

European works council agreement
between
Ge Power Controls european headquarters
and
the special negotiating body

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EXHIBITS

Exhibit A	Participating Companies
Exhibit B	Members Select Committee
Exhibit C	List of Company Representatives
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EUROPEAN WORKS COUNCIL AGREEMENT

EUROPEAN WORKS COUNCIL AGREEMENT, as previously discussed and agreed on 23rd October 2003 and 23rd December 2003 and formally dated April 28th, 2004 between GE POWER CONTROLS European Headquarters with offices at Calle Llull, 95-97 08005, Barcelona, Spain, hereinafter referred to as "GEPC" and the Special Negotiating Body, represented by the Select Committee on behalf of the total workforce of GEPC hereinafter referred to as "SNB", (each of foregoing, a "Party" and, collectively, the "Parties").

WITNESSETH:

WHEREAS, the European Union Council Directive 94/45/EC of 22 September 1994 on the establishment of a European Works Council (hereinafter referred to as the "Directive") encourages the establishment of a European Works Council (hereinafter referred to as the "EWC") for the purposes of informing and consulting employees on transnational employment matters which have a significant affect on the interests of employees in two or more member states.

WHEREAS The Parties agreed to re-negotiate extend and renew the Agreement on October 23rd, 2003 as follows.

ARTICLE 1

OBJECTIVE

SECTION 1.1 Objective

The purpose of the EWC is to provide a mechanism for information and consultation on transnational employment matters which have a significant affect on the interests of employees of GEPC in at least two different country members of the EU covered by this Agreement without affecting the rights and duties which exclusively correspond to worker representatives under the national and local laws.

ARTICLE 2**PARTICIPATING PARTIES****SECTION 2.1 Participating Companies**

This Agreement shall apply to the operations of GEPC and its majority-owned subsidiaries within the Member States of the European Union. The list of covered subsidiaries is attached as Exhibit A. As of May 1st, 2004 the agreement shall also apply in the new countries that are due to join the European Union (EU) where GEPC and its majority-owned subsidiaries have operations. Additional GEPC majority-owned subsidiaries in the European Union that are acquired by GEPC during the term of this Agreement shall be covered by the content of this Agreement. In the event that such majority-owned subsidiaries are added, Exhibit A will be modified to reflect the changes.

SECTION 2.2 Employee Representatives

The Employee Representatives that make up the SNB which represents the employees of GEPC covered by this Agreement were duly elected or appointed in accordance to the Directive and the applicable European Union Member State implementing legislation. The members of the Select Committee are listed in Exhibit B.

ARTICLE 3**COMPANY REPRESENTATIVES****SECTION 3.1 Company Representatives**

Central Management will represent the interests of GEPC under this Agreement. Company Representation shall be composed of GEPC's Managing Director and the European Human Resources Director (Exhibit C) and both have the right of substitution. Both can be assisted by other GEPC employees of their choice, with specialized technical expertise directly related to the items on the agenda.

ARTICLE 4

COMPOSITION AND NOMINATION OF EWC

SECTION 4.1 Composition of the EWC

EWC members will be GEPC employees covered by this Agreement. Non-employees can not be appointed or nominated to serve on the EWC. The Number of representatives of the EWC will be limited by the European Union Council Directive 94/45/EC of September 1994 as established in the article 4.2 The EWC representative shall be appointed for the term of four (4) years, subject to the conditions of section 4.2. A further term of office is subject to Management agreement and the results of the election or nomination procedure as defined in Section 4.2.

SECTION 4.2 Nomination of EWC Representatives

The EWC representatives of GEPC represent the workforce of the subsidiaries in the country from which they have been elected or nominated in accordance with the legal requirements of the implementing legislation of that country, or in the absence of any implementing legislation in that country the legislation where the Headquarters are located as per the European Union Council Directive 94/45, will be applicable. There will be a representative for each country where GEPC has a subsidiary or subsidiaries employing at least a total of fifty employees. The number of additional representatives of one country will be established according to the following rules:

- a) if at least 25% of the employees of the Company are employed in one member state, this member state will have an additional member,
- b) if at least 50% of said employees, two more,
- c) if at least 75% of said employees, three more representatives

The total number of GEPC employees as of December 31st of the year before the annual meeting shall determine the minimum threshold of employees that entitle a country to be represented. The % of workforce and changes of EWC representatives should be reviewed every 4 years.

The EWC representative will be responsible for the communications to the employees of the country, which he/she represents. This will be without prejudice to Management's continuous right to communicate with its employees.

Each representative is entitled to have a back-up member who can substitute the representative in case of personal or professional circumstances that temporarily prevent him from exercising his duties. This back-up member will be elected and nominated at the same time as the representative.

SECTION 4.3 Change in Representation

During any given four (4) year term of office no new appointments or nominations may be made with the exception of the following circumstances:

- acquisition of a new subsidiary in an EU country or subsidiaries located in new countries joining the EU where representation does not currently exist. New comers will be reviewed on an annual basis every January 1st
- departure of a EWC representative from GEPC's subsidiary;
- resignation of an EWC representative;
- prolonged absence or death of a EWC representative;
- the loss of the eligibility conditions to be EWC representative in accordance with each national legislation. In the event that the level of employment in the country where GEPC has subsidiary or subsidiaries falls to a level of less than a total of fifty employees, the EWC representative shall lose eligibility. Eligibility will be reviewed in January of every other year
- a violation of the Confidentiality obligation by a EWC representative as defined under Article 8

In the event that one of the above circumstances a replacement of the EWC representative or a back-up member shall be appointed or nominated in accordance with the requirements of Sections 4.1 and 4.2 of this Article. Replacement representatives will serve out the term of the representative they replace.

SECTION 4.4 Select Committee and Chair of the EWC

The Chair of the EWC shall be appointed by the EWC representatives on the basis of a simple majority vote for a term of four (4) years.

The Select Committee comprising the Chairperson and two other EWC representatives will be elected by the EWC representatives on the basis of a simple majority vote for a term of four (4) years.

ARTICLE 5

INFORMATION AND CONSULTATION

SECTION 5.1 Scope of Information and Consultation

Information and consultation for purposes of this Agreement shall cover the following subjects to the extent that the subjects may have impact on employees located in more than one EU member country in which GEPC has employees covered by this Agreement:

- the structure, economic and financial condition of GEPC
- the probable development of the business and production and sales
- the present levels and probable trend of employment
- substantial investments with an impact on employment
- substantial changes concerning organization
- introduction of new working methods or production processes
- transfer of production
- mergers
- closures of facilities, establishments or important parts thereof
- collective redundancies as defined within the national laws of the countries concerned
- training
- environmental, health and safety policies

SECTION 5.2 Consultation

The EWC shall have the right to be informed and consulted on any proposed action which could have an adverse employment impact on the employees located in more than one EU country in which GEPC has employees covered by this Agreement. The EWC shall provide Central Management with any comments it may have in writing at the end of the meeting in which such issues are discussed or within a reasonable time frame, but not later than seven (7) days after it has been informed. In situations as defined under Section 5.3 whereby an extraordinary meeting or conference call has been requested and held between the Central Management and the EWC, the EWC shall provide any comments in writing within seven (7) days after the meeting has been held. The Central Management has the obligation to provide the EWC with relevant information, indicating the grounds for proposing such decision, the consequences for the employees and the time period related with the execution of such decision. The EWC's right to render its advice shall not affect the prerogatives of GEPC or its subsidiaries to take any proposed action nor shall it

affect the prerogatives of the local works councils of GEPC.

SECTION 5.3 Exceptional Issues

Where GEPC contemplates some action not discussed at an annual meeting which could have impact on employees in 2 EU countries involving these exceptional issues described in Art. 18.3 of the Spanish Legislation Central Management will inform the EWC through an extraordinary meeting with the Select Committee with the attendance of those other members of the EWC of the affected countries. If the Chairman of the EWC and the Human Resource Director agree, this meeting could be done through teleconference.

ARTICLE 6

EWC MEETINGS

SECTION 6.1 Annual Meeting

The EWC will meet once a year with the Central Management of GEPC to be informed and consulted on the state of the Business and its future plans. Such meetings will be based on a formal presentation drawn up by Central Management. This meeting will not affect the decision-making prerogatives and right of the Business Management nor modify the Representative prerogatives of local country representation or machinery.

The Annual Meeting will be held at the time and place communicated by Central Management during the early part of the calendar year and shall not exceed two days in duration including preparatory meeting and post-meeting review.

SECTION 6.2 Agenda

The agenda for the Annual Meeting shall be drawn up by mutual agreement between the Central Management Representative (Human Resources Director) and the Select Committee of the EWC. Select Committee and Central Management Representative shall meet at least two (2) weeks before the date of the annual Meeting. The Central Management shall decide if the meeting should be a face-to-face meeting or should be done through Teleconference. The Central Management shall provide interpreters for each member of the Select Committee and for the Central Management representative/s. The final agenda and any relevant information or other documentation for the meeting should be distributed by the Central Management to all EWC Representatives three (3) days prior to the meeting or a at least one (1) day before the date of the Annual Meeting. The Central Management will have the responsibility for and ensuring that minutes of the EWC

meeting are sent to the EWC representatives.

ARTICLE 7

RIGHTS AND OBLIGATIONS OF EWC REPRESENTATIVES

SECTION 7.1 Working hours

The hours spent by EWC representatives on EWC matters, including traveling and attending the Annual EWC meeting shall not be considered as overtime. Without prejudice of the previous statement, the EWC representatives will have the rights established in the Art. 28.3 of the Spanish Legislation (Act 10/1997 of 24th April).

SECTION 7.2 Expenses

The costs of salary, travel and accommodations related to EWC activities as defined or limited within the various provisions of this Agreement will be borne by GEPC and shall be in accordance with GEPC 's policies and/or regulations governing the above mentioned subjects. GEPC will also be responsible for providing a facility for the meetings.

SECTION 7.3 Language

The official working language for all documents, such as but not limited to, the agenda of the Annual EWC meeting and supporting papers shall be in English. The meeting(s) with the EWC will be conducted in the English language. GEPC will provide interpreters for each individual EWC representative. All EWC related documents shall be translated into local language by the Central Management.

ARTICLE 8

CONFIDENTIALITY

SECTION 8.1 Confidential Information

With respect to the provision of information, the Central Management may impose a requirement of confidentiality if there are reasonable grounds to do so, including but not limited to situations where company proprietary information and/or trade secrets will be distributed to the representatives of the EWC. In case the Central Management intends to impose confidentiality on its representatives of the EWC, the Central Management shall issue a statement to such representatives as early as possible and in any event prior to the discussion and/or the distribution of the confidential information concerned, indicating the grounds for imposing confidentiality, the type of information to be covered, for how long the confidentiality applies and whether there are any persons with regard to whom

such confidentiality does not have to be maintained. No confidential information may be supplied to an outside expert or any other third party without the written approval of GEPC or until such party signs a confidentiality agreement in a form acceptable to GEPC.

SECTION 8.2 Breach of Confidentiality

Any representative of the EWC who breaches his or her obligations under Section 8.1 of this Article in such a way that it may damage GEPC or one of its subsidiaries concerned may be forced to resign as a EWC representative. In such a situation, GEPC may also take whatever action it deems appropriate under applicable law against the EWC representative or any expert who violates confidentiality obligations under either this Agreement or any separate confidentiality agreement.

SECTION 8.3 Disclosure of Company Confidential Information

GEPC reserves the right not to transmit information when its nature is such that the disclosure of such that information would seriously harm or be prejudicial to the functioning of GEPC and/or the subsidiaries concerned.

ARTICLE 9

EWC RIGHTS

SECTION 9.1 Facilities

The EWC shall use existing local country Works Council/ Representative facilities such as telephone, fax, computer and secretarial support in order to enable the EWC to carry out its tasks as set forth in this Agreement.

SECTION 9.2 Experts

The EWC or the Select Committee may be assisted by one expert of its choice, insofar as this is necessary for it to carry out its tasks as set forth in this Agreement. GEPC will pay the reasonable costs (including travel and accommodations) of an expert. To the extent possible, the EWC should consult internal experts from within GEPC. Before any external expert is provided access to confidential information, he or she must sign a confidentiality agreement in a form acceptable to GEPC.

The expert will be a person with specialized technical knowledge related to the items in the agenda. Experts could attend preparatory meetings and the ones after the EWC meeting with the Central Management, and also attend the meetings that the employees' representatives may hold during the breaks of the meeting with the Central Management. Also, with agreement between the Central Management and the Select Committee, the experts can be invited to the annual and extraordinary meetings. The EMF

Coordinator shall be invited to the Annual Meeting only when the Central Management specifically wants to discuss in the agenda substantial reductions of permanent employment at GEPC.

Prior to engaging an outside expert, the Chairperson will consult with the Central Management Representative on the appropriate time period during which the experts will be used and the associated costs related to the use of such expert.

SECTION 9.3 Costs

The operational costs of the EWC shall be part of the annual budget which will be determined by mutual agreement between both Parties. In the absence of mutual agreement, the budget will be set by Central Management based on its reasonable estimated of anticipated costs. Such budget will be set annually for the lifetime of the Agreement. Deviations from the previous year budget shall be discussed between the parties and requires the prior written approval of Central Management.

SECTION 9.4 English Training

The company will provide English language training for EWC representatives in each country according with local practice.

ARTICLE 10

TERM AND TERMINATION

SECTION 10.1 Term

This Agreement shall be effective from the 23rd of October 2003 and shall remain in force until the earlier of a consecutive period of four (4) years or until a termination by either Party in accordance with Section 10.2.

SECTION 10.2 Change of Company Name

- a) With effect from the date on which GE Power Controls becomes part of the new GE Consumer & Industrial Business the GE Consumer & Industrial entities which then form part of the latter will be bound by this agreement
- b) A list of Companies and affiliates covered by this agreement will be given in Exhibit A.
- c) With effect from the date of the incorporation of GE Consumer & Industrial all references to either GE Power Controls or GEPC will be replaced with the words "GE Consumer & Industrial".

SECTION 10.3 Termination for Cause

The following shall be deemed to be a cause justifying termination:

- (i) GEPC becomes bankrupt or insolvent;
- (ii) GEPC has been acquired by or sub-merged into a company with its own European Works Council.

In the event of cause as described above, either Party may decide separately to terminate this Agreement upon 6 months prior written notice to the other Party.

SECTION 10.4 Termination by its Terms

Six (6) months prior to the end of the four (4) year term as defined in Section 10.1, both Parties shall evaluate and agree to renew (extend) or to renegotiate the current Agreement. In case both Parties decide not to extend the current agreement or to renegotiate a new EWC agreement, this Agreement will be terminated by mutual consent. Until the extension of this Agreement is formally approved or the conclusion of a new EWC agreement (in the case of a re-negotiation) is completed, the current Agreement shall remain in force and apply to both Parties.

ARTICLE 11

DISPUTE RESOLUTION

SECTION 11.1 Dispute Resolution

All disputes resulting from, concerning the validity of or in connection with the present Agreement shall be finally, exclusively and conclusively settled by the Court(s) authorized by the implementing legislation of the Member State which governs this Agreement to decide such disputes (Spain, Act 10/97, of April 24th).

ARTICLE 12

MISCELLANEOUS

SECTION 12.1 Entire Agreement

This Agreement sets forth the entire Agreement and understanding of the Parties with respect to the subject matter hereof and supersedes all prior agreements, arrangements, understandings and representations relating to the subject matter hereof.

SECTION 12.2 Modification and Waiver

No change, modification, extension, renewal, ratification, rescission, termination, notice of termination discharge, abandonment, or waiver of this Agreement or any of the provisions hereof, nor any representation, promise or condition relating to this Agreement shall be binding unless in writing, executed by both Parties hereto or their permitted successors and assigns.

Failure by any Party to exercise, or any delay on either Party's part in exercising any right, remedy, power or privilege under this Agreement shall not operate as a waiver of any such right, remedy power or privilege hereunder or preclude any other or further exercise of the same or of any right, remedy, power or privilege.

SECTION 12.3 Assignment

No Party hereto shall assign or otherwise transfer any of its rights or obligations under this Agreement to any third party without the prior written consent of the other Party hereto with the exception of the back-up members according with the established in Section 4.2 of this agreement.

SECTION 12.4 Severability

If any provision of this Agreement should be or become void or legally invalid, all other provisions of this Agreement shall not be affected thereby and shall be construed according the intention of the original clauses.

SECTION 12.5 Interpretations

The following rules of interpretation shall apply to this Agreement:

- (i) headings and sub-headings are inserted only as a matter of convenience and for reference and shall not be deemed part of this Agreement or taken into consideration in the interpretation or instruction hereof;
- (ii) all references to articles, sections and exhibits shall be construed as references to articles and sections of and exhibits to this Agreement;
- (iii) all references to agreements, documents or other instruments shall include all amendments and supplements thereto and replacements thereof.

SECTION 12.6 Application of the EU Directive 94/95 & Act 10/97, of April 24th

The contents of the EU Directive 94/95 and its transposition to the Legislation where the Headquarters are located to effects of the EU Directive 94/95 with its corresponding subsidiary dispositions, will be considered part of this Agreement and fully integrated in it. In defect of any applicable legislation, the binding law will be the Spanish Legislation through the Act 10/97, of April 24th

SECTION 12.7 Binding Effect

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors, legal representatives and permitted assigns.

SECTION 12.8 Counterparts

This Agreement may be executed in any number of counterparts with the same effect as if each Party had signed the same document. All counterparts shall be construed together and constitute one and the same document.

SECTION 12.9 Official Language

This Agreement has been drawn up in English and it will be translated into the local language of the different Member States. In case of any conflict or inconsistency between the English version and the version in local language, the English version shall govern.

ARTICLE 13**GOVERNING LAW****SECTION 13.1 Governing Law**

The Agreement shall be governed by the Laws of the European Union Member State where the Headquarters are located . By defect the Spanish Law will govern of a law this Agreement (Spain, Act 10/97 of April 24th).

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed by their respective duly authorized representatives as of the date specified on the first page of this Agreement.

GE Power Controls

**Special Negotiation Body
Representatives**

By : _____
Dr. Horst-Uwe Groh
Human Resources Director

By : _____
Claude Salmon (FRANCE)

Jeff Cave (UNITED KINGDOM)

By : _____
Jordi Casas
HRM Manufacturing GEPC

Jose Manuel Da Silva Teixeira
(PORTUGAL)

Stefan Kaikowski (GERMANY)

Arthur Wennink (NETHERLANDS)

Enrique Simón (SPAIN)

Luc Arnou (BELGIUM)

Alberto Volpato (ITALY)

Expert:

Carlos Vallejo (SPAIN)

EXHIBIT A**PARTICIPATING COMPANIES****POWER CONTROLS IBERICA, S.L.**

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GE POWER CONTROLS NEDERLAND, B.V.

Parallelweg 10
7482 Haaksbergen
THE NETHERLANDS

EXHIBIT B

MEMBERS SELECT COMMITTEE

<u>Name</u>	<u>Country</u>
Alberto Volpato	Italy
Enrique Simón	Spain
Luc Arnou	Belgium

EXHIBIT C

LIST OF COMPANY REPRESENTATIVES

1. Dr. Horst-Uwe Groh (Director Human Resources)
2. Jordi Casas (Human Resources Manager Spain)

EXHIBIT D**MEMBERS EUROPEAN WORKS COUNCIL**

<u>Name</u>	<u>Country</u>
Claude Salmon	France
Jeff Cave	United Kingdom
José Manuel da Silva Teixeira	Portugal
Arthur Wennink	Netherlands
Enrique Simón	Spain
Stefan Kaikowski	Germany
Luc Arnou	Belgium
Alberto Volpato	Italy