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John F. Krafcik
President and CEO

December 10, 2012

The Honorable John D. Rockefeller IV
Chairman, Senate Committee on Commerce, Science, and Transportation
508 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Rockefeller:

Thank you for your November 29, 2012 letter regarding the Hyundai Motor America (“HMA”) fuel economy reimbursement program (the “program”). We are pleased to have the opportunity to share with you more information about it. As you requested, we will address how HMA is maximizing awareness, effectiveness and accessibility of the program for consumers, as well as HMA’s plans to monitor the program to reach those who may not initially take advantage of it.

BACKGROUND

On November 2, 2012, HMA announced that, following discussions with the U.S. Environmental Protection Agency, the company would reduce the fuel economy ratings on certain model year 2011-2013 vehicles. Approximately 600,000 Hyundai vehicles were affected.

To compensate owners for additional fuel costs associated with the rating change, HMA also initiated a separate and unprecedented reimbursement program. This voluntary program provides for on-going reimbursements to all owners who register for as long as they own their cars, based on their actual miles driven and regional fuel prices as determined by the Department of Energy's Energy Information Administration. All previous owners are also eligible for reimbursement using the same approach and formula.

HMA appreciates the confidence U.S. consumers have shown in the quality, safety, fuel-efficiency and overall value of Hyundai vehicles over the years. The reimbursement program demonstrates our commitment to maintaining that trust.

Program design and reach are critical to the success of our reimbursement program. We have communicated the program broadly, while also speaking directly through letters, email, and social media channels to individual owners. We have designed the program to be accessible, while also tailoring it to individual owner circumstances -- such as miles driven, regional fuel prices, and reimbursement timing flexibility. We have provided substantial information to vehicle owners, and offer ready access to additional support from HMA and our dealer partners to assist them in participation and registration.

Our efforts to achieve program success are outlined below, in response to your questions.

QUESTIONS AND RESPONSES

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

The program requires few steps and is readily accessible. It is designed to fully compensate consumers. We are communicating the program and its terms widely, targeting affected consumers, and are encouraging our dealers to actively promote customer participation.

Program Design

Lifetime Coverage: The program offers lifetime coverage for current owners. Customers need only register (as described below) and visit any U.S. Hyundai dealership at their convenience for an odometer reading. They will then receive through the mail a personalized debit card they can use to purchase merchandise anywhere that debit cards are accepted.

Through this debit card, current owners will receive reimbursement for their mileage driven to-date using regional fuel costs, in addition to a 15% goodwill payment, described below. They can update the debit card as frequently as they like, each update representing their incremental fuel cost since their last odometer reading. The simplicity of the system is that, once registered, the customer decides when it is most convenient to come to the dealership to have their debit card refreshed. They can come every few weeks, every six months, every year, every two years, etc., at their convenience.

Former owners will also receive a debit card based on their actual mileage and regional fuel costs. They only need to show the mileage at the time they sold the vehicle, as recorded in the title transfer documentation.

Convenient Registration: We expect most owners to register on-line. Owners have until December 31, 2013 to register initially (this may be adjusted to a later date based on consumer

response), and then may have their odometer readings verified as frequently or infrequently as they desire, based on their personal situation.

Owners without computer access who wish to register have a variety of options. They can complete their registration at any dealership. Or, as many have done, they can fax, mail or email the information to the Hyundai call center.

We encourage our dealers to support the program and register customers. The dealers will receive a payment of approximately \$10 for every odometer reading, which is not only fair reimbursement to the dealers but also an incentive to register customers. Because these vehicles remain under warranty (10 year/100,000 miles powertrain for first owners and 5 year/60,000 miles warranty for subsequent owners), we anticipate that owners will return to dealers for service and warranty work and continue their participation in the program.

No Waiver: Customers are not required to sign a release or waiver any claims in order to participate in the program. They retain any legal rights they may have.

Compensation Based on Actual Mileage and Fuel Cost: Owners will be compensated based on their actual mileage and based on the fuel costs in their regions. This ensures that all owners receive compensation for their actual use, and fully covers high-mileage owners who may travel more than the national average. It also ensures that the fuel prices used to calculate each owner's reimbursement amount fairly reflect each owner's actual fuel costs. This remains true over time. Owners may renew their debit cards as frequently as they like, and are protected from any fuel price increases.

The initial payment is based entirely on the Energy Information Administration's ("EIA") 2012 regional fuel cost estimates, even though fuel costs for 2010 and 2011 were lower. All future payments will be based on EIA's regional estimates, and will be updated based on future fuel costs. The estimates are based on 8 geographic regions, as defined by EIA, which takes regional differences into account.

In summary, this aspect of the program is specifically designed to be tailored to individual owner circumstances. High-mileage customers in regions with higher fuel prices will be fully compensated. Lower mileage owners, or those paying less in fuel prices, will also be fully compensated.

Goodwill Payment: To further boost participation now and over time, we are including an additional 15% goodwill amount with each reimbursement payment. This is intended to compensate for any incidental costs and also for any inconvenience to our customers.

Program Reach

Our communication plan has focused on providing early and broad awareness, with a subsequent emphasis on targeted one-on-one communication. Our intention is to ensure that any impacted consumer has the opportunity to take advantage of our offer.

Dedicated Program Website: HMA has established a website – www.hyundaimpginfo.com – where owners can read information on the program, determine whether their vehicle qualifies and even calculate their estimated initial reimbursement amount by inputting their vehicle's unique Vehicle Identification Number (VIN). The website provides the information required to register and to obtain reimbursement. As of December 5, there have been over 500,000 unique visits to the dedicated website.

Prominent Link on www.Hyundai.com: Our pre-existing Hyundai website includes a prominent link, in a banner at the top of the page, to the dedicated program website. That website received approximately 4.5 million unique visitors per month during 2012. Consumers reaching out to that website for information are directed towards our dedicated program site.

Program Advertising: HMA heavily advertised the reimbursement program following the public announcement on November 2. Full-page advertisements appeared in 26 newspapers across the United States, including the nation's most widely-circulated newspapers -- such as USA Today, and the New York Times, Wall Street Journal, Los Angeles Times, Washington Post and Denver Post. We advertised in newspapers with a combined circulation over 11 million readers. We have enclosed a copy of our full-page advertisement.

In addition, the November 2 announcement and our press conference generated considerable media attention. Indeed, I began my remarks before approximately 500 journalists at the recent LA Auto Show with an update about the program. There have been 978 press stories about the issue, generating almost 167 million media impressions as of December 5.

We have also advertised on Google and Bing search engines, based on targeted keywords, in order to drive traffic to our dedicated website. We have initiated a comprehensive social media awareness campaign for Hyundai's social communities via Facebook and Twitter. Through social media, we answer questions posted in real-time and direct owners to the appropriate resources.

Dedicated Customer Call Center Support: We have dedicated staff – currently more than 200 agents -- within our customer call center to support the program and to process calls, emails and faxes. We will continue high levels of staffing as necessary and endeavor to return every inquiry within 24 hours.

Dealer Communication: Immediately following our public announcement on November 2, we conducted a video broadcast with our dealers. 713 of our 820 dealers (87%) were able to participate. Subsequently, all of our dealers received informational materials and were sent replacement labels for vehicles remaining in their inventory. Our field personnel continue to work directly with our dealers and customers to implement the program. We have also provided our dealers with a one-time payment, based on their total 2012 sales, to acknowledge the disruption and in appreciation for their efforts to help the program succeed.

Owner Mailings: We mailed letters to each individual retail owner following the public announcement, using information in our new owner database. We began by mailing letters on November 9, and continued with an aggressive mailing schedule which we completed on November 28. The schedule was designed to provide information to owners quickly while assuring sufficient dealer capacity to handle consumer traffic. A copy of the letter is enclosed.

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

With this initial wave of broad communications and initial targeted owner communications underway, we are now focusing on follow-up communications to maximize participation, and superb execution of the program through Hyundai dealerships, as outlined below.

Email Blast and Additional Mailing: Within the next 60-90 days, HMA intends to follow the initial awareness campaign by sending notifications via email to customers who have not yet responded to the direct-to-consumer letter. We also intend to conduct another letter mailing when the rate of new program registrations slows using actual vehicle registration data from third-party data providers. This will assist identification of second and third owners, while also capturing initial owners with addresses different from those in our data base. With both of these actions, we are targeting those who have yet to register in the program.

Ongoing Dedicated Website: The website www.hyundaimpginfo.com will remain active for as long as necessary, as will the link to that site from the main www.hyundai.com website.

Ongoing Dealer Participation and Warranty Reimbursement: We have taken steps to encourage dealers to register owners, and to keep customer participation in the program active over time. Dealers will receive compensation from HMA, averaging \$10 for each odometer verification check they provide. These payments will incentivize dealers to keep their customers engaged in the program.

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Thus far, indications are that the customer experience at the dealership has been positive. Surveys of customers who have to date gone through the dealer verification step show that customer satisfaction with the dealer visit has been high. 93.2% of those customers rate the contact as 6 or higher on the J.D. Power service satisfaction scale, where a rating of 10 is truly exceptional, 7 is outstanding, 4 is average, and 1 is unacceptable. Indeed, for the reimbursement program, 62.1% of program participants rate the odometer verification visit a full 10 – or “truly exceptional” -- on this scale.

Finally, as we have noted above, our vehicle and powertrain warranty (10 year/100,000 miles powertrain for first owners and 5 year/60,000 miles warranty for subsequent owners) will also provide a built-in communication mechanism for our dealers to assist consumers in becoming registered and staying engaged with the program over time.

Targeted sampling: HMA will conduct targeted sampling surveys to determine how owners rate their experience with the program. On a daily basis, we monitor inputs received at our call center, as well as through social media. We will use the information to fine-tune our communication and outreach.

CONCLUSION

HMA deeply regrets this situation and is committed to compensating each customer. We are striving to ensure that every affected Hyundai will receive full compensation for the additional fuel costs associated with the fuel economy ratings changes. While some owners will elect not to participate, we remain committed to maximizing customer satisfaction and ongoing participation in the program.

We appreciate your interest in this unprecedented reimbursement program. If you have any further questions, please call me or have your staff call Kathleen M. Hennessey, Vice President, Government Affairs at 202-296-5550.

Very Truly Yours,



John Krafcik
President and CEO
Hyundai Motor America

cc: The Honorable Kay Bailey Hutchison, Ranking Member
Enclosure