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June 23, 2004

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U.S. Department of Transportation
National Highway Traffic Safety Administration
400 Seventh Street, S.W.
Washington, D.C. 20590

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OFFICE OF
DEFECTS INVESTIGATION

Re: Engineering Analysis (EA04-004)
1998 - 2001 Kia Sephias and 2000 - 2001 Kia Spectras: ORVR Valve

This letter is submitted in response to your letter of April 29, 2004, sent to Hyundai America Technical Center, Inc. ("HATCI"). Kia Motors America, Inc. (Reference NVS-213bby/EA04-004). That letter requested additional information regarding the 1998 - 2001 Kia Sephia and 2000 - 2001 Kia Spectra vehicles regarding allegations of fuel expulsion during refueling. Although HATCI is an organization independent of both Kia Motors Corp. ("KMC") and Kia Motors America, Inc. ("KMA"), it has been designated by those organizations to act as their communication liaison with the National Highway Traffic Safety Administration ("NHTSA"). This response is submitted to NHTSA by HATCI in that limited role.

Preliminarily, we would like to note that your letter requests information regarding "1998-2001 Kia Sephia and 2000 - 2001 Kia Spectra vehicles manufactured by Kia Motors America, Inc." In fact, KMA manufactures no vehicles and did not manufacture the 1998-2001 Kia Sephia or 2000 - 2001 Kia Spectra. However, this response has been prepared by substituting Kia Motors Corp. ("KMC") as the appropriate manufacturer.

Summary Introduction

The current EA letter addresses two distinct issues. First, is there substantial evidence to establish that the recall repair which Kia conducted on 1998 - 1999 Sephias failed to adequately repair those vehicles in light of the subsequent history of those vehicles? Second, is there substantial evidence to establish that the 2000 - 2001 Kia Spectras and Sephias had a separate refueling defect in light of the subsequent history of those vehicles? Since those issues are intermixed throughout the EA letter, this section summarizes those two issues separately.

- 1998 - 1999 Sephia

A total of 100,137 of these vehicles were recalled. Of those, some 69,936 have been subjected to recall repairs as of the drafting of this response. A review of the customer complaint and field data shows that virtually all such information was created prior to the customer notification of the recall. Specifically, only 6 post-recall customer complaints were recorded, with most of those relating to persons who had not had the recall completed at the time they complained. In addition, post recall there were no field reports of any type, and no crash reports, arbitration requests or lawsuits.

Kia also looked at the 189 vehicles among the 69,936 which had the recall repairs which then had to be repaired a second time (00.27%). Of these, some 84 had their further repair on the day of the original recall repair or within a few days thereafter. Kia's experience is that such immediate followup repairs indicate a problem at the dealer technician level, indicating a failure to properly follow the replacement instructions or installing a part which had been damaged in shipment or handling. Thus, only 105 (00.15%) have a repair history which Kia believes indicates a reasonable possibility of failure of a recalled ORVR valve.

There is no engineering or claims information which was developed during the evaluation of the 1998 - 1999 ORVR valve which supported the presence of any defect problem other than the decision by Walbro/TI Automotive to make a unilateral change to the specifications to the ORVR valve. As the documents you have previously received state, Walbro/TI admitted their error and assumed financial responsibility for that error. The internal assertion by a Walbro/TI manager that other parts of the Sephia system must not be optimal was not pursued at an engineering meeting between the two companies two days after the referenced assertion.

There is no defect trend in the vehicles which have received the recall repair.

- 2000 - 2001 Sephia and Spectra

These vehicles were equipped with a different fuel system and different ORVR valve than the 1998 - 1999 Sephia. (See RQ response, Tab 7). Some 175,546 Sephias and Spectras have been manufactured with this new system. There were 4 customer complaints of fuel spills related to each of the 2000 and 2001 Sephia and no such complaints related to either year of the Spectra. There have been no customer complaints of difficulty in refueling in either model. Similarly, there have been no field reports, no crash reports, no third party arbitration requests and no lawsuits related to either fuel spills or difficulty in refueling as to either the Sephia or Spectra.

Although Kia believes that the only unambiguous customer condition code which identifies fuel filling problems with the ORVR valve is N12 (Overflowing), Kia has noted your concerns about codes N51 (Improper Opening and Closing) and N99 (Other). Kia has therefore reanalyzed its data by looking at a combination of N12, N51 and N99 codes and creating a matrix with the dealer technicians' evaluations of C06 (Broken) and C31

(Sticking). These reveal a claims number of 76 and a failure rate of 00.04%. If all N12 codes are included, the claims number is 94, for a failure rate of 00.05%.

The information and documents provided with this response, as reflected in the above summary, establish that there is no defect trend in the vehicles which have received the recall repair.

The additional concern you expressed related to the fuel tank. The 2000 - 2001 Sephias and Spectras have a different fuel tank compared to the 1998 - 1999 Sephias. That new tank shows a total of 9 vehicles which had their tanks replaced under Codes N12 and another 71 had their tanks replaced under N51 or N99, but with only 3 of them replaced under Cause Codes C06 or C31.

Request No. 1

State, by model and model year, the number of subject vehicles Kia has manufactured for sale or lease in the United States. Separately, for each subject vehicle manufactured to date Kia, state the following:

- a. Vehicle identification number (VIN)
- b. Make;
- c. Model;
- d. Model Year;
- e. Date of manufacture;
- f. Date warranty coverage commenced;
- g. The State in the United States where the vehicle was originally sold or leased (or delivered for sale or lease); and
- h. Date subject recall was completed, if applicable. (If repaired more than once, provide each repair date)

Provide the table in Microsoft Access 2000, or a compatible format, entitled "PRODUCTION DATA." See Enclosure 1, Data Collection Disc, for a pre-formatted table designed for this submission.

Response to Request No. 1

The following is a list of all 1998 - 2001 MY Kia Sephia and 2000 - 2001 Spectra vehicles sold or leased in the United States.

MY	Sephia	Spectra	Annual Total	Vehicles Subject to Recall	Post Recall Vehicles
1998	45,847	0	45,847 *		
1999	57,097	0	57,097		
1998-1999				100,137	

MY	Sephia	Spectra	Annual Total	Vehicles Subject to Recall	Post Recall Vehicles
2000	89,988	11,042	101,030		
2001	53,266	21,250	74,516		
2000-2001					175,546

* Only 43,040 1998 MY vehicles were subject to the recall. The first 2,807 vehicles assembled for the 1998 MY had ORVR valves with the proper specifications; i.e., before the supplier unilaterally changed those specs.

It should be noted that the total number of post recall vehicles previously reported in response to RQ03-006 was 175,322. However, as indicated in the table above, the correct total number of 2000 – 2001 Sephia and Spectra vehicles produced post recall was 175,546. The original information identified in the RQ03-006 was taken from Logistics Department data while the new information identified in this response was taken from Warranty Department data. We believe the information obtained from the Warranty Department is more accurate in identifying vehicles sold in the United States.

Kia previously identified in its RQ03-006 response of December 2003, a total of 68,538 1998-1999 MY Sephia vehicles that had recall repairs completed. Since December 2003, the total number vehicles which have had recall repairs completed has risen to 69,936. Of the 69,936 vehicles which had recall repairs completed, 189 of those vehicles had a second repair while two of those 189 had a third repair, totaling 191 post recall repairs.

A listing of all 1998 – 2001 Sephia and 2000 – 2001 Spectra vehicles is provided on a Data Collection Disc under "PRODUCTION DATA" and is submitted contemporaneously with this response. The information for the new sub-category "h" is also included.

Request No. 2

State the number of each of the following, received by Kia, or of which Kia are otherwise aware, which relate to, or may relate to, the alleged defect in the subject vehicles:

- Consumer complaints, including those from fleet operators;
- Field reports, including dealer field reports;
- Reports involving a crash, injury, or fatality, based on claims against the manufacturer involving a death or injury, notices received by the manufacturer alleging or proving that a death or injury was caused by a possible defect in a subject vehicle, property damage, claims, consumer complaints, or field reports;
- Third-party arbitration proceedings where Kia is or was a party to the arbitration, and,
- Lawsuits, both pending and closed, in which Kia is or was a defendant or codefendant

For subparts "a" through "e", state the total number of each item (e.g., consumer complaints, field reports, etc.) separately. Multiple incidents involving the same vehicle are to be counted separately. Multiple reports of the same incident are also to be counted separately (i.e., a consumer complaint and a field report involving the same incident in which a crash occurred are to be counted as a crash report, a field report and a consumer complaint).

In addition, for items "c" through "e", provide a summary description of the alleged problem and causal and contributing factors and Kia's assessment of the problem, with a summary of the significant underlying facts and evidence. For items "d" and "e", identify the parties to the action, as well as the caption, court, docket number, and date on which the complaint or other document initiating the action was filed.

Response to Request No. 2

The table below provides a comprehensive summary of information previously and currently submitted.

CATEGORY	PRE-RECALL			POST RECALL		
	PE99-042 09/03/99	EA99-034 04/07/00	Total	RQ03-006 12/11/03	EA04-004 06/23/04	Total
Consumer Complaints						
Fuel Spill						
1998 Sephia	51	9	60	1	2	3
1999 Sephia	5	10	15	1	3	4
2000 Sephia	-	0	0	4	0	4
2001 Sephia	-	-	-	4	0	4
2000 Spectra	-	-	-	0	0	0
2001 Spectra	-	-	-	0	0	0
Difficulty Refueling						
1998 Sephia	34	8	42	0	0	0
1999 Sephia	5	15	20	0	1	1
2000 Sephia	-	0	0	0	0	0
2001 Sephia	-	-	-	0	0	0
2000 Spectra	-	-	-	0	0	0
2001 Spectra	-	-	-	0	0	0
Field Reports						
Fuel Spill						
1998 Sephia	19	0	19	0	0	0
1999 Sephia	3	0	3	0	0	0
2000 Sephia	-	0	0	0	0	0
2001 Sephia	-	-	-	0	0	0
2000 Spectra	-	-	-	-	0	0

CATEGORY	PRE-RECALL			POST RECALL		
	PE99-042 09/03/99	EA99-034 04/07/00	Total	RQ03-006 12/11/03	EAC4-004 06/23/04	Total
2001 Spectra	-	-	-	-	0	0
Difficulty Refueling						
1998 Sephia	27	0	27	0	0	0
1999 Sephia	4	0	4	0	0	0
2000 Sephia	-	0	0	0	0	0
2001 Sephia	-	-	-	0	0	0
2000 Spectra	-	-	-	-	0	0
2001 Spectra	-	-	-	-	0	0
Crash Report						
1998 Sephia	0	0	0	0	0	0
1999 Sephia	0	0	0	0	0	0
2000 Sephia	-	0	0	0	0	0
2001 Sephia	-	-	-	0	0	0
2000 Spectra	-	-	-	-	0	0
2001 Spectra	-	-	-	-	0	0
* Third Party Arbitration Requests						
Fuel Spill						
1998-1999 Sephia	10	10	20	0	0	0
2000-2001 Sephia	-	-	-	0	0	0
2000-2001 Spectra	-	-	-	-	0	0
Difficulty Refueling						
1998-1999 Sephia	6	11	17	0	0	0
2000-2001 Sephia	-	-	-	0	0	0
2000-2001 Spectra	-	-	-	-	0	0
Lawsuits						
1998 Sephia	0	0	0	0	0	0
1999 Sephia	0	0	0	0	0	0
2000 Sephia	-	0	0	0	0	0
2001 Sephia	-	-	-	0	0	0
2000 Spectra	-	-	-	0	0	0

CATEGORY	PRE-RECALL			POST RECALL		
	PE99-042 09/03/99	EA99-034 04/07/00	Total	RQ03-006 12/11/03	EA04-004 06/23/04	Total
2001 Spectra	-	-	-	-	0	0

* Such requests for buybacks typically include as many alleged problems as the consumer can arguably identify. Most, if not all, such requests are resolved before arbitration.

Summary descriptions in Kia's response dated April 7, 2000 to EA99-034 were attached as Exhibits 1A and 5. Summary descriptions in Kia's response dated December 11, 2003 to RQ03-006 were attached as part of Tab 1.

Summary descriptions requested in response to the present request is attached. See Tab 1.

Request No. 3

Separately for each item (complaint, report, claim, notice, or matter) within the scope of your response to Request No. 2, state the following information:

- a. Kia's file number or other identifier used;
- b. The category of the item, as identified in Request No. 2 (i.e., consumer complaint, field report, etc.);
- c. Vehicle owner or fleet name (and fleet contact person), address, and telephone number;
- d. Vehicle's VIN;
- e. Vehicle's make, model and model year;
- f. Vehicle's mileage at time of incident;
- g. Incident date;
- h. Report or claim date;
- i. Whether a crash is alleged;
- j. Whether a fire is alleged;
- k. Whether property damage is alleged;
- l. Number of alleged injuries, if any;
- m. Number of alleged fatalities, if any;
- n. Component or system codes;
- o. Complaint summary; and
- p. Consumer comments, if any

Provide this information in Microsoft Access 2000, or a compatible format, entitled "REQUEST NUMBER TWO DATA." See Enclosure 1, Data Collection Disc, for a preformatted table designed for this submission.

Response to Request No. 3

A listing of the consumer communications is provided on a Data Collection Disc under the category "REQUEST NUMBER TWO DATA".

Request No. 4

Produce copies of all documents related to each item within the scope of Request No. 2. Organize the documents separately by category (i.e., consumer complaints, field reports, etc.) and describe the method Kia used for organizing the documents.

Response to Request No. 4

Copies of the documents identified in response to Request No. 2 are submitted with this letter response. See Tab 2. They are organized by the following categories:

- Consumer Affairs Department files from KMA's department database, along with Warranty History Inquiry reports for each such file (6)

Per the instructions in your letter, documents responsive to this request in PE99-042 were provided with the response letter dated September 3, 1999 and were attached as Exhibits 1A (Consumer complaints reporting fuel spill), 1B (Consumer complaints reported difficulty refueling) and 2 (Technical Assistance Center Reports). Documents responsive to this request in EA99-034 were provided with the response letter dated April 7, 2000 and were attached as Exhibit 1A (Consumer complaints). Documents responsive to this request in RQ03-006 were provided with the response letter dated December 11, 2003 and were attached under Tab 2.

Request No. 5

State, by model and model year, a total count for all of the following categories of claims, collectively, that have been paid by Kia to date that relate to, or may relate to, the alleged defect in the subject vehicles: warranty claims; extended warranty claims; claims for good will services that were provided; field, zone, or similar adjustments and reimbursements; and warranty claims or repairs made in accordance with a procedure specified in a technical service bulletin or customer satisfaction campaign.

Separately, for each such claim, state the following information:

- a. Kia's claim number;
- b. Vehicle owner or fleet name (and fleet contact person) and telephone number;
- c. VIN;
- d. Repair date;
- e. Vehicle mileage at time of repair;
- f. Repairing dealer's or facility's name, telephone number, city and state or ZIP code;
- g. Labor operation number;

- h. Problem code;
- i. Replacement part number(s) and description(s);
- j. Concern stated by customer; and
- k. Comment, if any, by dealer/technician relating to claim and/or repair.

Provide this information in Microsoft Access 2000, or a compatible format, entitled "WARRANTY DATA". See Enclosure 1, Data Collection Disc, for a pre-formatted table designed for this submission.

Response to Request No. 5

A listing of the responsive warranty claims is provided on a Data Collection Disc under the category "WARRANTY DATA".

In relation to the data regarding the 1998 - 1999 Sephias which were subject to the recall, Kia is also providing a Microsoft Access file titled "Duplicate Repairs With Condition" identifying the 187 VINs that had two repairs and the 2 VINs that had three repairs; i.e., in other words, the 189 vehicles which experienced a subsequent repair after the recall repair. Below is an analysis of the timing on the multiple repairs on these 189 vehicles.

Total Vehicles With Additional Repairs after Recall Repair	Vehicles Which Had Fuel Expulsion Complaints before Recall Repair	Vehicles Which Had Further Warranty Repair on Same Day as Recall Repair	Further Repair Within 2 Weeks of Recall Repair	Further Repair Within 3 Months	Further Repair Within 6 months	Further Repair Over 6 Months
189	0	60	24	36	21	48
00.27% of all repaired vehicles		00.12% of all recall repaired vehicles		00.15% of all recall repaired vehicles		

The chart demonstrates that 32% of the vehicles were repaired a second time the same day and another 13% had duplicate repairs within the first two weeks. Experience has shown that when a duplicate repair occurs on the same day, or within a short time thereafter, in a high percentage of cases the cause is technician error, either from replacing the part improperly without fully complying with the replacement procedure or from not carefully inspecting the part and thus installing a part that was damaged in shipment or in handling at the dealership.

As to the 2000 - 2001 Sephia and Spectra warranty data, which identifies 1,146 ORVR replacements, we are noting the following points, in light of the comments made in Request No. 10 regarding potential problems which you perceived in Kia's analysis of the applicable Condition (or "N") codes for this ORVR investigation:

1. Kia believes that Nature or Condition Code N12 ("overflowing") is the only code which unambiguously reflects a customer complaint that fuel was coming out of the fuel filler neck. The meaning of any other condition code is ambiguous and could track back to a variety of issues.
2. Your letter identifies a concern that the Tech Notes (the last column of the warranty data) provides sufficient references to conclude that codes N51 (improper opening and closing) and N99 (other) should be made a part of the analysis. As a preliminary matter, Kia agrees that due to normal error, matters that should have been coded as N12 could have been coded as N51 or N99, but that is circular since a certain number of matters were undoubtedly improperly coded as N12. More importantly, the "Tech Notes" column is not a structured analysis of any repair, since those are provided by the Condition and Cause codes. Those notes are idea fragments and not analyses. They can refer to customer comments, ideas or concerns, or they may refer to other factors.
3. Since the dealer technician is required to provide his evaluation in the Cause or C Code, a reasonable matrix includes a combination of N Codes and the C Codes which could reflect the current issues. The applicable codes are C06 (Broken) and C31 (Sticking).
4. Using all customer complaint N codes suggested by your letter (N12, N51 and N99) and comparing them to the applicable C codes, the resulting warranty claims rate is 76 of 175,546 2000 and 2001 MY Sephias and Spectras, for a failure rate of 00.04%.
5. In the worst case, if we include all N12 code matters regardless of the C code, and then add on the N51 and N99 codes with C06 and C31 cause codes, the warranty claims number is 94, for a failure rate of 00.05%.

While we understand that there are undoubtedly numerous ways to argue to add (or delete) various other codes and code combinations, when the core number of correctly identifiable warranty claims is so low, Kia believes it is clear that there is no support for the identification of a defect trend in the 2000 - 2001 ORVR valves (see, e.g., response to Request No. 2 and Tab 1).

In light of your Request No. 11, we are also including a warranty claim summary chart of fuel tank replacement and repairs for the 2000 - 2001 MY Sephia and Spectra vehicles. See Tab 3. As identified in the response to Request No. 11, Kia used a new fuel tank for the 2000 and 2001 Sephias and Spectras, and thus our analysis has focused on that fuel tank design. A review of this chart shows that a total of 9 out of 175,546 fuel tanks were replaced with the N12 code. Another 71 had the N51 or N99 codes, and 3 of those had the C06 or C31 codes.

Request No. 6

Describe in detail the search criteria used by Kia to identify the claims identified in response to Request No. 5, including the labor operations, problem codes, part numbers and any other pertinent parameters used. Provide a list of all labor operations, labor operation descriptions,

problem codes, and problem code descriptions applicable to the alleged defect in the subject vehicles. This list should include all present and past codes used for the subject vehicles.

State, by make and model year, the terms of the new vehicle warranty coverage offered by Kia on the subject vehicles (i.e., the number of months and mileage for which coverage is provided and the vehicle systems that are covered). Describe any extended warranty coverage option(s) related to the alleged defect that Kia offered for the subject vehicles and state by option, model, and model year, the number of vehicles that are covered under each such extended warranty.

Response to Request No. 6

Commencing in March 1999, KMA provided dealers with a new list of condition codes, designated as N-codes. These included N12 (Overflowing) to identify problems where fuel is pushed back out of the fuel filler neck, regardless of the reason (overflow, spitback, expulsion, difficulties in refueling, etc.). KMA's coding sheet for warranty claims is submitted with this letter. See Tab 4. You have raised additional questions regarding code N51 (Improper Opening & Closing) and N99 (Other). KMA knows of no reason why dealer techs would use the broader and more encompassing N51 (Improper Opening & Closing) or N99 (Other) to identify an overflow complaint. However, in the case of the use of such an ambiguous customer complaint, KMA believes that the dealer tech would then identify the presence of a defective part causing overflowing by the use of the Cause codes C06 ("Broken") or C31 ("Sticking, Seized"). Thus, KMA has also looked at those combinations in this response.

In reviewing the repairs related to this matter, the following is a list of labor codes that have been used:

- 18741R00 Solenoid Valve Assy
- 28511R00 Exhaust Manifold Assy
- 28910R00 Fuel Vapor Valve
- 31010R00 Fuel Tank Cap Assy
- 31030R00 Filler Neck & Fuel Hose Assy
- 31150R00 Fuel Tank Assy
- 31190R00 Vapor Check Valve
- 31310R00 Fuel Main Pipe
- 31347R00 Fuel Vapor Tube Hose
- 37300R00 Generator/Alternator Assy

- 39210Roo Heated Oxygen Sensor Assy (HO's)
- 42270Roo Non Return Valve
- 42270RTT "
- 42960Roo ORVR Valve
- 42960ATT "
- 42960HTT "
- 42960RTT "

Of the 1146 ORVR replacement claims for the 2000 – 2001 MY, 585 had an ORVR labor operations code. KMA's coding sheets for labor operation codes are submitted with this letter. **See Tab 5.**

Exemplar copies of the warranties provided with the 1998 – 2001 MY Kia Sephia and MY 2000-2001 Kia Spectra vehicles are submitted. The 1998 – 2000 MY Sephia and 2000 MY Spectra have 3 year, 36,000 mile basic warranty. The 2001 MY Sephia and Spectra have a 5 year, 60,000 mile basic warranty. **See Tab 6.** No extended or additional warranties were provided by KMA to customers.

Request No. 7

Describe all assessments, analyses, tests, test results, studies, surveys, simulations, investigations, inquiries and/or evaluations (collectively, "actions") that relate to, or may relate to, the alleged defect in the subject components that have been conducted, are being conducted, are planned, or are being planned by, or for, KIA. For each such action, provide the following information:

- a. Action title or identifiers;
- b. The actual or planned start date;
- c. The actual or expected end date;
- d. Brief summary of the subject and objective of the action;
- e. Engineering group(s)/supplier(s) responsible for designing and for conducting the action; and,
- f. A brief summary of the findings and/or conclusions resulting from the action.

For each action identified, provide copies of all documents related to the action, regardless of whether the documents are in interim, draft, or final form. Organize the documents chronologically by action.

Response to Request No. 7

There are no new "actions" responsive to this request. However, documents have been previously submitted under Exhibit 5 to Kia's September 3, 1999 response to PE99-042. Further documents responsive to this request have also been previously submitted as Exhibits 8A-8L to Kia's April 7, 2000 response to EA99-034.

Request No. 8

Provide copies of all documents relating to all communications between Kia and TI Automotive (formerly Walbro Corporation) regarding the alleged defect in the ORVR valves. Organize the document copies in chronological order.

Response to Request No. 8

The substantive communications between Kia and TI were previously attached as Exhibit 8 of EA99-034 dated April 7, 2000. However, attorney communications between Kia and TI will be provided under separate letter following the submission of this response. Kia will be requesting confidentiality as to these attorney communications pursuant to Title 49 of the Code of Federal Regulations, Section 512.3.

Request No. 9

Identify and describe all modifications or changes made by or on behalf of Kia in the manufacture, design, or material composition of the fuel tank or vapor recovery system components of the MY 1997 and 2001 subject models. Include in your response all fuel tanks and vapor recovery components used as original equipment or service parts for the subject vehicles. The following information must be included for each such modification or change:

- a. The date the modification or change was incorporated into production;
- b. A description of the modification or change;
- c. The reason for the modification or change; and
- d. Whether the modified or changed components can be interchanged with earlier production components.

Response to Request No. 9

The subject vehicles identified in your letter are the MY 1998 — 2001 Kia Sephias and 2000 — 2001 Kia Spectras. Request Number 9 asks for information pertaining to the 1997 model year which is outside the scope of this investigation. ORVR valves were first installed in the 1998 Sephia as a result of EPA's OBD II regulations. Thus, Kia limits its response to MY 1998 — 2001.

There have been no other modifications or changes except those identified in response to request number 9 submitted on December 11, 2003 (RQ03-006). This response included design sketches of the Sephia fuel system attached under Tab 7 of that submission. As

previously noted, KMC ceased the manufacture of the Sephia model at the end of the 2001 Model Year. The Spectra was introduced in the 2000 MY. Both of those vehicles had the same Fuel System, but this system was substantially different in many material ways beginning with the 2000 MY. Thus, the fuel systems, including ORVR valves, for the 1998 – 1999 Sephias are not comparable to the fuel systems, including ORVR valves, for the 2000 – 2001 Sephias and Spectras.¹

Request No. 10

In the December 2003 response to the ODI RQ03-006 IR letter, KIA provided an analysis of the warranty data respondent to request number five of that IR. In that analysis, KIA only included the warranty claims with the Nature Code of N12. In reviewing the "Tech Notes" for the warranty claims, ODI has found that only eight of the claims with the N12 mention fuel spit back, being similar to recall 00V-175, or being difficult to fill. Claims with the N51 or N99 code have 47 and 20 claims, respectively, that mention fuel spit back, being similar to recall 00V-175, or being difficult to fill. Further, at the time of the ODI investigation RA99-034, Kia's analysis of warranty claims suggested that the claims coded as 85 should be counted. The claims coded as 85 are not included in the latest Kia analysis. Please provide Kia's assessment of these warranty claims that are not coded as N12 but are apparently related to the alleged defect.

Response to Request No. 10

KMA believes that only code N12 (Overflowing) provides a direct indication of fuel problems in filling a Kia vehicle. This is the only unambiguous statement that fuel expulsion is occurring. The secondary category used by ODI of "difficulty in refueling" is not a direct indication that fuel is escaping from the fuel filler neck and is known to include other issues other than ORVR concerns. Among other things, it can be an indicator that the customer has a problematic fuel gauge or even that the customer is simply unhappy with the indication provided by the fuel gauge, and deems this to be a difficulty in refueling.

In particular, KMA does not believe that N51 (Improper Opening & Closing) and N99 (Other) provide significant new information to assist in analyzing this matter. Specifically, it is unclear why a customer who was experiencing fuel coming out of the fuel filler neck would not say that when complaining to the Service Manager and would instead insert that he was having an improper opening and closing problem. KMA therefore believes that the use of the N51 Condition Code by the dealer technicians instead of the clear N12 (Overflowing) is a significant indication that fuel was not coming out of the fuel filler neck.

In any case, N51 and N99 are both ambiguous terms and require the support of evaluation of the Cause or "C" codes identified by the dealer tech to have value. The "cause code", which carries the letter "C", reflects the technician's evaluation of the cause of the problem while

¹ In reviewing the text of KMA's response to the RQ, we identified that two model year references were stated incorrectly, although the correct information was provided in Tab 7. The MY information provided above is correct.

"condition codes" (aka, nature codes), which carry the "N" designation, reflects the service writer or technician's understanding of the customer's complaint.

In order to determine whether N51 (improper opening and closing) has any applicability, Kia reexamined its warranty information and reviewed the cause codes identified with condition code N51.

As discussed previously in response to Request No. 5, it is clear that the application of Cause Codes C06 and C91 to the Nature or Condition Codes N12, N51 and N99 results in the lowest of warranty rates, well below 1/10th of 1%, or something in the range of 00.04 to 00.05%.

Your letter also states that Kia identified claims coded as 85 in its response to EA99-034 regarding the 1998 and 1999 MY Sephias, but did not include claims coded as 85 in its latest analysis in December 2003. Code 85 ceased to be used commencing in March 1999. Copies of the old version and new version of warranty claim code sheets are attached. See Tab 7. A search of claims with code 85 was conducted which revealed only two Code 85 claims for MY 2000 and none for MY2001.

Request No. 11

State the number of each of the following that Kia has sold that may be used in the subject vehicles from Job #1 to date by component name, part number (both service and engineering/production), supplier (name, address, and telephone number), model and model year of the vehicle in which it is used, month/year of sale, and if the components were sold in order to complete recall installations:

- a. Subject component;
- b. Any kits that have been released, or developed, by Kia for use in service repairs to the subject component/assembly; and
- c. Fuel tanks.

For each component part number, provide the supplier's name, address, and appropriate point of contact (name, title, and telephone number). Also identify by make, model and model year, any other vehicles of which Kia is aware that contain the identical component, whether installed in production or in service, and state the applicable dates of production or service usage.

Response to Request No. 11

Kia does not use the term Job #1 and assumes it refers to the relevant time period for this investigation. The relevant time period is from the commencement of customer notifications of the recall in November 2000 until May 2004. In addition, parts provided prior to November 2000 are by definition known to be possibly defective and thus do not provide useful information in analyzing the current issues.

a. The subject component is the ORVR Valve (Part No. OK2AA42960). This part number was used in the MY 1998 — 2001 Sephia vehicles and MY 2000 — 2001 Spectra vehicles. It is manufactured by TI's Meriden Plant, 45 Gracey Avenue, Meriden, CT 06451-2284 (203) 427-2250. The responsible manager is Craig Ramino. This part was used in the Sephia and the companion Spectra model only and its usage ceased with the end of the 2001 MY.

You letter requests the "model and model years for the vehicle in which it [the subject component] is used, month/year of sale, and if the components were sold in order to complete recall installation." As we understand the question, such information would be identified in the recall repair data provided in response to request number 5. Kia cannot identify the "model and model year" each part was installed in as Kia does not have access to this type of dealer — specific information. Similarly, Kia cannot identify whether a dealer used a particular part to handle a recall repair or for other repairs. However, we are providing a sales history of the ORVR part, organized by month. See Tab 8.

b. No kits have been released or developed by Kia for use in service repairs to the subject component/assembly.

c. The part number for MY 1998 — 1999 fuel tanks is OK2AA42110. This part was only used for the Sephia as the Spectra was not manufactured until the 2000 model year. Part number for MY 2000-2001 fuel tanks is OK2NA42110. This part was used for both the Sephia and Spectra models. Neither of these fuel tanks were sold to complete a recall repair. All Sephia/Spectra fuel tanks were manufactured by Dong Hee A.C.S. Co., Ltd., 1030-2 Changgok-RI, Paltan-Myun, Hwasung-Si, Gyunggi-Do Korea, 82-31-354-6001. The responsible manager is Lee, Sunyoung. The sales history of both fuel tank part numbers is attached. See Tab 9.

Request No. 12

In a message for John Forgue to Oyvina Knudsen dated 1/22/00 with a subject "KIA EPA testing Update," Mr. Forgue describes how the MY 98 valves did not perform as well as current production (MY 00) valves or "DIM#1" (built prior to 10/97) valves during fill testing. Mr. Forgue then goes on to describe how although the current production valves performed better than the MY 98 valves, that a review of fill data shows that the current production valves still had occurrences of spitback and that "spitback on the 2nd and 3rd click was not uncommon, indicating other parts of the system are not optimum." Please provide Kia's explanation for what other parts in the system may not have been optimum and how they could have lead to the spitback incidents that occurred during the testing.

Response to Request No. 12

At the time that Mr. Forgue wrote his email, his company was under strong pressure from Kia to assume legal responsibility for the cost of correcting the problem which had been created when Walbro Corporation (subsequently purchased by TI Automotive) had unilaterally changed the specifications on the ORVR valve they were manufacturing for the Kia Sephia and Spectra, just two months into the 1998 model year. An email from Oyvind Knudsen

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dated January 25, 2000 indicated that the exposure was in the mid to high six figures in dollars. It is not surprising that Mr. Forgue made an internal suggestion that other parts of the vehicle systems might be a cause of spitback, but Walbro/TI in fact never made a factual or engineering presentation to support such suggestions although they had the opportunity to do so at a meeting of the engineering staffs two days after Mr. Forgue's email which was attended by Mr. Knudsen, the engineer who had received Mr. Forgue's email.

Lacking any engineering documentation or analysis to support such ideas, Walbro/TI's comments were limited. Consistent with that, and in spite of the argument proposed by Mr. Forgue in the referenced email on January 22nd, no such comments or suggestions were made when Walbro/TI engineers met with KMC engineers two days later. See Tab 8N of response to EA 99-034 containing an email from Oyvind Knudsen to John Forgue dated January 25th referring to the engineers' meeting and TI's "admission of error".

Please let me know if you need any further information.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Alfred Gloddeck", written in a cursive style.

Alfred Gloddeck
Sr. Manager - Corporate Affairs