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United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510–6125

WEB SITE: http://commerce.senate.gov

November 29, 2012

Mr. Byung Mo Ahn
Group President and Chief Executive Officer
Kia Motors America
111 Peters Canyon Road
Irvine, California 92606

Dear Mr. Ahn:

On November 2, Hyundai Motor America and Kia Motors America announced that the automakers had overstated the fuel economy of more than a third of their fleets for the last three model years. According to the announcement, "procedural errors" at the companies' joint testing facility in Korea led to an overstatement of the fuel economy ratings of 900,000 vehicles from model years 2011-2013. The overstatement is between one and six miles per gallon, depending on the model of the vehicle. An audit conducted by the Environmental Protection Agency (EPA) in early 2012 uncovered the errors.

For many Americans, fuel economy is an important element of the car buying decision. These consumers rely on complete and accurate information from auto companies, knowing that small improvements in fuel economy can lead to major cost and environmental savings over the lifetime of their vehicles. Both Hyundai and Kia advertised themselves as leaders in this area, heavily promoting the cars in their fleets with the highest gas mileage.

As part of their negotiations with the EPA, Hyundai and Kia have voluntarily undertaken a program to reimburse consumers for the additional fuel costs they have incurred and will incur because of the misstated fuel economy. It is my understanding that the automakers will issue personalized, renewable debit cards to affected customers. As long as they own the vehicles, these cards will reimburse them for the difference in the EPA combined fuel economy rating and the misstated rating, based on the fuel price in their area and the miles driven, plus 15 percent.

While I believe this is a positive step, I am concerned that many affected consumers may not learn about the program, or may find it burdensome to participate in the program. To help the Committee better understand what steps your company is taking to remedy the harm your inaccurate fuel economy statements caused to consumers, please provide responses to the following questions:

1. How does your company plan to maximize the effectiveness and accessibility of the consumer rebate program?

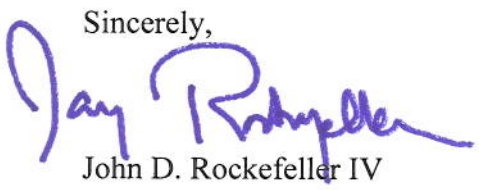
2. What are your company's plans to monitor the program and to reach consumers who may not initially take advantage of it?

Please provide answers to these questions by December 14, 2012.

The Senate Committee on Commerce, Science, and Transportation has jurisdiction over the National Highway Traffic Safety Administration (NHTSA), which oversees federal regulations related to Corporate Average Fuel Economy (CAFE) standards. Furthermore, the Committee has jurisdiction over the Federal Trade Commission (FTC) and its enforcement against deceptive marketing practices broadly prohibited by section 5 of the FTC Act. As Chairman of the Commerce Committee, I will monitor the results of the EPA's ongoing investigation in order to better understand how this error occurred, how Hyundai and Kia may have used the inflated fuel economy numbers to attract consumers, and how federal enforcement agencies can better deter similar violations in the future.

Thank you for your prompt attention to this letter. Should you have any questions, please have your staff contact Christian Tamotsu Fjeld or Anna Laitin on my Committee staff at (202) 224-2552.

Sincerely,



John D. Rockefeller IV
Chairman