hills, NJ 07078

Attention: James Bolin
Fax: (973) 701-7055

Palomino Fund Ltd.

By: James E. Bolin
Name: James E. Bolin
Title: Partner

Principal amount of 2015 Notes held: $ $ 22,187,000

Principal amount of 2023 Notes held: $ $ 33,171,000

Date: 6/1/09

c/o ~~Appal~~ Palomino Fund Ltd.
51 JFK Parkway, 2nd Fl
Short Hills, NJ 07078

Attention: James Bolin
Fax: (973) 701-7055

Thoroughbred Master Ltd.

By: James E. Bolin
Name: James L. Bolin
Title: Partner

Principal amount of 2015 Notes held: $ £ 11,306,000

Principal amount of 2023 Notes held: $ £ 18,457,000

Date: 6/1/09

c/o Thoroughbred Master Ltd.
51 JFK Parkway, 2nd Fl.
Short Hills, NJ 07078

Attention: James Bolin
Fax: (973) 701-7055

Thoroughbred Fund LP

By: James E. Bolin
Name: James L. Bolin
Title: Partner

Principal amount of 2015 Notes held: $ £ 10,828,000

Principal amount of 2023 Notes held: $ £ 17,676,000

Date: 6/1/09

c/o Thoroughbred Fund LP
51 JFK Parkway, 2nd Fl.
Short Hills, NJ 07078

Attention: James Bolin
Fax: (973) 701-7055

HOLDERS:

Elliott International, L.P.
By: Elliott International Capital Advisors Inc. – As attorney-in-fact

By: _____
Elliot Greenberg, Vice President
Principal amount of 2015 Notes held: $46,200,000

Principal amount of 2023 Notes held: $2,400,000

Date: May 31, 2009

c/o Elliott Management Corporation
712 Fifth Avenue
New York, NY 10019
Attention: Didric Cederholm
Fax: (212) 586-9461

The Liverpool Limited Partnership
By: Liverpool Associates Ltd. – As General Partner

By: _____
Elliot Greenberg, Vice President
Principal amount of 2015 Notes held: $20,800,000

Principal amount of 2023 Notes held: $1,600,000

Date: May 31, 2009

c/o Elliott Management Corporation
712 Fifth Avenue
New York, NY 10019
Attention: Didric Cederholm
Fax: (212) 586-9461

Exhibit A

Extraordinary Resolution

Set out below in a combination form is the text of the Extraordinary Resolution. For clarity, the opening text for the Extraordinary Resolution in respect of each series has been set out separately.

For the 2015 Notes:

"THAT THIS MEETING (the "**2015 Meeting**") of the holders of the 2015 Notes (the "**2015 Holders**") and benefiting from the provisions of the fiscal and paying agency agreement among General Motors Nova Scotia Finance Company (the "**Company**"), General Motors Corporation, Deutsche Bank Luxembourg S.A. (the "**Fiscal Agent**") and Banque Générale du Luxembourg S.A. (the "**Paying Agent**" and together with the Fiscal Agent, the "**Agents**") dated as of July 10, 2003 (the "**Fiscal and Paying Agency Agreement**"), by Extraordinary Resolution (the "**Extraordinary Resolution**"), HEREBY: "

For the 2023 Notes:

"THAT THIS MEETING (the "**2023 Meeting**") of the holders of the 2023 Notes (the "**2023 Holders**") and benefiting from the provisions of the fiscal and paying agency agreement among General Motors Nova Scotia Finance Company (the "**Company**"), General Motors Corporation, Deutsche Bank Luxembourg S.A. (the "**Fiscal Agent**") and Banque Générale du Luxembourg S.A. (the "**Paying Agent**" and together with the Fiscal Agent, the "**Agents**") dated as of July 10, 2003 (the "**Fiscal and Paying Agency Agreement**"), by Extraordinary Resolution (the "**Extraordinary Resolution**"), HEREBY: "

For the 2015 and 2023 Notes (each series voting separately)

RESOLVES by special quorum an Extraordinary Resolution in accordance with the proviso to paragraph 5 of Schedule 4 of the Fiscal and Paying Agency Agreement to authorize and direct the addition of a new provision at the end of, and forming part of, Condition 6 of Schedule 1 of the Fiscal and Paying Agency Agreement, which also forms a part of the Global Notes representing the 2015 Notes and the 2023 Notes, as follows:

"**Certain Claims**

Upon the approval of the Extraordinary Resolution at the Meeting and the payment by the Company and the Paying Agent of the Consent Fee to each of the Noteholders in accordance therewith, each Noteholder hereby releases and discharges the defendants in the Nova Scotia Proceeding (and the past and/or present directors, officers, employees, partners, insurers, co-insurers, controlling shareholders, attorneys, advisers, consultants, accountants or auditors, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, heirs, related and/or affiliated entities of each of them) from all claims and demands that are raised in

the proceeding in the Supreme Court of Nova Scotia titled Aurelius Capital Partners, LP v. General Motors Corporation et al, Court File No. HFX No. 308066 (the "**Nova Scotia Proceeding**"), and agrees to discontinue the Nova Scotia Proceeding on a without costs basis. Nothing contained in this Extraordinary Resolution shall preclude any Noteholder from pursuing any of the claims raised in the Nova Scotia Proceeding against any of the Canadian Entities or the Guarantor or any of the other debtors in the Chapter 11 Cases in the event that the payment of the Consent Fee is successfully challenged by any person in a future proceeding and, as a result, an amount equal to the Consent Fee has been repaid; provided, that, this Extraordinary Resolution precludes each Noteholder from pursuing any of the claims raised in the Nova Scotia Proceeding against any of Neil Macdonald, John Stapleton, Mercedes Michel and Maurita Sutedja (and their respective heirs, administrators and assigns) in the event that the payment of the Consent Fee is successfully challenged by any person in a future proceeding.

Upon the approval of the Extraordinary Resolution at the Meeting and the payment by the Company and the Paying Agent of the Consent Fee to each of the Noteholders in accordance therewith, each Noteholder waives all (and shall cease to have any) rights and claims against the Company in respect of the Loan Agreements (as defined below), including with respect to any compromise or settlement of the loans thereunder, and such Noteholder's rights in the Loan Agreements, and each Noteholder hereby releases and discharges GM Canada (and its past and present officers, directors and employees), Neil Macdonald, John Stapleton, Mercedes Michel and Maurita Sutedja (and their respective heirs, administrators and assigns) from all claims and demands whatsoever, presently known or unknown, which the Noteholders ever had, now have or may hereafter have against them by reason of claims and demands arising from or in connection with those certain loan agreements between the Company and GM Canada each dated as of July 10, 2003 and pursuant to which GM Canada borrowed from the Company the sum of five hundred fifty-five million, eight hundred sixty thousand Canadian dollars (C$555,860,000), and the sum of seven hundred seventy-eight million, two hundred four thousand Canadian dollars (C$778,204,000), respectively (collectively, the "**Loan Agreements**"), provided that nothing contained in this Extraordinary Resolution shall preclude the Noteholders from pursuing any claim in respect of the parties and claims otherwise released in this paragraph in the event that the payment of the Consent Fee is successfully challenged by any person in a future proceeding and, as a result, an amount equal to the Consent Fee has been repaid. Furthermore, in the event that the payment of the Consent Fee is successfully challenged by any person in a future proceeding, and, as a result, an amount equal to the Consent Fee has been repaid, the settlement between the Company and GM Canada of the amount owing under the Loan Agreements as contemplated by this Transaction shall be null and void and the full amount owing under the Loan Agreements as of the date hereof shall be immediately due and payable according to their terms as they exist as of the date hereof.

Upon the approval of the Extraordinary Resolution at the Meeting and the payment by the Company and the Paying Agent of the Consent Fee to each of the Noteholders in accordance therewith, with respect to any other claim it may have against

the Canadian Entities or the Guarantor in its capacity as a holder of the Notes, the Noteholder covenants and agrees not to pursue any claim it may have other than in connection with the advancement of its claim under the Guarantee, the advancement of its claim against GM Nova Scotia in respect of the Notes and the Deficiency Claim (each as defined below). Nothing contained in this Extraordinary Resolution shall preclude the Noteholder from pursuing any other claim it may have against the Canadian Entities or the Guarantor or any of the other debtors in the Chapter 11 Cases in the event that the payment of the Consent Fee is successfully challenged by any person in a future proceeding. For purposes of this Extraordinary Resolution, the "**Guarantee**" shall mean that certain guarantee of the Notes by the Guarantor included in the Fiscal and Paying Agency Agreement and the Notes.

Nothing contained in this Extraordinary Resolution is in any way intended to, nor shall it in any way operate to, directly or indirectly, limit, waive, impair or restrict, any rights, interests, remedies or claims (whether at law or in equity, and whether now or hereafter existing) which any Noteholder may have against, or to which any Noteholder is due or owed from, the Company in respect of the Notes or the Guarantor in respect of the Guarantee Claim or the Deficiency Claim (as such terms are defined in the Lock-up Agreement). It is hereby expressly acknowledged, agreed and confirmed that that (i) the Deficiency Claim is a valid and enforceable claim of the Company and shall be enforceable against the Guarantor as allowed pre-petition general unsecured claims (the "**Allowed Claims**") to the fullest extent permittedunder applicable laws, (ii) the Notes are valid and enforceable claims to the Noteholders and shall be enforceable against the Company in their full amount, and (iii) the Guarantee Claim is a valid and enforceable claim of the Noteholders and shall be enforceable against the Guarantor as Allowed Claims to the fullest extent permitted under applicable laws.

For purposes of clarity, it is understood and agreed that nothing contained in this Extraordinary Resolution shall: (i) release in any respect whatsoever any claim against the Company on the Notes or any claim against the Guarantor on the Guarantee, or (ii) preclude a Noteholder from pursuing any claim it may have against the Guarantor or any of the other debtors in the Chapter 11 Cases or any other Party that is not based on such Holder's ownership of Notes.

The Consent Fee payment does not reduce, limit or impair the Notes, the Guarantee Claim or the Deficiency Claim.

The Guarantor confirms that its only claim against the Company is the Swap Liability. If for any reason any portion of the Deficiency Claim is disallowed, the Guarantor agrees that the Swap Liability is subordinated to the prior, indefeasible payment in full of the Notes. In any event, any and all other undisclosed indebtedness, claims, liabilities or obligations of the Company to the Guarantor other than the Swap Liability are subordinated to the prior, indefeasible payment in full of the Notes. To the extent of the subordination provided for herein, the Guarantor agrees that should it receive any payments from the Company or a trustee in bankruptcy of the Company, it will hold such payment in trust and immediately pay over such amounts to the paying

agent for the Notes. For purposes of this Extraordinary Resolution, "**Swap Liability**" shall mean the obligations of the Company to the Guarantor, under currency swap arrangements between the Guarantor and the Company.

The Guarantor shall not assert any right of set-off in respect of the Deficiency Claim.

RESOLVES by special quorum an Extraordinary Resolution in accordance with Schedule 4 of the Fiscal and Paying Agency Agreement to pay, subject to the approval of the foregoing Extraordinary Resolution by the requisite Noteholders, an amount equal to £366.46 per £1,000 of principal amount of the 2015 Notes outstanding and £380.17 per £1,000 of principal amount of the 2023 Notes outstanding (the "**Consent Fee**"), immediately following the approval of the foregoing Extraordinary Resolution by the requisite Noteholders. The Consent Fee shall be paid to the common depository by wire transfer, and Euroclear and Clearstream, as applicable, will credit the relevant accounts of their participants on the payment date. Payments in respect of Notes not evidenced by Global Notes shall be made by wire transfer, direct deposit or check mailed to the address of the holder entitled thereto as such address shall appear on the register of the Company.

RESOLVES by ordinary quorum an Extraordinary Resolution in accordance with the proviso to paragraph 5 of Schedule 4 of the Fiscal and Paying Agency Agreement to authorize and direct the following:

(a) authorizes, directs and empowers the Agents to concur in, approve, and execute, and do all such deeds, instruments, acts and things that may be necessary to carry out and give effect to these resolutions;

(b) sanctions, assents to and approves any necessary or consequential amendment to the Fiscal and Paying Agency Agreement to effect these resolutions; and

(c) acknowledges that capitalized terms used in these resolutions have the same meanings as those defined in the Fiscal and Paying Agency Agreement, as applicable.

Exhibit B

Escrow Term Sheet

Escrow Agent	A Canadian institutional trustee mutually satisfactory to the parties, acting reasonably
Deposit	GMCL deposits the Consent Fee (the "Escrow Amount") into a segregated account maintained on behalf of GMCL and GM Nova Scotia and the Holders with the Escrow Agent with a Canadian financial institution ("Escrow Account #1")
Release upon passing of extraordinary resolution	Upon receipt by the Escrow Agent of the scrutineer's report for the noteholder Meeting evidencing that the Extraordinary Resolution has been duly passed by the requisite majority of noteholders, the Escrow Agent shall cause the Escrow Amount to be deposited into a new segregated account opened on behalf of GM Nova Scotia and maintained by the Escrow Agent with a Canadian financial institution ("Escrow Account #2"). Upon deposit of the Escrow Amount in Account #2, GM Nova Scotia shall be deemed to have acknowledged and agreed that the loans under the Loan Agreements shall have been settled and compromised in full subject to the terms of the Lock-Up Agreement. Immediately upon the deposit of the Escrow Amount into Account #2, the Escrow Agent shall release the Escrow Amount and cause the Escrow Amount to be deposited with the Fiscal Paying Agent into the account specified by the Fiscal Paying Agent on Schedule A to the Escrow Agreement.
Release of funds to GMCL	The Escrow Agent shall cause the Escrow Amount to be released from Escrow Account #1 to GMCL and deposited into the account specified by GMCL on Schedule B to the Escrow Agreement in the following circumstances: (i) if GM Nova Scotia and all of the Holders notify the Escrow Agent that the Meeting called for the passage of the Extraordinary Resolution has failed to occur prior to July 9, 2009 due to circumstances which are outside GM Nova Scotia's control and the Lockup Agreement has been terminated by the Holders; or (ii) upon receipt by the Escrow Agent of the scrutineer's report for the noteholder Meeting evidencing that after holding the Meeting, the Extraordinary Resolution failed to be passed by the requisite majority of

noteholders.

Release upon Bankruptcy or Failure to hold meeting

Upon receipt of notice by the Requisite Holders of any of the following events, the Escrow Agent shall cause the Escrow Amount to be released from Escrow Account #1 to all of the Holders and deposited into such accounts as may be specified in writing by each relevant Holder:

(a) Bankruptcy, CCAA or any similar proceeding of GM Nova Scotia initiated directly or indirectly or fomented in any way by GM Nova Scotia or one of its affiliates;

(b) a bankruptcy, CCAA or any similar proceeding of GMCL initiated directly or indirectly or fomented in any way by GMCL or one of its affiliates; or

(c) a failure to hold the Meeting by July 9, 2009 due to circumstances which are within GM Nova Scotia's control.

For purposes of this section, **"Requisite Holders"** means Holders representing at least 51% of the outstanding principal amount of each series of Notes.

Release upon disputed Material Breach

In the case of a material breach of the Lockup Agreement other than those referred to above, the Escrow Agent shall retain the Escrow Amount in Escrow Account #1 until the Escrow Agent receives a final court order determining that such Material Breach has occurred. In such circumstances, the Escrow Agent shall pay out the Escrow Amount from Escrow Account #1 in a manner consistent with such court order (it being understood that if a Material Breach has occurred, the Escrow Amount shall be paid to the Holders).

Interest

Accrues to benefit of GMCL from date of Escrow Agreement to June 30, 2009 inclusive; thereafter accrues for the benefit of the Holders.

Currency

British Pounds

Fees

All fees of the Escrow Agent shall be for the account of GMCL. Fees and expenses of the Escrow Agent arising from court proceedings will be paid by GMCL subject to a right of reimbursement from the Escrow Amount in the event that GMCL is successful in such court

proceedings.

Indemnity GMCL (unless broader indemnity required by Escrow Agent).

Termination The Escrow Agreement shall be entered into no later than Wednesday June 4, 2009.

Definitions Defined terms shall have the meanings set out in the Lock-Up Agreement.

Governing Law Ontario