

GENERAL MOTORS-HOLDEN'S LIMITED

MELBOURNE
REGISTERED OFFICE
241 SALMON ST., PORT MELBOURNE 3207

OFFICE OF THE MANAGING DIRECTOR

October 21, 1986

Dear Fellow Employee,

I have attached a copy of a news release which is being issued today.

The news release tells how General Motors manufacturing operations in Australia are going to be split into two new companies as follows:

- o Family II engine activities at Fishermens Bend will be known as "Holden's Engine & Components Company".
- o The motor vehicle activities will be known as "Holden's Motor Company".

You will see in the news release that each employee of General Motors-Holden's Limited on December 8 will become an employee of the appropriate company on December 9, 1986.

If you work at Dandenong, Elizabeth, Woodville or the sales offices in Brisbane, Sydney or Perth, you will transfer to the new Holden's Motor Company on December 9, 1986.

If you work at Fishermens Bend, you will be advised no later than the first week of December which of the two new companies you will be working for.

From my own point of view, I would like to make it clear that this restructuring of General Motors Australian operations is designed to put us in a better position to be competitive in the Australian market place and to improve our financial base.

I am sure we can all work together to continue the Holden tradition as Australia's foremost manufacturer of motor vehicles and components.



C. S. Chapman

: Att.

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NEWS RELEASE

PUBLIC AFFAIRS, GENERAL MOTORS-HOLDEN'S LIMITED
MELBOURNE 647 1111

Tuesday, October 21, 1986

FOR IMMEDIATE RELEASE

Mr. C.S. Chapman, Vice President of General Motors and Managing Director of General Motors-Holden's, has announced a new organisational structure that will strengthen GM's competitive position in the Australian market and improve the financial base of its operations.

The business activities of General Motors-Holden's Limited, effective December 9, 1986, and thereafter, will be conducted by two new subsidiaries in the General Motors group - Holden's Engine and Components Company and Holden's Motor Company. General Motors-Holden's Sales Pty. Limited will continue a marketing role and will be part of Holden's Motor Company.

These changes are subject to all requisite Australian governmental approvals.

"The restructuring of the operations will improve the new companies' competitiveness in the Australian and world markets. Further, as a result of this transaction, the majority of General Motors-Holden's Limited debts will be paid by General Motors Corporation," Mr. Chapman said.

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"Of equal importance is the effect of this announcement on Holden's employees", continued Mr. Chapman. "Each GMH employee on December 8 will become an employee of the appropriate company on December 9. Existing terms and conditions of employment, along with awards, will be maintained. Company service will be continuous. In addition, there will be no change at an operational level to the relationship with suppliers, dealers and customers."

"Our industry has been faced with some difficult times," said Mr. Chapman, "and Holden's will need the continued full support of all our employees and others, as this restructuring takes place and, more importantly, thereafter. We're confident we will have the co-operation of everyone."

The new subsidiary activities will be as follows:

o "Holden's Engine and Components Company"

The Family II 4 cylinder engine activities of GMH, including the engine plant and foundry at Fishermens Bend, Victoria, as well as V8 production and future engine programs, will be transferred to the Australian division of Engine Products Overseas Corporation, trading as Holden's Engine and Components Company.

o "Holden's Motor Company"

The motor vehicle activities, which include all other GMH operations at Fishermens Bend & Dandenong, Victoria and Elizabeth, South Australia, will be transferred to the Australian division of Holden's Motor Overseas Corporation, trading as Holden's Motor Company.

"General Motors-Holden's Sales Pty. Limited" will continue as the dealer franchisor.