

Remarks by Mark Reuss
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Spoken word takes precedence

Good morning, everyone, it's great to be here for this terrific event.

It's a wonderful tradition, this conference.

This year's event takes on added significance with the retirement of my friend, Dave Cole.

I've known Mr. Cole since I was about 10 years old... our dads worked together; we were family friends... so I just want to take a minute to thank him for his many tremendous contributions to the auto industry.

He is the epitome of class and objectivity in industry analysis, always taking the high ground in his commentary, always offering insights and wisdom you don't get anywhere else.

So, I'd just like to congratulate you, Dave, and thank you very much...

You know, last year at this event, my former boss Ed Whitacre made his first and only appearance here, and he enjoyed it very much.

He even begrudgingly admitted on this very stage that "you got a lake here that is bigger than anything we got in Texas."

Ed talked at length about just how far General Motors had come in the previous 12 months.

He laid out exactly what we had going for us as we approached our historic IPO last fall.

Today, I'm going to tell you what we have going for us now, and what we think we'll have going for us in the short and long term.

Now two years removed from Chapter Eleven, the GM of Chapter Twenty-Eleven is in very good shape and getting better all the time.

There are a lot of reasons to be optimistic about the future... we have moved beyond "survive" and are headed full throttle toward "thrive."

I'm just going to give you a handful of reasons why today.

An exact handful — five. One for each finger and/or thumb on this hand.

And on this hand, as well. I have all the standard issue digits, and the correct number of toes, too, in case you were wondering...

Although the tip of one is somewhere in our Orion plant...

Before I get to those five reasons, I should point out that in reality we have billions of reasons to be optimistic today.

And that's because this morning we announced second-quarter earnings of \$2.5 billion, our sixth consecutive profitable quarter.

That includes an EBIT-adjusted figure of \$2.2 billion in earnings for the quarter in North America.

So, that was a nice way to start the day.

Now let me get back to my original handful of five reasons to be optimistic about GM.

The first reason is celebrating its 100th birthday this year, and that is, of course, Chevrolet.

The Chevy Centennial countdown is in full swing, as you can see from all the Chevy vehicles we have here, leading up to the official birthday November 3rd.

And in all those 100 years of existence, never before has Chevrolet sold more vehicles in the first half of any year than it did in 2011.

Through June, Chevrolet has sold 2.35 million vehicles around the world.

Of the top 5 global automotive brands, the only one to grow last year was Chevrolet.

And in the first half of 2011, Chevrolet recorded sales gains in all of its top five markets, including the United States, where sales are up 16 percent following nine consecutive months of year-over-year sales increases.

The other four top markets are China, Russia, Brazil and Canada.

Of those 2.35 million vehicles Chevy moved, about 330,000 of them were Cruzes.

The top-selling passenger car in America in June, Cruze has redefined the compact car segment.

In July, it was again a highlight as GM sales rose 8% in the U.S. overall... Cruze topped 20,000 units sold for the fourth straight month.

We've taken that same approach with our next additions to the Chevy lineup, the Sonic, coming this fall, and the Spark, due next year, both of which are on display here.

Next year, we'll have an all-new Malibu, which you also see on display here today, followed by an all-new Impala.

At that point, Chevrolet, for the first time in its 100 years, will field a player in all five passenger car segments, what the industry calls A-B-C-D-E.

And the oldest vehicle of the five will be the Cruze, a car launched just one year ago now.

Add to that an all-new Corvette that's in development, a Camaro and Camaro Convertible, a full roster of trucks and crossovers, and of course the Volt extended range electric vehicle, and you've got one powerhouse of a brand.

For people who remember the glory days, we can re-establish Chevrolet as an automotive icon.

But there are many people who don't make that connection, who are unfamiliar or only vaguely familiar with the brand.

And I'm not talking about people in Europe or Asia, although they certainly qualify and are all encouraged to become customers.

I'm talking about people right here in North America... young people.

They are smart, discerning and open to trying anything they perceive as cool.

They are people under 30, who the marketers call "millennials," who are 80 million strong and by next year will make up 40% of the car-buying public.

To better understand them, to better reach them, Chevrolet has established a strategic partnership with MTV... specifically its creative "SWAT team" called Scratch.

Scratch gives us an all-access pass to examine MTV's creative assets and expertise – across programming, sales, marketing, music and research – to gain consumer insights and ultimately establish our youth strategy in pursuit of one goal – enticing Millennials to fall in love with Chevrolet.

I don't claim to know how young people think. Just ask my kids.

But I do know that if anyone does, it's MTV.

So I'm really looking forward to seeing this partnership take root and flower.

And I know it can only help us make Chevrolet the great global iconic brand it deserves to be.

This is a brand that really means a lot to me, personally, and to a lot of people like me... people like Dave Cole, whose dad Ed was the chief engineer who launched the legendary Chevy small block V8 in 1955.

At times in recent years, I think we lost sight of what a great brand we had in Chevrolet... sometimes we didn't know what to do with it.

But now that the sheet metal is the best it's ever been in 100 years, and the lineup is expanding into that complete, rock-solid roster I just described, we know exactly what to do, here in America and around the world, with the Chevrolet brand.

I couldn't be more excited to see it happen.

Let me move on to my second finger, which I promise not to demonstrate...

My second reason for optimism is, speaking of iconic brands, Cadillac.

Cadillac is the other half of our global dual-brand strategy, our worldwide luxury brand.

The CTS family, with the sedan, coupe, wagon and the V-Series models, has carried the ball for Cadillac, showing that American luxury cars can win against the best the world has to offer.

Next year, we're going to introduce vehicles to slot above and below CTS.

I've driven both of them on road and track, and believe me when I tell you these cars will be all that and more.

In the spring we'll launch the Cadillac XTS, which I can confirm will be built at our Oshawa assembly plant, after an investment of \$117 million with 400 new or retained jobs.

Our objective with this car is the best of both worlds -- it will be large and elegant, but also a driver's car with an advanced FWD-AWD chassis.

We showed a concept - the XTS Platinum - last year and that was a good indication of the design strategy we're pursuing.

It's exactly what Cadillac needs, and exactly what we think customers shopping the segment will want.

The final production model XTS will be ready for reveal in the coming months.

Immediately following XTS will be a completely new offering, Cadillac's foray into the "C" or entry-lux segment, the biggest battleground in the luxury car market.

Here's the world's first peek at this new Cadillac.

For now, this vehicle will be known by its code name: ATS.

It's being developed to be a driver's car on an all-new Cadillac-specific RWD-AWD architecture -- just like the larger CTS.

We have extensively and exhaustively studied the competitive segment, and we have benchmarked the best.

And when it comes out, that will be readily apparent.

It will begin production next summer, in the Lansing plant that builds CTS.

It represents a \$190 million investment and 600 jobs in our Lansing Grand River facility, as we announced last October.

Both of these new Cadillacs coming out next year will be agile, elegant, and attractive, with outstanding performance and vehicle dynamics, along with groundbreaking infotainment systems.

And both of them have passed through our "knothole of excellence."

And now, for my other three fingers... I'm going to cover them all at once, because they're all related, and they represent three things that will apply to Chevrolet, Cadillac, Buick, GMC and all our brands around the world.

They are technology, quality and customer service.

For General Motors to truly lead, we must aim for leadership in all of these areas.

As for technology, that means everything from infotainment to advanced propulsion and everything in between.

And it means, of course, fuel efficiency.

Our fuel economy performance is well documented, and I hope you were around to hear our Charlie Klein discuss it in detail on Tuesday.

Our intent is to lead, and everything we do is dictated by that intention.

Four-cylinder engines are now outselling sixes in this country, accounting for 43% of the powertrain choices buyers make, according to IHS Automotive.

That's up from 26% in 2005.

Guess what? It's not going to go back down.

We're ready for this, and we have some of the best I4's out there. In fact, four-cylinder sales for Chevrolet are running close to 50% so far this year.

For the first time in 20 years, cars are outselling trucks at Chevrolet.

And, as we announced last month, we're going to introduce a diesel variant for the Chevrolet Cruze by 2013.

We're also announcing, today, pricing for the Buick Regal with eAssist.

The eAssist feature will be a \$2,000 option — an option that will provide a 25% gain in fuel economy.

It's the same technology that's on the Buick LaCrosse, and next year's Malibu Eco, and likely more in the future.

All three of those cars, by the way, will get from 36-38 mpg highway.

And with other fuel-efficient vehicles like the Cruze Eco out there now and the forthcoming Sonic on the horizon, I feel good about the direction we're going in fuel economy.

We continue to pursue all forms of advanced propulsion and advanced technology.

At the Mackinac Island conference back in June, I floated a “what if” idea of linking our EN-V urban city car “pod system” with proposed mass transit systems for Detroit.

I can say that I have had some serious talks with some high-powered individuals about doing some sort of pilot test program.

I can't divulge any details but let's just say questions are moving from 'what if' to 'where to' and 'how much'...

It would be an amazing opportunity for the US auto industry, and the City of Detroit, to lead rather than lag.

Moving on to the GM quality story, I will say this: It's a daily event.

Quality is every day. And everyone at GM is committed to this... we're all in, from senior management to our talented rank and file.

Quality is about more than JD Power numbers.

Although, if I were to mention JD Power numbers, and I just did, I would point out that the Cadillac Escalade, Chevy Tahoe and Chevy HHR all won their segments in this year's Initial Quality Study.

And GMC made the top 10 overall for all brands.

But beyond that, quality is about getting it right, the first time, and it's about value.

I mean, it's no accident that GMC is outperforming its competition in residuals.

Look no further than that for your proof that quality and value are intrinsically connected.

The GMC brand has a residual average that's a half-point higher than last year, and 0.6 of a point better than its competitive set.

The GMC Acadia earned a 3.2-point improvement compared to the average of its competitors, including Toyota Highlander, Honda Pilot and Ford Flex.

And Kelley Blue Book named Acadia the best resale value in the full-size utility vehicle category for 2011.

I'll tell you what else quality brings, and that's loyalty.

It's not rocket science: you build 'em right, people keep buying 'em.

I think we maybe forgot that once upon a time, but I'm reminding our people every day across the business.

We're pursuing common hourly and salary quality rewards for excellence in our negotiations.

And not only do you build 'em right, but you treat people right, too.

That's where the fifth finger, or thumb, comes in: customer service.

I have set a personal goal that we are working to have the best customer service in the automotive industry.

I want that to be what we're known for.

Our dealers, as our storefronts, will have a big role to play in this effort.

We are now in the process of retraining our entire field staff, thousands of employees, to turn them into customer service experts.

Their entire focus will be on customer focus from this moment forward, whereas before they were too focused on simply getting dealers to consent to buying more and more vehicles.

We want the white glove treatment that's involved in the Volt purchase and customer experience to be the model, our benchmark for treating all our customers of all our vehicles.

We're going to treat people right.

We're going to offer them great cars, trucks and crossovers with excellent quality, beautiful design and the latest technology.

We have a good story to tell. Our sales performance and our earnings results that we announced this morning prove it.

We're going to get our story out there. And people will notice.

Our customers will notice.

Other people's customers will notice.

The media will notice.

Wall Street will notice.

We're going to be heard loud and clear when we put the world on notice that General Motors intends to lead. And I believe we will.

And I've only given you a handful of reasons why. Thank you for your attention this morning.