

Spring Hill Flex Production Operations Pilot Program

Recently, the parties continued discussions regarding the importance of maintaining a strong manufacturing presence in the U.S. and the need to secure and protect job opportunities for UAW members. While long-term U.S. market demand and business conditions remain uncertain, the parties reviewed the need for the Company to have the ability to respond quickly and economically to opportunities for increased production volume, should they occur. As a result, the Company will invest in a pilot flexible vehicle production operation to be located at the existing Spring Hill, Tennessee, site.

The premise for the new pilot operation is to establish a facility capable of producing multiple vehicles on a variety of platforms with an optimized ability to adjust to changing market conditions. The plant will utilize a non-traditional build process based on modular body shop operations that will allow the assembly of a number of different vehicle models each at a comparatively small volume which could be produced for a relatively short period of time.

The terms and conditions of the existing Spring Hill site local agreement and the 2011 GM-UAW National Agreement will apply to the new operation with specific exceptions and modifications noted as follows:

- The parties agree that the implementation of any Flexible Product Operation (FPO) pilot program is not dependent upon the allocation of a potential Core product to the Spring Hill facility.
- Staffing Plan:
 - The parties recognize that the build process for the FPO will be unique within GM in the United States. The success of this venture will be dependent not only on our ability to build high quality vehicles using new processes, but also on higher than anticipated levels of market demand for vehicles already being produced at other GM locations. For this reason, the parties have agreed that for the execution of this strategy, innovative staffing arrangements will be required.
 - The FPO pilot will be initially staffed by new hires at the Entry Level with modified benefits, temporaries and Flex employees as directed by the National Parties.
The following additional conditions will also apply:
 - Employees, who have previously transferred to other locations and retain recall rights to the Spring Hill site, will not be eligible to return for the purposes of populating a position at the FPO.
 - Active employees assigned to pre-existing operations at the Spring Hill site (Powertrain, Stamping, etc.) will not be eligible for transfer to positions at the FPO.
 - In the event that laid off Spring Hill employees (Skilled, Tier I and Tier II) who have not been placed into permanent jobs at other GM facilities, or who are working as temporaries in other locations remain available, the National Parties will discuss placement of such employees.

- In the event that a Core Production Operation (CPO) is implemented at a later date, the CPO and FPO will be staffed as detailed below:
 - Seniority employees (Skilled, Tier I and Tier II) assigned to the FPO will transition from the FPO to staff the CPO.
 - Any additional seniority employees laid off from Spring Hill who otherwise hold recall rights to that plant, will be recalled in seniority order to staff the CPO open positions.
 - In the event an insufficient number of Spring Hill seniority employees are available to staff the CPO, the remaining CPO positions will be filled by new hires at the entry level and/or temporaries.
 - Temporary and/or Flex employees will be utilized in the CPO consistent with National Agreement provisions.
 - Active employees assigned to pre-existing operations at the Spring Hill site (Powertrain, Stamping, etc.) will not be eligible for transfer to positions at the CPO.
 - CPO and FPO Entry Level employees will not be subject to or considered in any overall Company hiring limits.
 - FPO openings that result from the above transition will be filled by new hires at the entry level, temporaries and Flex employees as directed by the National Parties.
 - In the event that long-term CPO openings occur, the National Parties will discuss the potential transition of FPO temporary employees into such positions.
- Paragraph 96 of the National Agreement and other provisions regarding sourcing of supplier parts and sub-assemblies will not apply to the FPO.
- The duration of specific FPO product allocations will be made solely at the discretion of Management and are not subject to National or Local contract agreement provisions.
- All material handling, kitting & sequencing, and subassembly work will be performed by third party providers located within the FPO/CPO plant site. Such work performed by third parties will be considered for insourcing on a business case basis in the future.
- FPO production support maintenance activities will be performed by existing Spring Hill seniority skilled trades employees to the extent that sufficient numbers of such employees are available. The National Parties will conduct additional discussions to resolve any deficiencies associated with populating production support skilled trades operations. All non-strategic maintenance will be performed by third party providers in a manner consistent with similar functions at the Orion Small Car Plant operations.
- The FPO will utilize various alternative work schedules and overtime arrangements as needed to meet the unique needs of the business. Such schedules will require no local level agreements, but will be subject to National Party approval.

- The National Parties will mutually agree to a long-term pilot of the FPO. Duration of the pilot and any specific provisions will be developed by the parties.

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