

GE POWER SYSTEM

EUROPEAN WORKS COUNCIL AGREEMENT

1998

The Central Management of GE Power Systems (Exhibit A), which for the purpose of establishing an European Works Council (hereafter referred to as "EWC"), has appointed its business in Rome as the representative agent, and the Special negotiating Body (hereafter referred to as "SNB"), who represents the interest of the employees of GE Power Systems, have reached the following agreement regarding the formation of the EWC. This Agreement shall apply to the operation of GE Power Systems (hereafter referred as GEPS), and its majority owned subsidiaries located within the Member States of the European Union, including the United Kingdom, that are engaged in the same business activities as GEPS. The list of covered subsidiaries is attached as Exhibit B. Additional GEPS majority-owned subsidiaries that are acquired by GEPS during the term of this Agreement shall be covered according to the Council Directive 94/05/EC. In addition, majority-owned subsidiaries, in countries outside the European Union may be added by mutual agreement of the Parties.

ARTICLE I

ESTABLISHMENT OF A EUROPEAN WORKS COUNCIL

The establishment of the EWC of GEPS is subject to the rules and regulations of the European Union Council Directive 94/45/EC of 22 September 1994 and the Italian Interfederative Agreement of 6 November 1996.

ARTICLE II

OBJECTIVE OF THE EUROPEAN WORKS COUNCIL

The purpose of the European Works Council is to provide a mechanism for the exchange of information and to provide an opportunity for consultation for GEPS employees in Europe. Information and consultation concerning the GEPS sites in Europe shall cover the following items, to the extent that the subjects may have an impact on employees located in more than one country in which GEPS has employees covered by this agreement:

- structure, economic and financial conditions;
- probable development of business, production and sales;
- present employment levels and probable trend;
- substantial investments having an impact on employment;
- introduction of new working methods or production processes;
- transfer of production;
- mergers, restructuring activities, establishments or important parts thereof;
- collective redundancies as defined within the national laws of the countries concerned;

- environmental, health and safety policies;
- equal opportunities;
- professional training policies, including foreign language.

ARTICLE III

COMPOSITION OF THE EWC

The GEPS EWC is composed of 10 members, and the number of representatives of each country is determined as follows:

Country	Number of Employees	Number of EWC Representatives
Italy	5239	6
Spain	159	2
UK	159	2

The EWC members represent the employees of the countries where they have been elected or appointed, according to the laws and/or EU Directive implementing agreements of the country of their employment.

For all EU Countries which have not implemented the EU Directive 94/45 the representatives, selected among the GEPS employees, shall be elected or appointed according to the local practices.

For each EWC representative there will be a deputy EWC representative appointed in the same manner as the EWC representative, and according to the same prerequisites. The deputy EWC representatives shall participate to the EWC meetings only in case of absence or for substitution of each EWC official representative.

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

- acquisition of new companies, relevant according to the EU Directive 94/45;
- departure of a EWC representative from GEPS
- resignation of a EWC representative
- prolonged absence or death of a EWC representative
- loss of local and/or national mandate

ARTICLE IV

LENGTH OF THE MANDATE

The EWC representatives shall be appointed for the term of four (4) years.

ARTICLE V

SELECT COMMITTEE

A Select Committee of three members, representing the different nationalities, shall be appointed from among the elected EWC representatives on the basis of an election to be held by the EWC. The EWC may also approve its internal working rules.

The Select Committee and the Central Management draw up the agenda for the annual meetings in mutual agreement. The Select Committee also coordinates the activity of the EWC.

After each EWC meeting the Central Management and the Select Committee shall release the minutes of the meetings in the different languages and shall distribute them to the different members.

ARTICLE VI

EWC MEETINGS

The EWC has the right to meet the Company Management once a year, within the first four months of the year. The meeting is based on a formal presentation by the Company Management. The EWC representatives may have a preliminary meeting before the official meeting with the Central Management.

The Central Management shall organize a translation system in the various relevant languages of the EWC representatives, as well as the translation of the key documents distributed during the meetings.

Place, date, month and agenda will be jointly decided by the Central Management and the Select Committee.

ARTICLE VII

EXPERTS

The EWC representatives may invite up to four experts to the preliminary meeting and to the official meeting. The Company shall cover the expenses for one expert.

ARTICLE VIII

FURTHER MEETINGS FOR EXTRAORDINARY EVENTS

When GEPS contemplates exceptional circumstances and events that relevantly affect the interest of the employees (according to the art. 16, comma 8 and 9 of the Italian EU Directive Implementing Agreement) the Select Committee, based on its request, has the right to meet the Central Management. The EWC representatives of the sites interested by the exceptional events have the right to participate in the meeting, or

subject to agreement with the Central Management, the whole EWC shall be Convened.

ARTICLE IX

COSTS

GEPS covers the costs of the official and preliminary meetings (costs of travel and living, translations and documentation).

The EWC members, in order to join the preliminary and official meetings, shall utilize remunerated pernrnts, limited to the time of the transfer and of the meetings.

ARTICLE X

AREA OF APPLICATION

The agreement applies to the GEPS employees who are employed by one of the participating companies as defined in Exhibit B.

ARTICLE XI

COMPATIBILITY WITH THE NATIONAL PRACTICES

The EWC does not substitute the established practices at the national level for information and consultation of the employees.

ARTICLE XII

PROTECTION

The EWC representatives exercising their functions under this agreement shall enjoy the same protection as provided to local employee representatives by the national legislation and established practices in force in their country of employment.

ARTICLE XIII

CONFIDENTIALITY

The EWC representatives, their deputy representatives and the experts can not disclose any information that is provided them as confidential from the Central Management. This obligation holds also after the end of the mandate.

For this section reference shall be made to article 11 of the 6 November 1996 Italian Interfederative Agreement applies.

ARTICLE XIV

LENGTH OF THE AGREEMENT

This Agreement shall be effective from the date hereof and shall be automatically renewed unless written termination of one of the two parties issued earlier than 6 months from the expiration date.

Any dispute or controversy arising out of or relating to the application of this agreement shall be settled by the Court of Rome.

Date

Signature

Employee Representatives

Central Management

EXHIBIT A

List of GEPS Central Management

Rino Piazzola, Executive of GEPS
Impero Pianigiani, Central Manager, Industrial Relations, GEPS

EXHIBIT B

List of Covered Subsidiaries

Italy

Gruppo Nuovo Pignone SpA
Via Felice Matteucci 2
50127 Firenze
Italy

UK

GE Power Systems
Coolidge House
352 Buckingham Avenue
Slough
Berkshire
SL1 4ER

Spain

General Electric International Inc. Spain Branch

C/Juan Bravo, 3C - 4º planta
28006 Madrid

Cimisa
Crta. De Andalucia,
Km 17.800
Pol. Ind. "Las Arenas"
C/Ronda, s/n
28320 Pinto (Madrid)

Pignone Espagnola
C/ Ferro, 6
Polig. Ind. "Can Pelegri"
08755 Castellbisbal
(Barcelona)