

GM CEO MARY BARRA CHARTS THE FUTURE OF ONE OF THE WORLD'S GREAT COMPANIES

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Excerpts from Ms. Barra's Remarks

GM had record earnings in 2016 — record sales? There are a number of reasons for our record success. I think my predecessor laid a great foundation that we've built on, and we've been working that strategy. I have a great team. But I think it really goes to the fact that right now at General Motors, we're more focused, more disciplined as we run the company, making sure we have great products not only for today but investing in future technologies

What challenges are you facing at General Motors? Right now, in the auto industry, we are seeing more change than we've seen in the last 50 years. I just think about the cars you drive today, and rewind five to 10 years ago. Think about what you do in your car. You want your smartphone connected. You have a lot of safety features all around you. We're working on autonomous and you're driving electric vehicles, or at least you have the option to. And so when we look at how the industry is being transformed, we're really changing the way people are going to get from point A to point B. So it's a very exciting time. But it's also, you know, we're moving at a really rapid pace, because we're competing with Silicon Valley.

When will driverless cars be very common? Is it 10 years, 20 years away? I think it's more quickly than that. But I think you'll first experience an autonomous vehicle or a driverless vehicle in probably a sharing environment, because as the technology and the capability of the hardware is really being developed, we think that's the environment where you'll first experience it. But I do believe down the road you may have an autonomous vehicle in your garage.

What about electric vehicles? If you want more rapid-charging, we can install a rapid-charging unit. Or you can actually use one of your outlets to charge it. It takes a little bit longer. But the Chevrolet Bolt goes 235 miles on a charge. I think the great thing about that vehicle is it's not just that it's an electric vehicle, it's a fantastic vehicle. Fun to drive, has a lot of pep, has the latest technology from a connectivity perspective. And actually, for the size of the vehicle, it is quite spacious inside.

What is your view of the U.S. economy now? We think this year, barring any macroeconomic kind of shock or threat, that we're going to have another good year....We think we're going to have another strong year. And that's what we're working toward to maintain.

Do you favor corporate tax reform, and how can the President and Congress pay for it? We are in support of corporate tax reform. There are a lot of moving pieces in it, specifically for our industry. The border-adjusted tax, if not done very thoughtfully, could be problematic, just because we generally build where we are – build where we sell. But in this region, there's a pretty integrated supply base between Mexico and Canada and the United States. So you know, it would take a period of time to make adjustments to that. So what we're asking for is, we support tax reform, but it's got to be done in a way that doesn't have unintended consequences.

Is there something you are actively seeking to get done? One of the areas is in the regulatory area. We still are very much committed to the environment. In fact, we're the only OEM¹ that made a pledge that by 2050 we'll use all renewable energy. We believe in the science. But, when we look at some of the regulations on the books right now, they compete with each other. And they actually will not allow us to go forward in a customer-facing way to do the best that we can. So we think that there's some adjustments that can be made to conflicting regulations that I think would be helpful. That's probably one of the key areas.

As a member of the President's Business Advisory Council, at its first meeting, you were sitting right next to the President — what is Donald Trump like? Well, I have to say, we had a very productive meeting. We were able to really talk about some of the issues and challenges that our industry and our company are facing, especially as we look at changes that may occur in tax and trade and regulatory. So I would say it was a very productive meeting where we could share our views. The Administration and the President really listened. And it's early days, but seemed to be very action-oriented.

DAVID RUBENSTEIN: Welcome, members and guests of The Economic Club of Washington, welcome to this luncheon event in Atrium Hall at the Ronald Reagan Building and International Trade Center in Washington, DC. I am David Rubenstein, president of the Club. Welcome to all of you.

Our special guest today, Mary Barra, is the chairman and chief executive officer (CEO) of General Motors Company. She became the CEO of General Motors in January of 2014 and was given the additional title of chairman in January of 2016. She is from a General Motors family. Her father worked for 39 days as a diemaker for Pontiac. She grew up in Michigan. And she went to college at what was then called General Motors Institute and is now called Kettering University. And she did that while she was working. They had a program where you worked for General Motors and you also went to college. And she did so.

Mary got her degree in 1985, a bachelor's in engineering, continued to work at General Motors, got a scholarship from General Motors to go to Stanford Business School, from which she graduated in 1990 with an MBA², then came back to General Motors and worked her way up in a series of positions. She was in purchasing. She was in procurement. She was in engineering. She was in product development. And gradually she worked her way to the point where she was executive vice president for many different areas of General Motors. And then she was selected by Dan Akerson, here³, to be his successor as CEO of General Motors.

Since she's been at General Motors, they've had extremely good records. As we all know, General Motors is an old line company which started in 1908, but it went through reorganization in 2009. And since that time, she's had record earnings this year. Last year she had earnings – or, General Motors had earnings under Mary's leadership — that were a record,

¹ OEM is Original Equipment Manufacturer, which is a company that makes a part or subsystem that is used in another company's end product.

² MBA is Master's in Business Administration.

³ In the audience was Daniel F. Akerson, Chairman and CEO of General Motors Company from 2010 to 2014.

\$9 ½ billion in net operating profit last year, which was a record since the reorganization, \$166 billion of sales, a record since the reorganization. And the company now has a market capitalization of \$55 billion. And now employs about 220,000 employees around the world.

Mary is also involved in a couple of other activities in addition to running General Motors, as if that isn't enough. She's also on the board of trustees of Stanford. Also on the board of directors of General Dynamics, in this area. And she is married to somebody she met at General Motors Institute, who has been a consultant and now spends a lot of time retired, playing golf. And she has two children, a son and a daughter. And I am proud to say that one of them is a student at Duke University and one will be a student at Duke University.

So, Mary, thank you very much for coming. Let me ask you a beginning question. Now, you had record earnings in 2016 – record sales. But why is it that a woman can't run an automobile company, because you've done better than any man that ever proceeded you? [Applause.]

MARY BARRA: There are a number of reasons for our record success. I think my predecessor laid a great foundation that we've built on, and we've been working that strategy. I have a great team. But I think it really goes to the fact that right now at General Motors, you know, we're more focused, more disciplined as we run the company, making sure we have great products not only for today but investing in future technologies.

MR. RUBENSTEIN: Do you get tired of people asking you what it feels like to be a woman CEO of any company? Do you get tired of this?

MS. BARRA: You know, I think I was surprised by it, because I think when people started asking, it really was a reflection on the auto industry and what people thought of the auto industry. I'd grown up in it and, you know, frankly, I wouldn't be sitting here today as the chairman and CEO if not for 20 years people hadn't taken chances on me to develop me. So it was a bit surprising but now, you know, if I can be a role model for other young girls to pursue engineering careers or pursue math and science, that's a good thing. But, you know, it is a question that gets asked probably more than it should.

MR. RUBENSTEIN: And before you joined General Motors, you graduated from high school and went right in at the age of 18. Did you ever expect you could rise up – that any woman could rise up to be the CEO at that time?

MS. BARRA: You know, I think I had no ambition that it was something that I could achieve. I was studying engineering and loved it, so I was looking to pursue a career in engineering. So again, I've had just wonderful opportunities in my career to, as you said, work in so many different area, great mentors. So I feel very fortunate.

MR. RUBENSTEIN: OK. So today, as you look at General Motors, what are the most important challenges that you face in running the company?

MS. BARRA: Well, right now, in the auto industry, we are seeing more change than we've seen in the last 50 years. I just think about the cars you drive today, and rewind five to 10 years ago. Think about what you do in your car. You want your smartphone connected. You have, you know, a lot of safety features all around you. We're working on autonomous and you're driving electric vehicles, or at least you have the option to. And so when we look at how the industry is being transformed, we're really changing the way people are going to get from point A to point B. So it's a very exciting time. But it's also, you know, we're moving at a really rapid pace, because we're competing with Silicon Valley.

MR. RUBENSTEIN: So let's talk about autonomous cars for a moment. Autonomous is a euphemism for driverless cars, right? People don't like to say driverless because it scares people? Or that's not true? [Laughter.] So have you been in a driverless car? Your board of directors let you go in a driverless car? [Laughter.]

MS. BARRA: If it's – [laughs] – if it's from General Motors, I think yes. [Laughter, applause.] And I actually have ridden in one of our vehicles. You know, we have test vehicles. Now, they do have a safety – we call them a trainer – in the vehicle. But I've ridden in the cars in San Francisco. And it's really quite astonishing to see what these cars are able to do. And we're seeing progress, almost on a weekly basis.

MR. RUBENSTEIN: When do you think driverless cars will be very common? Is it 10 years, 20 years away?

MS. BARRA: I think it's more quickly than that. But I think you'll first experience an autonomous vehicle or a driverless vehicle in probably a sharing environment, because as the technology and the capability of the hardware is really being developed, we think that's the environment where you'll first experience it. But I do believe down the road you may have an autonomous vehicle in your garage.

MR. RUBENSTEIN: So when you're in a driverless or autonomous vehicle do you, like, put your foot on the break to stop it, or you just get away from doing that?

MS. BARRA: Well, I do that when I'm driving with my children, so – or riding I should say. [Laughter.] So I think it's just a kind of trained response. But frankly, it's so smooth – here's just one example, when I was riding in the autonomous vehicle. If you think about when you come up to an intersection and you look up and the light is yellow and you have to make a decision. Are you going to kind of pick up the pace and go through or are you going to come to a stop, and do you have enough room?

An autonomous vehicle has sensed exactly when the light turned yellow, knows if it can maintain speed and go, or should it stop? So, that's really one of the benefits of autonomous vehicles. They're really processing all the information around them – actually more safely if done right – than we can, as drivers, with all the different things that we're taking in.

MR. RUBENSTEIN: OK. Well, another phrase that's come about lately is – one is ride sharing. What is ride sharing?

MS. BARRA: So ride sharing is – think about, it’s Lyft or Uber – similar to a cab. You’re looking to get a ride from someone, and so you’re going to do ride sharing. Versus car sharing, where you’re going to actually have a use of a car, whether it’s a day, an hour, a month. And have a stake in Lyft, where we’re participating in ride sharing. And then we have our own company, Maven, that is now in 16 cities across North America – or, across the United States– where we’re doing car sharing.

MR. RUBENSTEIN: So car sharing – you mean, you drive the car for a short period of time, and then you give it back to somebody, or something like that?

MS. BARRA: Well, for instance, in the City of Ann Arbor we have car stations. And you go online on an app and you reserve it. And when you get to the car, you use the app to unlock it, drive it, and then either return it or we have now some services where you can drop it off in a different place.

MR. RUBENSTEIN: So if everybody is using car sharing or ride sharing, won’t there be fewer cars sold? Is that a good thing for General Motors?

MS. BARRA: Well, I think there have been a lot of studies of is it going to be more cars or less cars, because think about some of the people who can’t drive right now – whether, you know, you have some physical limitation that doesn’t allow you to drive a vehicle, or youth. So we think, first of all, we’re going to open up to a lot of people who can’t drive or have the personal mobility or freedom of mobility that they don’t have today. Also, these vehicles, in these sharing environments, they’re driven much more frequently – so many more miles traveled. Today, on average, in the typical what we call owner-drive model, where you own a car, it’s an asset that’s unused 94 percent of the time.

So, you know, we’re going to look at that. But I would say most importantly, we’re focused on the customer. And if we can remove pain points and make the experience better for our customer as they get from point A to B, that’s what we’re going to invest in because we think it’s better for the future.

MR. RUBENSTEIN: Now, last year you sold roughly 10 million cars, which was a record amount, I guess. But some people say that a lot of cars are being sold because gasoline prices are low and people are therefore buying big cars and not worried about the cost of gasoline. Is that your experience, that people are buying these cars because gasoline prices are low and if gasoline prices come up, do you think there’s going to be a problem in car sales?

MS. BARRA: Well, right now we’re already seeing a shift, specifically in the U.S. but across the globe, of people moving to SUV⁴s and to trucks – from a functionality perspective. So we’re already seeing that shift. I think what also has happened over the last several years is even trucks and crossovers that were maybe not as efficient as a car, have become much more fuel efficient. So we believe in having a wide portfolio. What we really see now with low gas prices is people are going into maybe an up-level model of the vehicle, or maybe one size bigger. So they

⁴ SUV is sports utility vehicle.

definitely are investing the money they're saving from the gas savings into the vehicle. But that's one of the reasons we have a full range product line. We'll adjust based on what the customer wants.

MR. RUBENSTEIN: So when people go in to buy a car these days, who are the real decision makers? Is it the woman or the man in a relationship that actually makes the decision? Do you know?

MS. BARRA: Well, actually we have data on this. And over 80 percent of purchase decisions are either made or influenced by women.

MR. RUBENSTEIN: OK. And when people are buying a car, and the salesman goes back and says I have to talk to manager to see whether I can do this, do they really talk to their manager, or are they just – [Laughter, applause]?

MS. BARRA: Well, so, first of all, and there's several dealers in the room, so I hope I get this right. [Laughter.] But, first of all, you know, our dealers are independent operators. So they have the ultimate control on what price they sell a vehicle for. But, you know, we work together, understand in the marketplace – you know, we work together on what the right incentives are. And if the customer wants to know basically the cost of the vehicle, they can use external services like Kelley Blue Book or Edmunds. But they're independent owners. But I would say it's a partnership, because they're our face to the customer. So our dealer is very important to really help the customer understand the vehicle and what the features and functionality are. So we work together.

MR. RUBENSTEIN: The most popular color of a car that you make is what?

MS. BARRA: I think the most popular color – the most sold is gray, or a silver color. Although, you know, I would say even that is changing now. In fact, we offer more colors than we did even, you know, 10 years ago.

MR. RUBENSTEIN: So are there all the options now, or are there still some options that are optional that you can add on that people like? What are the biggest options?

MS. BARRA: You know, we are creating options every day. You know, one of the things we just put out – and this isn't an option, but it's one of the most recent additions we've put into our vehicles – is teen driver – is a teen driver package. And it comes standard, for instance, on the Chevrolet Malibu. And it's a package where then you can monitor the child's driving from a speed, but also from an acceleration/deceleration. So you really can get a sense of, you know, how safely your teen is driving. I would also say just, you know, the rear seat detector –

MR. RUBENSTEIN: What age does that go off? Can it go to 21 or 22 or 25?

MS. BARRA: Well, it's really who owns the control of the account on the car.

MR. RUBENSTEIN: I see. And what about texting? Obviously, it's been a problem that some people are texting and driving. Is there not an option that you can keep people from driving if they are texting?

MS. BARRA: You're absolutely right. Distracted driving I believe is now surpassing as the most common cause of injuries. And actually, very disturbingly, in the last year fatalities in the United States had been going down, and now they're starting to go up. And I personally haven't reviewed all the data, but distracted driving is a big piece of it. You know, there are inner locks that we can do, but really I think we need to educate the public that, you know, the message can wait. There are things that we've done to integrate it, so it can be – you know, a voice can come over and read your texts. It can be right on the main screen on the console of the vehicle, because when you're holding your phone looking down that's one of the worst things you can do. So we're trying to put technologies in place to make it better, but distracted driving is a real issue and I think we all have to take responsibility and address it.

MR. RUBENSTEIN: So let's say on the weekends, when you're driving around. Do you drive yourself on a weekend?

MS. BARRA: Yes.

MR. RUBENSTEIN: OK, so what kind of car do you drive? Do you test out the Ford products or Mercedes Benz or – [laughter] – do you ever trust your competition?

MS. BARRA: Actually, I do. I usually drive competitor models at our Milford Proving Ground. And anytime we go out to drive and test one of our new vehicles, we usually like to line it up against the competition and really know how we're performing. In fact, the head of product development does that every Friday afternoon with a team of engineers. They go out and test vehicles and they drive it against the competition. So I've had the opportunity to do that.

Right now, I'm driving a Cadillac XT5. But one of the best parts of this job is I can ask for whatever car I'd like. [Laughter.]

MR. RUBENSTEIN: So when you're driving your car – any color you want, too, right? [Laughter.] So let's suppose you're driving around Michigan on the weekend and you need gas. Do you go pump it yourself, and –

MS. BARRA: Yeah, absolutely.

MR. RUBENSTEIN: And does anybody say, you're the CEO of General Motors, you shouldn't be pumping your own gas? Or they don't say that?

MS. BARRA: Well, in Michigan, it's kind of self-serve. So it's just between you and the pump. It's the credit card and – [laughter].

MR. RUBENSTEIN: So are there any of your competitors' models you actually would recommend? Suppose somebody said I just don't want to buy something from General Motors? Anything you recommend, or not really?

MS. BARRA: You know, I think that is a really important question. But, you know, when I look – and maybe it's because I ran product development for a while. So whether you're talking about a Chevrolet Spark or a heavy-duty pickup, and, you know, Cadillac Escalade, I really feel we've worked hard to have a vehicle for every segment. We've worked hard to improve quality, to have the right features. So I guess I can honestly say, across our wide portfolio of vehicles, we've got you covered. And I mean that in all sincerity. I really feel we've worked hard to do the right thing for the customer and have great vehicles.

MR. RUBENSTEIN: So if I had said, I want to buy a General Motors car today and I have \$50,000, what would you recommend that I do?

MS. BARRA: Oh, a lot of vehicles you can buy for \$50,000.

MR. RUBENSTEIN: Well, suppose \$30,000.

MS. BARRA: So even at \$30,000. [Laughter.] You can buy this vehicle right here, the Bolt EV⁵, after federal incentives.

MR. RUBENSTEIN: For \$30,000?

MS. BARRA: For under \$30,000. You can get our entry-level Camaro. So if you have a need for speed, the Camaro is a good one. Or the GMC Canyon or the Colorado – the Chevrolet Colorado midsized pickup truck. Again, these are all products that have won a lot of awards and are great, depending on what your use is.

MR. RUBENSTEIN: Suppose I just want to go fast – I just want to go fast. What's your fastest car?

MS. BARRA: Oh, it's the Corvette. Although, now the Camaro – the latest edition of the Camaro is giving it a run for its money. So either one, you'll far surpass your need.

MR. RUBENSTEIN: Now, what's in this car – why should I want to buy this for \$30,000? It's electric only?

MS. BARRA: Yes.

MR. RUBENSTEIN: So you need to have an electric thing in your house, or something nearby.

MS. BARRA: Yeah, you need – if you want more rapid-charging, we can install a rapid-charging unit. Or you can actually use one of your outlets to charge it. It takes a little bit longer. But the Chevrolet Bolt goes 235 miles on a charge. But I think the great thing about that vehicle

⁵ A Chevrolet Bolt EV was placed on the Hall floor near the stage.

is it's not just that it's an electric vehicle, it's a fantastic vehicle. Fun to drive, has a lot of pep, has the latest technology from a connectivity perspective. And actually, for the size of the vehicle, it is quite spacious inside.

MR. RUBENSTEIN: How do you compare that with, let's say, Tesla? Tesla's done a lot in the electric car area. Why do you think Tesla was able to build his company so quickly, the other major companies didn't produce something comparable to that? Why do you think that was?

MS. BARRA: I think from a Tesla perspective – you know, I have a lot of respect for the company. I think, the promise of all-electric at a very premium price. When you look at it, it's a pretty small segment of the marketplace that they have. But it's a premium electric vehicle. So they came to market with something new. I think when you look at the Chevrolet Bolt EV, at \$30,000, we've really been able to put an all-electric vehicle into the marketplace with range that really erases range anxiety for most people, and do it at a price that many people can afford.

MR. RUBENSTEIN: OK. So we're in Washington today. And very often, when people who are CEOs of major companies come to Washington they spend some time lobbying government officials. Is that an important part of your job?

MS. BARRA: Absolutely. I think it's important to have a relationship, now more than ever, to explain our industry and what are the key elements of industry and how we have to work together.

MR. RUBENSTEIN: So you are a member of the President's Business Advisory Council. And when he had his first meeting, you were sitting right next to him. So what is Donald Trump like?

MS. BARRA: Well, I have to say, we had a very productive meeting. We were able to really talk about some of the issues and challenges that our industry and our company are facing, especially as we look at changes that may occur in tax and trade and regulatory. So I would say it was a very productive meeting where we could share our views. The Administration and the President really listened. And it's early days, but seemed to be very action-oriented.

MR. RUBENSTEIN: So when you meet with Members of Congress, do they understand your issues very much? Or they really don't understand your issues as much as you think they should?

MS. BARRA: Well, you know, I think a lot of that's on us. Have we done a good job of helping Congress and different government officials understand our business, understand the complexities of it? So I think it's on us, because certainly, you know, there's a willingness to have a discussion and seek to understand. There has not been a single member of government that I've met that hasn't wanted to understand how our business operates, how we create jobs, and what leads to success.

MR. RUBENSTEIN: None of them ever say: Can you get me a discount on a General Motors car? They never ask that?

MS. BARRA: Well, we can't for government officials, yeah.

MR. RUBENSTEIN: You can't do that? OK. Well, what about for people interviewing you. Can you do that? [Laughter.]

MS. BARRA: If you're not a government employee I think we can work something out.

MR. RUBENSTEIN: OK. All right. OK. [Laughter.] So it's been in the news lately that you're thinking of selling your European arm, Opel. So can you say anything about that? And why is it so difficult for General Motors to make money in Europe? Historically, it's been very difficult?

MS. BARRA: Well, a couple of points. First, we have an alliance with PSA⁶ where we've done three joint projects. That started in 2012. Those cars are going to be into the marketplace this year and early next. And it's been very successful. So we are exploring other opportunities to see if we can work together. I don't have anything beyond that to say. But then, when you step back and look at the European business, I'm extremely proud of the Opel team. Had it not been for Brexit last year – we had set a goal in 2016 to break even on a way to profitability. And again, actually offset quite a bit of the Brexit impact in just a short period of time.

So we have really worked to improve the business. We had the Opel Astra, which was an award-winning product last year. It was Car of the Year in Europe, which is the most prestigious award you can win. So we've done a lot to improve the business. But we're exploring opportunities to see if we can accelerate that even more, because scale does matter in this business. And, you know, if something were to work out between the two companies, it would be the second-largest association in Europe.

MR. RUBENSTEIN: So your business is very profitable in the United States. Not as profitable in Europe. Not as profitable in Latin America. But fairly profitable in China, is that right? So why are you so successful in China? Do you manufacture the cars there?

MS. BARRA: We do. Actually, yes. We manufacture several vehicles there. The Buick brand, a very strong brand. It had a rich history in China of driving some of the Chinese officials around back in the '20s and '30s. So a great brand. We've been able to also grow the Chevrolet brand, and then Cadillac. Cadillac, is one of the fastest-growing luxury brands. So we build many of the products in-country there.

MR. RUBENSTEIN: You used to have a lot more brands at General Motors. You used to have Pontiac, it's gone away, and Oldsmobile. So now you have Chevrolet, Cadillac, Buick, and GMC. Are those the main ones in the United States?

MS. BARRA: Yes. Yes.

⁶ PSA Group is the second largest car manufacturer in Europe, maker of Peugeot and Citroen cars; PSA is considering buying Opel and Vauxhall from General Motors Company.

MR. RUBENSTEIN: And of those, Cadillac, for example, that's your premium, right? So it also makes the presidential limousine, which is, like, bombproof or something. Have you ever been in that car or seen what it's like, like the test model? Or you can't comment on it?

MS. BARRA: I really can't comment on that.

MR. RUBENSTEIN: Can't comment? All right. [Laughter.] I guess an average person couldn't afford to buy something like that, probably? Probably not. OK. [Laughter.] So Chevrolet – so why have you kept that brand? And why have you kept the ones you kept and why did you get rid of Pontiac and Oldsmobile?

MS. BARRA: Well, the whole dynamic of the industry has changed. When we had that many brands, I mean, at that point in time, there was very little competition. There were just the domestic competitors. And it made sense to cover the broad range of price points and different styles and functions that people wanted in their vehicles. But as we looked, and more and more companies came into it, and we wanted to do great products, it became harder to differentiate a Chevrolet from a Pontiac or an Oldsmobile. So when you look at, actually going back to Sloan days, we simplified it to be Chevrolet as our value brand, Buick is our premium brand, Cadillac is our luxury brand. And then GMC has a very special role of being sort of premium trucks and SUVs, that is has been very, very successful.

MR. RUBENSTEIN: Now, in the 1970s and '80s, it was often said that American cars didn't have the quality of cars made in Japan or Germany. Do you think that quality difference has dissipated?

MS. BARRA: Oh, dramatically. Dramatically. I would say, and if you use an external rating – whether it be Consumers Power or Consumer Report of J.D. Power – both show that there are differences maybe by segment or a certain product. But we've really closed the quality gap. And I'm really proud of the team. And we work to improve on that every year.

MR. RUBENSTEIN: So when people buy American cars, or any new cars, there's a new car smell. And people – is that put in there, like, by special way to make it smell new, or is that – [laughter] –

MS. BARRA: Well, you know, a lot of that is – you know, it's like when you paint your house or when you get new carpeting. You know, a car has a brand-new smell. I would say, in Opel, in Europe, we actually offer a package within the vehicle that you can have different, you know, smells be a part of it – more from a perfume scent. So that's an option we provide. But that new car smell is no different than new house smell.

MR. RUBENSTEIN: OK. So let's go back for a moment to General Motors, before you were the CEO. General Motors – you joined General Motors. It was a dominant company in the United States. And then it went south for a while. When you lived through the reconstruction – or the rehabilitation, I should say, of General Motors, what was it like? And did you worry that General Motors was going to file for bankruptcy? Were people worried about it? And how did people live through that? What was the atmosphere like when you were working there?

MS. BARRA: You know, clearly it was very difficult. You know, across the globe, we have 220,000 people. The restructuring event was primarily a North America event, but that's 100,000 people that we employ today. So it was a difficult time. But I think that's where you saw the resolve. And one of the things that I really think is so special at General Motors is the men and women at General Motors. I mean, they worked so hard through that period, doing, in a very short period of time, what needed to be done to get the restructuring completed and, you know, at that time still continued to work on great products.

One great example is the Chevrolet Volt – so not the Bolt but the Volt – which is an extended-range electric vehicle. That was new development that – you know, critical development on the critical path to get the vehicle to launch. And so here, while the company was going through a very difficult restructuring, we had engineers innovating and putting a product that was, you know, new into the marketplace.

MR. RUBENSTEIN: The government put some money into General Motors. Did the government get its money back in some form or another over the years?

MS. BARRA: Well, there are a couple points. There was a portion of what the government provided that was loans, and then they had some ownership in stock. We paid back the loans, and then the stock piece – they chose when to sell it. But when you look at the jobs preserved and created, because we've invested billions of dollars in the U.S. since that time to either create or maintain jobs – I think from that perspective that it has been successful. I will tell you that at General Motors, we will be forever grateful for what the government did.

MR. RUBENSTEIN: So what are you doing now? Other than a woman running the company, what makes it so successful now and it wasn't so successful 10 years ago? What's the major difference?

MS. BARRA: Well, you know, I think it's not like it's a switch on and off. I mean, there were some things that the company, realizing we were already restructuring, changing the culture, looking at how do we have the right capacity – you know, that work that was going. But I think, you know, through some great leaders – and my predecessor is sitting at the table here – you know, really put a focus on the company of excellence, and putting the customer at the center. You know, what we said is we don't win until the customer says we win. And I think that customer-focused piece, and then deciding what we could be good at and what we shouldn't be doing, that kind of focus and discipline is what's guided us since that time.

MR. RUBENSTEIN: Now, your workforce is largely unionized in the United States, is that right? But you're competing against companies in the United States that often are not unionized, is that right? So is there a big differential now, any longer, between unionized workforce compensation and non-unionized?

MS. BARRA: There still is a bit of a gap there. And I think that's something that we continually work on. I would say the focus with our UAW⁷ partners, and we have a very

⁷ UAW is the union United Auto Workers.

productive relationship for working together, first, on workplace safety, on quality, and on productivity – implementing our global manufacturing system to make sure we can deliver high-quality vehicles in a safe manner very productively. And so I think when I look at the work we're doing and how that work is being done with engagement, I think we've made great strides. And I think we'll continue to.

MR. RUBENSTEIN: So when you were announced as a CEO, did you hear from high school classmates who told you they always knew you were terrific and going to be the CEO? [Laughter.] Did you get a lot of that? Or did you find people laughing at your jokes more? What happened after you became CEO? [Laughter.]

MS. BARRA: Well, you know, I don't think I had any high school classmates that said we knew this was going to happen. But, you know, I have to say, there was an outreach from people that I hadn't met or talked to in a while that were very positive. So it was really heartwarming, all the positive messages that I got from, you know, people that my path had crossed with them at some point in my life.

MR. RUBENSTEIN: So did your children treat you with more respect before – after you got to be a CEO or no?

MS. BARRA: OK, come on, they're kids. So my son very aptly reminded me last Mother's Day that your most important job is mom, so.

MR. RUBENSTEIN: OK. So let me ask you about the economy. You see the data on car sales, which is, I guess, a good indicator of where the economy is. So what is your view of the U.S. economy now?

MS. BARRA: So we think this year, barring any macroeconomic kind of shock or threat, that we're going to have another good year. When the U.S. industry is in the high 17 millions, even in the mid-17 millions, it's a strong market. It's very good. We think we're going to have another strong year. And that's what we're working toward to maintain.

MR. RUBENSTEIN: Now, corporate tax reform has been talked about. And you favor corporate tax rates going down. And how would you propose that the President or the Congress pay for that?

MS. BARRA: Well, you know, we are in support of corporate tax reform. There are a lot of moving pieces in it, specifically for our industry. The border-adjusted tax, if not done very thoughtfully, could be problematic, just because we generally build where we are – build where we sell. But in this region, there's a pretty integrated supply base between Mexico and Canada and the United States. So you know, it would take a period of time to make adjustments to that. So what we're asking for is, we support tax reform, but it's got to be done in a way that doesn't have unintended consequences. And understand businesses like the auto industry that are very capital-intensive and have long lead times.

MR. RUBENSTEIN: OK. And when you deal with Members of Congress are you promoting any particular project right now? Is there something you have in front of Members of Congress or the Administration you're actively seeking to get done?

MS. BARRA: Well, I think one of the areas is in the regulatory area. We still are very much committed to the environment. In fact, we're the only OEM⁸ that made a pledge that by 2050 we'll use all renewable energy. We believe in the science. But, when we look at some of the regulations on the books right now, they compete with each other. And they actually will not allow us to go forward in a customer-facing way to do the best that we can. So we think that there's some adjustments that can be made to conflicting regulations that I think would be helpful. That's probably one of the key areas.

I would also say very pro on education. One of the three things the company really works hard on is safety, education, and, you know, economic development in all the regions where we work. And from an education perspective – and I – you know, reside in Southeast Michigan. So Detroit is a big concern – the education system there. So I think there are things that we can do – government, state, local, and federal government – working together to improve the education system.

MR. RUBENSTEIN: Now, talking about education, if somebody graduates from college now, why should he or she want to work in the automobile industry, or specifically at General Motors? Why is it a great career path?

MS. BARRA: Because it's, like, the most exciting time ever. I mean, you know, when you look at cars, trucks, and crossovers that we – it's usually the most important or the second-most important purchase a person makes in their life. And so to get to be a part of that – I mean, people name their cars. So it's such an exciting thing to be a part of. And then the fact that we're being transformed by technology with connectivity, which we have a leadership role in, electrification, autonomous – all areas where, you know, General Motors is among the leaders or leading, it's a very exciting time.

MR. RUBENSTEIN: And what about women – the chance of women rising up? Obviously, you have risen up. But are there many other women who are likely to become CEOs or very senior executives in the automobile industry? Or is that relatively rare?

MS. BARRA: I can't speak outside of General Motors, but I would say, you know, we have women leading major areas of the corporation. Our head of global manufacturing, our head of all electric products, our head of tax. Just there's many areas across the company where women are leading. And, you know, that's a commitment we have to diversity. And you have to have a strong pipeline. And just because, you know, I sit here now doesn't mean without continued focus on diversity – and really understanding biases, because we all have biases. So we have to understand those biases. And that's something we spend quite a bit of time on as part of General Motors.

⁸ OEM is Original Equipment Manufacturer, which is a company that makes a part or subsystem that is used in another company's end product.

MR. RUBENSTEIN: Now, earlier this week the Oscars was telecast. And you may have heard, there was a mix up at the end of it, who the winner was. But some people also commented on the ad that Cadillac ran. Cadillac ran an ad that sort of said we should have people come together maybe more than maybe we're doing. Was that seen as a political ad or a political statement by General Motors or Cadillac? And did you approve that ad? And what was its real message?

MS. BARRA: So I did approve the ad. The message was Cadillac has a – you know, 100 years of – and more – of service to this country and now other countries. So we're proud to have been a part of so many lives. But also, celebrating how often everyone helps each other. And so the ad, if you – if you had a chance to see it – was really just showing all the great times where we come together. And, you know, I think it portrayed the American spirit.

MR. RUBENSTEIN: So it wasn't a political statement.

MS. BARRA: Not at all.

MR. RUBENSTEIN: OK. And when you do advertise on television, does that help very much on car sales? I assume CBS⁹'s president would say it does. [Laughter.] But –

MS. BARRA: Well, you know, I think clearly right now there's a lot of different ways that we communicate with customers – through social media, through print, through direct contact. But, you know, there still is very effective outreach to customers done by commercials.

MR. RUBENSTEIN: And you have all these employees, 220,000. Do you tweet to keep them informed about what you're thinking on any hour in the day or not?

MS. BARRA: You know, so I have a Facebook account and a LinkedIn account. And I do have a Twitter account. And I have found – for those of you wanting to communicate with your organization – I have found it to be an extremely effective way to communicate and just share what's going on, and also interact with employees that are doing great things and capture that either on my Facebook or on my Twitter account. So I find it a very effective way to communicate.

MR. RUBENSTEIN: So you've been CEO for a relatively short period of time. So there's plenty of years to go. But eventually at some point CEOs do retire, that's what they say. So when you do retire, what would you want to do afterwards? Do you have any thoughts? Would you go in the government? If the President called you now and said I'd like you to be Secretary of this or that, would you go in?

MS. BARRA: You know, I would not, because I have, first of all, a job to do for many years, hopefully – serve at the pleasure of the board – but at General Motors. And I'm so excited about the technologies that we're working on. And I would say, you know, when I'm done doing that, I'm probably going to focus on sleep. [Laughter.]

⁹ CBS (formerly the Columbia Broadcasting System) is an American commercial broadcast television network.

MR. RUBENSTEIN: OK. So the two main companies – I guess the three main companies in Detroit that are manufacturing automobiles – Fiat Chrysler, Ford, and General Motors. Do you ever run into the other CEOs very often in Michigan or in the shopping centers or wherever you go or –

MS. BARRA: [Laughs.] Not so much at shopping centers. I might have a different shopping pattern than they do. [Laughter.] I like to shop. [Laughter.] But you know, I would say at events. You know, clearly at events, you know, whether it's the Detroit Grand Prix or at meetings such as this, often, you know, we'll be in the same place.

MR. RUBENSTEIN: So, for relaxation, other than retail therapy which you've lauded once, what do you do? Are you a golfer? Do you ski? What do you do?

MS. BARRA: Well, I would say, you know, at this point, a lot of my free time has been dedicated to going to my children's sports – hockey, soccer, cross-country, football. So I'm a hockey mom and a soccer mom. And I've watched a lot of sports. As that chapter ends, I am starting to take golf lessons. And that's probably all the time – I have time for right now.

MR. RUBENSTEIN: I would suggest miniature golf. It's less frustrating. [Laughter.]

MS. BARRA: I like that, yeah. That is a good suggestion.

MR. RUBENSTEIN: So when you're watching your kids' sports, do you tweet while you're doing that, so you can get things done? You can be on your emails and watch your sports and they don't know that you're emailing when you're watching them.

MS. BARRA: Well, I would say – when they're on the field, I'm watching. If they're not playing, I'm probably on my phone.

MR. RUBENSTEIN: So let me ask you, what is the greatest pleasure of being the CEO of General Motors?

MS. BARRA: Well, I really think it's getting to lead a great team. The men and women of General Motors, I mentioned. They are so dedicated and hardworking. And I personally have a great team. And that's probably what, you know, I think is the most amazing thing, is there's just such a talented group of men and women – it's really humbling to be able to lead them and to, you know, put breakthrough technologies onto the road every day.

MR. RUBENSTEIN: And if anybody wanted to stay after this luncheon, wanted to talk about buying that car, are you available to talk about why they should buy that car?

MS. BARRA: For a moment, sure. [Laughter.]

MR. RUBENSTEIN: For a moment? OK. So I'd like to thank you for a very interesting conversation today. [Applause.]

MS. BARRA: Thank you.

MR. RUBENSTEIN: Let me give you a gift, on behalf of the members of The Economic Club of Washington. It's a copy of the map of the District of Columbia – the first map of the original District of Columbia. OK? Thank you.

MS. BARRA: Oh, thank you very much. Thank you.

MR. RUBENSTEIN: All right. Thank you. [Applause.] All right. OK? And we'll send it to your office, OK? Thank you very much. Appreciate it. Great.

MS. BARRA: Appreciate it.

Mary T. Barra
Chairman and Chief Executive Officer
General Motors Company



Mary Barra is Chairman and Chief Executive Officer of General Motors Company. She was elected Chairman of the GM Board of Directors on January 4, 2016, and has served as CEO of GM since January 15, 2014.

Under Ms. Barra's leadership, GM is focused on strengthening its core business of building great cars, trucks, and crossovers, while also working to lead the transformation of personal mobility through advanced technologies such as connectivity, electrification, autonomous driving, and car sharing. She has also established a strategic direction based on putting the customer at the center of everything the company does, all around the world.

Prior to being named CEO, Ms. Barra served as Executive Vice President, Global Product Development, Purchasing & Supply Chain since August 2013, and as Senior Vice President, Global Product Development since February 2011. In these roles, she was responsible for the design, engineering, program management, and quality of GM vehicles around the world. Previously, Ms. Barra served as GM Vice President, Global Human Resources; Vice President, Global Manufacturing Engineering; Plant Manager, Detroit Hamtramck Assembly; Executive Director of Competitive Operations Engineering; and in several engineering and staff positions.

In 1990, Ms. Barra graduated with a Masters in Business Administration from the Stanford Graduate School of Business after receiving a GM fellowship in 1988. She began her career with GM in 1980 as a General Motors Institute (Kettering University) co-op student at the Pontiac Motor Division. She graduated with a Bachelor of Science degree in electrical engineering in 1985.

Ms. Barra is a member of the General Dynamics Board of Directors. She serves on the Board of Directors of the Detroit Economic Club and as a member of The Business Council. She is also a member of the Stanford University Board of Trustees, the Stanford Graduate School of Business Advisory Council, and the Board of Trustees for the Detroit Country Day School.

In 2014, Ms. Barra and her husband, Tony, chaired the Detroit International Wine Auction, raising a record \$2.4 million for scholarships and community arts programs through the College for Creative Studies. In 2012, they chaired the Barbara Ann Karmanos Cancer Institute's 30th Annual Dinner, which raised nearly \$1.7 million for cancer research.

In 2016, *Forbes* magazine named Ms. Barra the "World's Most Powerful Woman in Business" and number five among the "World's 100 Most Powerful Women." In 2016, she was ranked first for the second consecutive year on *Fortune* magazine's list of the "50 Most Powerful Women in Business." In 2014, she was named to *Time* magazine's list of "The 100 Most Influential People in the World."

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