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HYUNDAI RESOLVES U.S. EPA INVESTIGATION OF 2012 FUEL ECONOMY RATINGS RESTATEMENT

Automaker's New Fuel Economy Testing Program Approved by EPA in October 2012

FOUNTAIN VALLEY, Calif., Nov. 3, 2014 – Hyundai today announced that it has entered into an agreement with the U.S. Environmental Protection Agency (EPA) and California Air Resources Board (CARB) to resolve the government's investigation of its 2012 restatement of fuel economy ratings. The adjustment affected approximately one-quarter of Hyundai 2011-13 model year vehicles, reducing their combined city/highway fuel economy by 1-2 miles per gallon (mpg). As part of the agreement, Hyundai will pay a \$56.8 million civil penalty, forgo the use of approximately 2.7 million greenhouse gas (GHG) emission credits – the credits representing the difference between original and restated emission data – and continue to implement a series of measures including the formation of an independent certification test group to oversee the automaker's fuel economy testing, training, data management and reporting. Additionally, Hyundai will continue to audit model year 2015-16 vehicles to confirm the accuracy of their fuel economy ratings.

“Hyundai has acted transparently, reimbursed affected customers and fully cooperated with the EPA throughout the course of its investigation,” said David Zuchowski, president and CEO of Hyundai Motor America. “We are pleased to put this behind us, and gratified that even with our adjusted fuel economy ratings, Hyundai continues to lead the automotive industry in fuel efficiency and environmental performance.”

According to the EPA *Fuel Economy Trends Report*, Hyundai's adjusted fuel economy ratings are 27.2 mpg for 2011, 28.3 mpg for 2012 and 29.0 mpg for 2013 model year vehicles.¹ Similarly, the Union of Concerned Scientists recently named Hyundai the “Greenest Automaker”

¹ <http://www.epa.gov/fueleconomy/fetrends/1975-2014/420r14023.pdf>

for the 2013 model year based on emissions of nitrogen oxide, non-methane organic gas and CO₂.

Importantly, Hyundai's process for testing the fuel economy of its vehicles was – and is – consistent with government regulations and guidance, which have always afforded broad latitude to vehicle manufacturers in determining test conditions, enabling for example testing anywhere in the temperature range of 41-95 degrees and tires to be broken in without specifying how or on what type of surface beyond “a smooth level road.” Outside of a data processing error related to the coastdown testing method by which Hyundai calculated resistance or “road load,” it was Hyundai's regulatory interpretation within this broad latitude that was responsible for the ratings restatement. Hyundai has corrected the error, and the EPA in October 2012 approved the automaker's new fuel economy testing program.

Over the past 30 years, the EPA has acknowledged the variability of its coastdown testing,² and currently is working to develop new guidance for the industry in order to improve its precision, repeatability and accuracy.

“Hyundai is committed to partnering with the government to innovate fuel economy testing procedures in order to achieve more accurate and reliable ‘real-world’ results for consumers,” said Zuchowski.

There is no environmental impact resulting from Hyundai's fuel economy ratings restatement, and the automaker will continue to hold a surplus of GHG credits – approximately 20 million – following implementation of today's settlement. To compensate the national program to reduce GHG emissions and improve fuel economy, Hyundai will amend the GHG reports it submitted to the EPA before understanding that its interpretation of industry test procedures differed from the government's reading of the same procedures.

About Hyundai's Fuel Economy Restatement and Customer Reimbursement Program

On November 2, 2012, Hyundai announced the voluntary adjustment of fuel economy ratings for approximately one-quarter of its 2011-13 model year vehicles, reducing their combined city/highway fuel economy by 1-2 miles per gallon, and relabeled affected vehicles still in dealer showrooms. In order to compensate affected customers, Hyundai provided a lifetime reimbursement program to cover the additional fuel costs associated with the rating change plus a 15 percent premium in acknowledgement of the inconvenience. The majority of customers

² For example: EPA Report No.: EPA-AA-CD-84-01, Technical Report, “Road-Load Coastdown Testing of Selected 1981 thru 1984 Model Year Light-Duty Vehicles and Light-Duty Trucks,” April 1984; January 7, 2002 Dear Manufacturer Letter Re: Notice of EPA/Industry Road Force Workshop (CCD-02-01(LDV/LDT)

affected by the ratings restatement enrolled in the automaker's reimbursement program and are being compensated based on their actual mileage and the fuel costs for the region in which they live. While customers responded favorably to the reimbursement program, Hyundai through a recent class action settlement offered the option of a single lump sum cash payment for those customers who would rather not return to a dealership to have their mileage verified. So, through either the one-time lump sum payment or original lifetime reimbursement program, customers have the option of being made fully whole for Hyundai's ratings restatement.

HYUNDAI MOTOR AMERICA

Hyundai Motor America, headquartered in Fountain Valley, Calif., is a subsidiary of Hyundai Motor Co. of Korea. Hyundai vehicles are distributed throughout the United States by Hyundai Motor America and are sold and serviced through more than 820 dealerships nationwide. All Hyundai vehicles sold in the U.S. are covered by the Hyundai Assurance program, which includes the 5-year/60,000-mile fully transferable new vehicle limited warranty, Hyundai's 10-year/100,000-mile powertrain limited warranty and five years of complimentary Roadside Assistance. Hyundai Blue Link Connected Care provides owners of Hyundai models equipped with the Blue Link telematics system with proactive safety and car care services complimentary for one year with enrollment. These services include Automatic Collision Notification, Enhanced Roadside Assistance, Vehicle Diagnostic Alert, Monthly Vehicle Health Report and in-vehicle service scheduling.

For more details on Hyundai Assurance, please visit www.HyundaiAssurance.com

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