

Restructuring Framework

The European Employee Forum (EEF) of General Motors sets forth the following framework in relation to the current European Restructuring Initiative as presented and discussed at the meeting with the EEF Steering Committee meeting on October 15th, 2004.

Introduction

Despite all the efforts and results of the previous turnaround program, GME is faced with a rapidly deteriorating financial condition, caused by sluggish demand growth, increasing competition from both European and Asian brands, and a negative outlook on net vehicle pricing. With no reasonable indication that conditions will improve substantially in the coming years, Management sees no other choice than to initiate the described restructuring program, with the aim to reduce structural costs by at least € 500 million and a significant reduction of the workforce over the next two years. This restructuring program will affect all brands, sites, plants and functions within GM Europe.

Employee Representatives acknowledge the serious situation GME is faced with and, in general, support the need for the restructuring.

In tradition of the joint solutions, as found with the previous European frameworks, Management and Employee Representatives will work together during the restructuring with continuing information and consultation and with the intention to reach mutually agreed solutions.

Progress and sustainability will be reviewed at EEF Steering Committee meetings. Implementation of the initiatives will start immediately in the respective countries with the inclusion of national unions and/or employee representation bodies according to national legislation and practice.

Competitiveness

It is the intention of both parties to avoid a site closure in connection with the restructuring initiative communicated October 14th, 2004. In order to achieve this, both parties intend to improve the competitiveness of the European sites to enable their sustainable operations in the future.

Future volume allocation and capacity utilization as well as site selection processes will be based on the following principles:

- Sales and Marketing strategy and general demand situation
- Manufacturing strategy
- Financial effectiveness
- Competitiveness
- Employment situation and separation cost

Manpower

Management and Employee Representatives will work together in good faith to find financially sustainable and socially responsible solutions for the necessary manpower adjustments. This includes that both parties will examine potential business opportunities in order to lessen the impact on employees. Respective solutions may cover (in no particular order) but are not limited to processes like:

- Voluntary separation programs
- Early Retirement programs
- Specific local programs based on national legislation
- Transfers to spin-offs, Joint Ventures, partnerships, other locations
- etc.

and will, in case of a sufficient number of participants, enable us to work towards results without forced redundancies.

Both parties acknowledge that these measures cannot be limitless in cost and timing.

Partnerships

Both parties agree that Joint Ventures are the general rule. Exceptions may be agreed upon on the local level. In all cases, employment terms and conditions will be handled on a national level.

Business opportunities

Management and Employee Representatives support all actions on the revenue side leading the company to profitability and sustainable growth. Therefore, business and product opportunities for all European brands, for example marketing and sales initiatives, will also be sought.

Implementation

Implementation of this framework shall occur on the national level.

According to European legislation and National laws Management and Employee Representatives will ensure that the agreed provisions will become legally binding for individual employees as well as negotiating partners.

Klaus Franz.....	Carl-Peter Forster.....
Jürgen Ratayczak.....	Holger Kimmes.....
Rudi Kennes.....	Bob Schelfhaut.....
Lothar Sorger.....	Norbert Küpper.....
Paul Akerlund.....	Allan Rothlind.....
Fernando Bolea.....	Pedro Escudero.....
John Fetherston.....	Jose Vale.....