



For Immediate Release: June 5, 2014, 9:15 a.m. ET

Remarks of Mary T. Barra as prepared for delivery.

GM CEO Mary Barra's Remarks to Employees on Valukas Report Findings

Thank you and welcome to our Global Town Hall meeting. I have a lot to cover today, so let's get started.

On Monday, former U.S. Attorney Anton Valukas presented the findings of his investigation into our ignition switch recall to the Board of Directors. As promised, we have shared the report with the appropriate government officials. This morning, I want to discuss it with you. I also want to update you on the company's commitment to create a compensation program for victims.

Before addressing the Valukas report, I first want to take this opportunity to again express my deepest sympathies to the families that lost loved ones and to those who were injured.

I realize there are no words of mine that can ease their grief and pain. But as I lead GM through this crisis, I want everyone to know that I am guided by two clear principles: First, that we do the right thing for those who were harmed; and, second, that we accept responsibility for our mistakes and commit to doing everything within our power to prevent this problem from ever happening again.

With respect to the Valukas report, you should know that he and his team had complete independence in their activities. The investigation covered more than 350 interviews with over 230 individuals and more than 41 million documents.

Mr. Valukas has confirmed that he and his investigators were provided with unlimited access to interview any GM employee and every request for an interview of a GM employee was granted. A number of former GM employees and third parties were also interviewed as part of the investigation.

I will share my perspective and announce some actions in response to the report. My understanding is NHTSA, our regulator, will post the full report on their website, which is available for anyone to review.

I can tell you the report is extremely thorough, brutally tough and deeply troubling. For those of us who have dedicated our lives to this company, it is enormously painful to have our shortcomings laid out so vividly. I was deeply saddened and disturbed as I read the report.

But this isn't about our feelings or our egos. This is about our responsibility to act with integrity, honor and a commitment to excellence.

With all of our colleagues around the world watching today, I want it known that this recall issue isn't merely an engineering or manufacturing or legal problem, it represents a fundamental failure to meet the basic needs of these customers.

Our job is clear: To build high quality, safe vehicles. In this case with these vehicles, we didn't do our job. We failed these customers. We must face up to it and learn from it. To that end, on behalf of GM, we pledge that we will use the findings and recommendations from this report as a template for strengthening our company.

What the Valukas investigation uncovered – in this situation – is a pattern of incompetence and neglect.

Repeatedly, individuals failed to disclose critical pieces of information that could have fundamentally changed the lives of those impacted by a faulty ignition switch. If this information had been disclosed, I believe in my heart the company would have dealt with this matter appropriately.

Furthermore, numerous individuals did not accept any responsibility to drive our organization to understand what was truly happening. The report highlights a company that operated in silos, with a number of individuals seemingly looking for reasons not to act, instead of finding ways to protect our customers.

Let me be clear: This should never have happened. It is unacceptable. Our customers have to know they can count on our cars, our trucks and our word. Because of the actions of a few people, and the willingness of others in the company to condone bureaucratic processes that avoided accountability, we let these customers down.

To give you a sense of the thoroughness and forcefulness of the investigation, I want to paraphrase a few of the key conclusions:

- GM personnel's inability to address the ignition switch problem, which persisted for more than 11 years, represents a history of failures.
- While everybody who was engaged on the ignition switch issue had the responsibility to fix it, nobody took responsibility.
- Throughout the entire 11-year history, there was no demonstrated sense of urgency, right to the very end.
- The ignition switch issue was touched by numerous parties at GM – engineers, investigators, lawyers – but nobody raised the problem to the highest levels of the company.

- Overall, the report concludes that from start to finish the Cobalt saga was riddled with failures, which led to tragic results for many.

I hate sharing this with you as much as you hate hearing it. But I want you to hear it. In fact, I never want you to forget it. This is not just another business crisis for GM. We aren't simply going to fix this and move on. We are going to fix the failures in our system – that I promise. In fact, many are already fixed. And we are going to do the right thing for the affected parties.

But I never want to put this behind us. I want to keep this painful experience permanently in our collective memories. I don't want to forget what happened because I – and I know you -- never want this to happen again.

You should know that Mr. Valukas' report revealed no conspiracy by the corporation to cover up the facts. In addition, the investigators found no evidence that any employee made a trade-off between safety and cost.

The problem in this case is more complicated and more nuanced. What Valukas found was a pattern of management deficiencies and misjudgments – often based on incomplete data – that were passed off at the time as business as usual.

Unfortunately, the report found, these seemingly benign actions led to devastating consequences. In short, we misdiagnosed the problem from the beginning. Experienced engineers, with responsibility for safety, didn't understand that the airbags would not deploy if the ignition switch changed position.

I know many of you are saying to yourselves that this problem isn't a fair reflection of the company as a whole. I know it's not. We are better than this. But we own this problem, and we have to have the courage to deal with it in the right way.

As we have learned more about this situation over the last few months, we have acted aggressively to uncover the facts, correct the problems and restructure the internal systems that allowed this problem to develop in the first place. I mentioned earlier that we are posting a summary of all our actions on the website, but I want to highlight five of the most critical steps we have undertaken:

- 1) We named Jeff Boyer Vice President of Safety for the company, elevating and integrating our safety processes under a single leader. Jeff reports directly to Mark Reuss, and Jeff and I meet regularly.
- 2) We added 35 safety investigators that will allow us to identify and address issues much more quickly. And we have already seen the positive results of their work.
- 3) We instituted our Speak Up for Safety program encouraging employees to report potential safety issues quickly. And we are going to recognize them for doing so.

- 4) We announced the creation of, and have implemented, a new Global Product Integrity organization that will enhance our overall safety and quality performance.
- 5) Finally – and this is an incredibly important one – we restructured the safety decision-making process to raise it to the highest levels of the company. Senior management is now going to be at the center of these issues.

The Valukas report makes a series of recommendations in eight major areas. I am committing the company to act on all of these recommendations. In each of the major areas, we have already taken action. There is much more to do, of course. But we are going to move forcefully to complete the recommendations on an expedited timetable.

Evidence of our work is already apparent. As I'm sure you know, we are taking an aggressive approach on recalls. And we are bringing greater rigor and discipline to our analysis and decision-making process regarding recalls and other potential safety-related matters. This is the new norm.

We are redoubling our efforts and believe they will be substantially completed by the end of the second quarter. In the near term, you might expect to see a few more recall announcements.

We have also made a number of personnel decisions. Some of these are tough calls, as you can well appreciate, and we held off making moves until this investigation was complete. But with the facts before us, we felt it was important to make a number of changes, and we have already done so.

Fifteen individuals, who we determined to have acted inappropriately, are no longer with the company. Some were removed because of what we consider misconduct or incompetence. Others have been relieved because they simply didn't do enough: They didn't take responsibility; didn't act with any sense of urgency.

Disciplinary actions have been taken against five additional people as well. With these moves, I feel we have addressed the personnel issues in this matter.

Consistent with our priority to do the right thing for those that were harmed, we will be implementing a compensation program for those who have lost loved ones or who have suffered serious physical injuries as a result of an ignition switch failure.

To that end, we engaged noted expert Ken Feinberg to review options and ultimately to administer the compensation program.

Again, with all the changes we have implemented and are now undertaking, the job of correcting our mistakes is only beginning. Strengthening our systems and adding resources are critically important steps in improving our company. But as positive

as these steps are, they still aren't enough. To excel – to truly build the best auto company for customers – we have to change our behavior as well.

We have to personalize this challenge. Quality and safety aren't someone else's responsibilities. They are mine. They are yours. We all must feel a personal responsibility to see that this company excels at every level.

Together, we have to understand that the attitudes and practices that allowed this failure to occur will not be tolerated. Also, if we think that cleaning up this problem and making a few process changes will be enough, we are badly mistaken.

Our job is not just to fix the problem. Our job must be to set a new industry standard for safety, quality and excellence. To settle for anything less would be a profound error.

So if you are aware of a potential problem affecting safety or quality and you don't speak up, you are a part of the problem. And that is not acceptable. If you see a problem that you don't believe is being handled properly, bring it to the attention of your supervisor. If you still don't believe it's being handled properly, contact me directly.

I want an environment at GM where the customer is at the center of every action and every decision. After all, we exist to serve their needs, not the other way around. We jointly own our successes and our failures. We have to hold each other accountable.

Every day, 220,000 GM employees get up and go to work with a sincere commitment to do their best. You and I both know that the vast majority of our colleagues care deeply about safety and quality and have the highest integrity.

The simple truth is each one of us has the power to make GM a better, more customer-focused company. It's time we unleash the full power of this great company.

When I started at GM, I certainly never expected to be CEO. And I certainly didn't expect to be in a situation like this. But I'm here and you are here, and we have to be committed to lead in a way that brings honor and respect to this company.

Even on a day as tough as this I am proud and honored to work for General Motors. I know we have a dedicated and talented team of loyal, honest employees.

I know, because of your efforts, our current vehicles are winning in the marketplace on safety, quality and design. I know our dealers are proud to sell our vehicles, and they care deeply about providing excellent service to our customers. I know our suppliers work hard to provide the best components for our vehicles. And, most important of all, I know, as you do, that our products enhance the lives of millions of people all over the world every day.

As I prepared for today, I thought long and hard about the very tough message I would be delivering. I knew full well how difficult this experience would be for all of us. But I also knew the only course was to be direct and totally honest.

This is a test of our character and our values. In the end, I'm not afraid of the truth, and I know you aren't either. I want it known that we will face up to our mistakes and take them head on.

The fact is I believe in this company and I believe in you. I want GM to be the world's best automotive company – for customers. Whatever it takes to do that is what we are going to do.

Thank you.

#