



American Honda Motor Co., Inc.
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July 29, 2011

The Honorable Ray LaHood
Secretary
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

The Honorable Lisa Jackson
Administrator
Environmental Protection Agency
Ariel Rios Building
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Secretary LaHood and Administrator Jackson,

American Honda Motor Co., Inc. (hereinafter, "Honda") recognizes the benefit for the country of continuing the historic National Program to address fuel economy and greenhouse gases that the Environmental Protection Agency (EPA) and the National Highway Traffic Safety Administration (NHTSA) began in 2009 with the standards for model years 2012 through 2016, and that those agencies are continuing for model years 2017 through 2025.

Honda fully supports proposal and adoption of a continued National Program. We understand that the continued National Program will be subject to full notice-and-comment rulemaking, affording all interested parties, including Honda, the right to participate fully, comment, and submit information, the results of which are not pre-determined but depend upon processes set by law. Honda welcomes the opportunity to be a partner in helping to advance a continued, harmonized National Program.

Honda believes that the robust and comprehensive mid-term evaluation described by EPA and NHTSA in the July 2011 Supplemental Notice of Intent is critical, given Honda's view of the uncertainty associated with the model years 2022-2025 standards. Although Honda may not have full knowledge about the evolution and cost of technologies necessary to meet these standards, particularly in 2022-2025, the mid-term evaluation provides a basis for Honda's support for adoption of standards for model years that far into the future.

Honda also commits to working with EPA and NHTSA, the states, and other stakeholders to help our country address the need to reduce dependence on oil, to save consumers money, and to ensure regulatory predictability and certainty by developing this kind of strong, coordinated National Program.

In order to promote the adoption of the continued National Program, Honda commits to take the following actions, subject to the understandings described below.

(1) Honda commits not to contest the final standards established by this rulemaking and by California for MYs 2017 through 2025 if:

a. EPA proposes national GHG standards and NHTSA proposes CAFE standards for MYs 2017-2025 as substantially described in the July 2011 Supplemental Notice of Intent to conduct rulemaking, but with necessary technical corrections and non-substantive refinements, and if the agencies adopt standards as substantially proposed.

b. California adopts standards on GHG emissions from new motor vehicles for MYs 2017 through 2025 such that compliance with the GHG emissions standards adopted by EPA, even if amended after 2012, shall be deemed compliance with the California GHG emissions standards, in a manner that is binding on states that adopt and enforce California's GHG standards under Clean Air Act (CAA) section 177.

(2) Honda reserves all right to contest final actions taken or not taken by EPA, NHTSA, and CARB as part of or in response to the mid-term evaluation.

(3) Honda commits that it will not contest final actions taken or not taken by EPA granting California's future request for a waiver of preemption under section 209 of the CAA for its GHG emissions standards for motor vehicles for MYs 2017-2025, if California revises its regulations as described above in (1)(b), but this does not apply to subsequent amendments California may make.

(4) Honda will use its best efforts to ensure that the trade association(s) to which Honda belongs will not contest the actions discussed in (1) and (3) above.

Sincerely,

A handwritten signature in black ink, appearing to read "John Mendel", with a stylized flourish extending to the right.

John Mendel
Executive Vice President



American Honda Motor Co., Inc.
1919 Torrance Boulevard
Torrance, CA 90501-2746
Phone (310) 783-2000

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Secretary
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1200 New Jersey Avenue, SE
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Dear Secretary LaHood and Administrator Jackson,

American Honda Motor Company, Inc. is pleased to be a part of this effort to continue the National Program from 2017-2025. We particularly appreciate your leadership and the leadership of your respective staffs in this endeavor.

Over the course of the past several months, these discussions have focused on greenhouse gas emission standards and fuel economy standards. The commitment letter signed by Mary Nichols on behalf of the California Air Resources Board dated July 28, 2011, creates an ambiguity about the scope of the Agreement which we are signing today. The appended federal Agreement, which was drafted by your staffs, correctly defines the scope of this agreement with respect to California. Specifically, the Agreement provides in Paragraph (2)(b):

California adopts standards on GHG emissions from new motor vehicles for MYs 2017 through 2025 such that compliance with the GHG emissions standards adopted by EPA, even if amended after 2012, shall be deemed compliance with the California GHG emissions standards, in a manner that is binding on states that adopt and enforce California's GHG standards under Clean Air Act (CAA) section 177.

Furthermore, the Agreement provides in Paragraph (3):

Honda commits that it will not contest final actions taken or not taken by EPA granting California's future request for a waiver of preemption under section 209 of the CAA for its GHG emissions standards for motor vehicles for MYs 2017-2025, if California revises its regulations as described above in (1)(b), but this does not apply to subsequent amendments California may make.

These two paragraphs make clear that the scope of our Agreement is limited to California's GHG emission standards. Mary Nichols' letters to you dated July 28 ambiguously refers to "any part of California's emission standards for MYs 2017 through 2025..." (Para. 5). Our commitment in the appended letter is specifically limited to California's GHG emissions standard as reflected in our letter

and Honda retains its rights with respect to all regulatory requirements of California other than the GHG emissions standard.

Furthermore, because we received the California letter last night at 8:00 pm and the revised appended letter only this morning, we have not had the opportunity to fully analyze other issues of ambiguity or inconsistency that might be raised in these letters. Accordingly, we specifically reserve the right to provide further clarification of our understanding of what these agreements provide and what we are agreeing to.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Mendel', with a long horizontal flourish extending to the right.

John Mendel
Executive Vice President

Attachment