



Kia Motors America, Inc.

Corporate Headquarters

111 Peters Canyon Road, Irvine, CA 92606-1790 USA

RECENT KIA MEDIA REPORTS

January 25, 2019 Update

Dear Kia Retailer,

At Kia, safety is a top priority and we wrote to you last August and again last October to provide you with updates regarding news reports about non-collision fires in Kia vehicles and the status of Kia's cooperative work with NHTSA.

Since that time, we have been continuing to work transparently and cooperatively with NHTSA. As a reminder, here's a summary of our efforts outlined in earlier communications:

- **Safety recall SC147 (NHTSA 17V-224) launched in June 2017 on more than 600,000 Kia vehicles** to address a manufacturing defect which could lead to engine failure and in certain rare circumstances the affected engines have caught fire. Vehicles mentioned in media reports align closely with vehicles already included in this recall. The recall is now more than 70% complete through our continuing customer re-notification efforts.
- **Enhanced fire investigation processes and resources** including the use of independent outside fire experts; and
- **Enhanced customer care processes** for affected customers until investigations are complete.

Additionally, we have taken the following preventative actions:

- We launched **Product Improvements PI1802 and PI1803** to install an industry-first piece of software (knock sensor detection system) for the early detection of symptoms which could eventually lead to engine failures that may result in fires.

These product improvements began in July 2018 and cover more than 1.6 million vehicles.

- **Safety recall SC172 launched in January for the inspection of the high pressure fuel pipe on vehicles for which an engine was previously replaced under Engine Recall SC147** to confirm the high pressure fuel pipe was properly installed to the fuel pump outlet. We informed NHTSA of this issue through our cooperative work effort and officially communicated our desire to conduct this recall shortly before the federal government shut down. We have chosen not to wait for the federal government to reopen and instead moved ahead to proactively launch this safety recall. KMA notified dealers of Safety Recall SC172 on January 10 (information can be found on KDealer.com in the Recalls and Campaigns portion of the Fixed Ops section, including Questions and Answers to help address customer inquiries) and customer notification began January 17. The Technical Service Bulletin containing specific repair information was published on January 24.
- **Vehicle Scope of Safety recall SC172 will be expanded to include 2014-2017MY Optima, 2014-2018MY Sportage and 2015-2017MY Sorento vehicles that had a GDI engine replaced under warranty or Product Improvements PI1802 and PI1803.** Although there have been no reported engine compartment fires post engine replacement, dealers who would have replaced engines under warranty or PI1802/PI1803 would have received the same engine replacement instructions as for the recalled vehicles under 17v224. Thus, out of an abundance of caution, these vehicles will also be inspected to confirm the fuel pipes have been correctly and safely installed.

Some media reports have also referred to an alleged "whistleblower" who is a former KMA employee.

Let me assure you that Kia is an organization with strong values and responsibility, committed to conducting business with the highest standards of ethics. We disagree with the main basis of his claims: that recycling fuel pipes in engine replacements creates a fire risk. Nevertheless, in an abundance of caution, we strongly recommend that all dealerships follow our engine replacement protocols requiring fuel pipe replacement. Kia also values employees raising safety concerns, contrary to his allegations. In fact, KMA provides an anonymous ethics hotline hosted by a third party to its employees for reporting these types of safety concerns and any other matters, along with having other internal avenues of reporting. The anonymous ethics hotline is also available to dealership staff on KDealer.com via a link available on the HOME page. We encourage any KMA or dealership employee to use it should circumstances warrant.

As a reminder, you and your teams can take the following actions to help assure the safety of Kia vehicles:

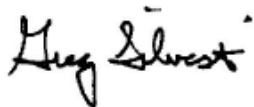
1. Ensure that all safety recalls are completed for vehicles coming in for service, paying particular attention to the specific work processes outlined in associated Technical Service Bulletins to ensure proper repair;
2. Implement follow-up processes with your customers to encourage the completion of any open safety recalls;
3. Remind customers that they can go to the Owners section of www.kia.com to check for open safety recalls by clicking on "Recalls" or they can also verify this information at NHTSA's website: www.safercar.gov.
4. Should a customer make any allegation or bring forth a claim alleging a Kia product is responsible for a situation that has resulted or could result in an accident, injury or fire, you and your staff should immediately report the situation to your District Parts & Service Manager and advise the customer to report it to the Kia Consumer Assistance Center at 800.333.4Kia (4542); do not perform any repairs before receiving authorization from KMA so that we have an opportunity to investigate.

Attached are Frequently Asked Questions and Answers for your reference.

As always, please direct any media inquiries to your field contacts or directly to Kia's Corporate Communications Department (James Bell (jbell@kiausa.com) or James Hope (jhope@kiausa.com)).

Kia shares the vehicle safety goals of government regulators and consumer advocates and is committed to the safety of all its customers and their passengers and we are taking appropriate action. Thank you once again for your valued support of the Kia brand.

Sincerely,



Greg Silvestri
Vice President, Service & Aftersale Operations



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Corporate Headquarters

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Frequently Asked Questions

Fire-Related Media Reports

Updated 1/25/19

NON-COLLISION FIRE QUESTIONS & ANSWERS		
Question	Answer	Key Points
1. There have been ongoing news reports of non-collision fires in Kia (and Hyundai) vehicles. What is happening and why?	<p>A vehicle fire can occur due to any number of complex factors which must be carefully evaluated by trained technicians to determine its cause. At Kia, any claims involving damage to a Kia vehicle, including fires, are reviewed on a case-by-case basis to determinate appropriate action. When the result of any fire is due to a vehicle design or manufacturing issue, KMA promptly notifies NHTSA and conducts a voluntary recall.</p> <p>It is impossible to speculate about the cause of any fire without doing a detailed inspection and analysis, and the news media has been speculating that all fires are from a common vehicle issue. It is important to recognize that different vehicle models and model years do not have the same components. Our analysis suggests that most fires where we are able to identify a vehicle related cause is being addressed by Kia recall SC147. Recall SC172 addresses other fires identified as being caused by improper engine replacement procedures. Kia has added additional resources to continue to investigate Kia vehicle fires on an individual basis, is working cooperatively with all governmental entities to report and analyze safety-related data, and will promptly conduct a recall when the result of any fire is due to a vehicle design or manufacturing issue.</p>	<ul style="list-style-type: none">• Many different fire causes, both vehicle and non-vehicle, require inspection and analysis.• When Kia identifies a vehicle related fire source, it promptly moves for a recall.• Most fires related to a vehicle source are being addressed by recall SC 147.• Constant review of internal data and field performance to proactively identify vehicle issues that might cause fires.• Recalls promptly initiated when evidence and data support a recall.
2. With the knowledge that some Kia (and Hyundai) vehicles are catching fire, what are you doing to address the issue?	<p>Customer safety is one of Kia's top priorities. We are making every effort to ensure all affected vehicles complete the open recall repairs as quickly as possible, including dealer training and multiple customer alerts beyond the initial recall notice. Additionally, we developed an industry-first system for early detection of symptoms that could lead to engine failures that cause fires and are working with multiple third-party experts to evaluate the results of our investigations and action steps on this matter.</p>	<ul style="list-style-type: none">• Focused on completing open recalls to prevent fires.• Developed Knock Sensor Detection System to identify potential engine failure traits that may result in a fire.• Working with multiple-third party sources to evaluate our response and analyze fires.

Question	Answer	Key Points
<p>3. There are reports of vehicles catching fire after having the recall repair completed. What is happening and why?</p>	<p>Because there have been a small number of automobile fires that occurred after engine replacement under safety recall SC147 in vehicles with GDI engines, Kia has also initiated safety recall SC172 to inspect the connections of the High Pressure Fuel Pipe to the fuel pump outlet for fuel leaking to reduce the risk of fire. It is also being expanded to include 14-17 model year Optima and 14-18 MY Sportage vehicles, as well as 15-17 model year Sorento vehicles with GDI engines replaced under warranty or product improvement campaigns to inspect for fuel leaks in an abundance of caution.</p>	<ul style="list-style-type: none"> • Quickly moved to institute a recall to address improper repairs that could give rise to fires. • Expanded MYs (see above) as a precaution.
<p>4. My vehicle is within the range of vehicles impacted by one of these recalls. I have heard reports that Kia has not fully addressed this issue and I'm not confident driving my family in a vehicle which seems to pose a higher fire risk than in other cars. Will you buy the vehicle back from me?</p>	<p>Through quality monitoring and continuous improvement, Kia is committed to ensuring the integrity of its vehicles, working cooperatively with all governmental entities to report and analyze safety-related data. NHTSA monitors each safety recall to make sure owners receive safe, free and effective remedies from manufacturers according to the Safety Act and Federal regulations (their website is www.safercar.gov) and Kia has been working cooperatively with them.</p> <p>Customers are therefore encouraged to have any outstanding safety recalls completed and the Knock Sensor Detection System installed as soon as possible. Should a customer have a concern related to <u>any</u> aspect of the operation or safety of their vehicle, they are encouraged to schedule an appointment with their Kia dealer for vehicle inspection as soon as possible.</p> <p>Kia Consumer Assistance Representatives are available to provide assistance beyond vehicle repair by the dealer by phoning 800.333.4Kia(4542) or online in the Owner's section of www.kia.com.</p>	<ul style="list-style-type: none"> • Kia works cooperatively with NHTSA and safety-related data is continuously monitored to ensure appropriate action • Customers should have all recalls and product improvements, including the Knock Sensor Detection System, completed as soon as possible • Any additional assistance requests, including vehicle buyback, should be referred to Kia Consumer Assistance

CENTER FOR AUTOMOTIVE SAFETY/HIGHWAY LOSS DATA INSTITUTE:

Question	Answer	Key Points
<p>5. The Center for Automotive Safety (CAS) has suggested a significantly larger recall of Kia (and Hyundai) vehicles is needed. Why do you disagree with their position?</p>	<p>Customer safety is a top priority and regardless of size we conduct safety recalls whenever there is a proven need for one. We have committed significant resources to this issue and our findings do not align with the statistics and conclusions presented by CAS.</p>	<ul style="list-style-type: none"> • CAS statistics don't provide meaningful way to analyze Kia fire exposure
<p>6. The Center for Automotive Safety (CAS) detailed a death in a non-collision fire in a Kia Soul. What can you tell us about that incident?</p>	<p>Any loss of life is tragic. The version of the story told by CAS is incomplete and omits several key items from the police and autopsy reports, such as the abuse of the vehicle by an extremely impaired driver.</p>	<ul style="list-style-type: none"> • The Soul Fatality is unrelated to a vehicle defect and was caused by abuse of vehicle and significant impairment of driver.
<p>7. Why do you claim that Kia (and Hyundai) fires are part of an industrywide issue?</p>	<p>Non-collision fires are not at all limited to Kia vehicles. Information from third-party data sources such as the Highway Loss Data Institute show a wide range of vehicle fire causes and over 170,000 incidents across all manufacturers in the last three years.</p>	<ul style="list-style-type: none"> • All vehicles are prone to non-crash fires and Kia is generally within industry averages.
<p>8. Doesn't the Highway Loss Data Institute's (HLDI) recent analysis show that Kia fire rates are higher than industry averages?</p>	<p>We would expect elevated fire rates for vehicles subject to the current SC 147 recall, and we also believe that the recall repair should address these problems. HLDI also noted that our efforts in fire mitigation are appropriately focused on the correct vehicles.</p>	<ul style="list-style-type: none"> • HLDI shows there are elevated fire rates on vehicles that we have recalled and we expect the recall will address this concern.

FORMER KMA EMPLOYEE JASON VAUGHN		
Question	Answer	Key Points
9. There have been allegations by Jason Vaughn, a former Kia employee, who claims Kia is attempting to hide the dangers associated with GDI engine replacements and that approved repair practices create significant fire risks.	We have an open and transparent working relationship with NHTSA, and will return to working with NHTSA after the government shutdown. We believe that the allegation that recycling fuel pipes creates a fire risk is unfounded and we do not have a single documented case where the recycling of pipes has caused a fire. The supplier of the fuel pipes has also confirmed through its testing that recycling of fuel pipes on its own should not create any new safety risks. Nevertheless, in an abundance of caution, we have and will continue to have our dealers replace the fuel pipes in engine replacements in the repair protocol. In addition, we disagree with the former employee's allegations.	<ul style="list-style-type: none"> • Open and transparent relationship with NHTSA. • Main allegation of safety concern is not supported by any data. • Kia encourages Kia employees and dealers to use the anonymous ethics hotline (via KDealer.com) to raise safety concerns.