

HYUNDAI AMERICA TECHNICAL CENTER, INC.

A Subsidiary of
Hyundai Motor Company (Korea)

6800 Geddes Road
Superior Township, MI 48198

Tel: (734) 337-9499
Fax: (734) 337-3168

26 MAR 17 AM 11:22

March 16, 2006

VIA FEDERAL EXPRESS

Jeffrey L. Quandt, Chief
Vehicle Control Division
Office of Defects Investigation
U.S. Department of Transportation
National Highway Traffic Safety Administration
400 Seventh Street, S.W.
Washington, D.C. 20590

Re: Preliminary Evaluation (PE06-002)
1996-2002 Kia Sportage; Fuel Tank

Dear Mr. Quandt:

This letter is submitted in response to your letter of January 26, 2006 sent to Hyundai America Technical Center, Inc. ("HATCI") (Reference NVS-213kmb/PE06-002). That letter requested information regarding allegations of fuel tank leaks in certain 1996-2002 MY Kia Sportage vehicles. 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.

INTRODUCTORY STATEMENT RE COMPILATION OF RESPONSE:

Kia has interpreted your request for information regarding fuel tank leaks in its broadest sense. Thus, Kia has looked at information regarding leaks of any type including aromas which might be fuel related as well as reports which are identified as vapor leaks, in addition to leaks of liquid fuel. The amount of the leak involved has also not been weighed in this response, so that references to pinholes are compiled in the same manner as more significant leaks.

In addition, consistent with the VOQs which you have provided to Kia, the research regarding these matters began by focusing on external corrosion issues which might be involved in such leaks. Due to the larger degree of information regarding internal corrosion reports, however, Kia has had to look at those reports in detail and try to separate them out of the data. It has in fact reached a confidence level that there is no connection between leaks and internal tank corrosion. Specifically, it is clear that the great majority of corrosion issues relate to internal non-leak situations, but, as a practical matter, it is not possible to separate all data into internal or external corrosion issues. For example, fuel tank sales are being driven by the internal corrosion issue, but purchasers do not identify the reasons for purchase. This is a significant analytical

issue, since the Sportage UIOs in question are as much as 10 years old and thus fuel tank purchases are being made in significant numbers by independent repair shops. In order to avoid the erroneous exclusion or inclusion of information within a certain definition, Kia is thus attempting to provide all information related to the replacement of fuel tanks where information cannot be readily separated.

It is for these reasons in part that Kia has been unable to develop a comprehensive analysis of the potential issues up to this point. However, Kia has provided information which it has identified as being significant in its response to Request 12

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 by 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; and
- g. The State in the United States where the vehicle was originally sold or leased (or delivered for sale or lease).

Provide the table in Microsoft Access 2000, or a compatible format, entitled "PRODUCTION DATA."

RESPONSE TO REQUEST NO. 1:

Below is a table identifying the total number of 1996-2002 MY Sportage vehicles manufactured for sale in the United States.

Model	Model Year	Vehicles Produced
4 Door	1996	8,651
"	1997	23,494
"	1998	26,426
4 & 2 Door	1999	38,229
"	2000	66,523
"	2001	57,927
"	2002	46,887
TOTAL		268,137

A listing of all 1996–2002 Kia Sportage vehicles is provided on a Data Collection Disc under the category “PRODUCTION DATA” and submitted contemporaneously with this response.

REQUEST NO. 2:

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

- a. Consumer complaints, including those from fleet operators;
- b. Field reports, including dealer field reports;
- c. 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;
- d. Reports involving a fire, 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;
- e. Property damage claims;
- f. Third-party arbitration proceedings where Kia is or was a party to the arbitration; and
- g. 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 “g,” 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 “f” and “g,” 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:

- a. Consumer Communications— 107
- b. Field Reports/Technical Assistance Reports—2
- c. Reports involving crash, injury, or fatality alleging death or injury was caused possible defect—0
- d. Property Damage Claims—0

- e. Third Party Arbitrations—0
- f. Lawsuits—0

Kia's search included all files which included the words "fuel tank" and "gas tank". The results were then reviewed to identify those items which relate, or may relate to the alleged defect as described in your letter. The summary descriptions requested in your letter are attached.

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; and
- m. Number of alleged fatalities, if any.

Provide this information in Microsoft Access 2000, or a compatible format, entitled "REQUEST NUMBER TWO DATA."

RESPONSE TO REQUEST NO. 3:

A listing of all responsive 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. See Tab 1. They are organized by the following categories:

- Consumer Affairs Department files from KMA's department database, along with Warranty History Inquiry reports for each file, where available (107).
- Field Reports (1).
- Technical Center Assistance Case Reports (1).

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."

RESPONSE TO REQUEST NO. 5:

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

Codes Used. In your letter, you requested that Kia provide its "problem code" information. Kia refers to the "problem code" as a "cause code", which carries the letter "C" which reflects the

technician's evaluation of the cause of the problem. You also requested that Kia provide information regarding "concerns stated by the customer". Kia's code chart refers to these as "condition codes," but they are commonly referred to as "nature codes," and carry the "N" designation. These reflect the service writer's or technician's understanding of the customer's information.

Please note that since this IR requests information going back over 10 years, it extends back into a prior coding period where Cause and Condition codes had different designations; i.e., cause codes had number-letter designations such as 1H and condition codes were typically two digit numbers.

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. 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) 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:

The warranty claim data was obtained by searching for all fuel tank replacement claims. Attempts to narrow this information to the alleged defect have not been satisfactory, and thus the full universe of fuel tank replacements has been provided at this time. However, the great majority of the warranty claims report internal rust and are not related to the issue under investigation.

KMA's coding sheets for warranty claims for both the current and previous periods are submitted with this response. See Tab 2.

Exemplar copies of the warranties provided with the 1996-2002 MY Sportages are submitted. The 1996-1999 MY Sportages have a 3 year, 36,000 mile basic warranty. This warranty was also used for most of the 2000MY. However, 2000MY Sportages sold after July 1, 2000 were warranted under a 5 year, 60,000 mile warranty. The 2001-2002 MY Kia Sportages have a 5 year, 60,000 mile basic warranty. See Tab 3. No extended or additional warranties were provided by Kia to customers.

REQUEST NO. 7:

Produce copies of all service, warranty, and other documents that relate to, or may relate to, the alleged defect in the subject vehicles, that Kia has issued to any dealers, regional or zone offices,

field offices, fleet purchasers, or other entities. This includes, but is not limited to, bulletins, advisories, informational documents, training documents, or other documents or communications, with the exception of standard shop manuals. Also include the latest draft copy of any communication that Kia is planning to issue within the next 120 days.

RESPONSE TO REQUEST NO. 7:

There are no such documents that relate to leaks in Kia Sportage vehicles. For completeness of information, Kia has provided a copy of the October 1998 issue of the Kia Technician Times which provides information to dealers regarding internal rust in certain Sportage fuel tanks. See Tab 4. Also for completeness, Kia notes that Kia Canada, Inc. conducted a severe cold weather (-40°) recall in a limited region of Canada regarding a cracking plastic fuel line, which was previously reported to NHTSA under foreign recall reporting rules.

REQUEST NO. 8:

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 vehicles 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 identifier;
- 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. 8:

Pursuant to the extension that you granted KMA, this information will be provided by April 30, 2006. However, as Kia has advised you, they are currently carrying out field surveys in which they are looking at older and/or higher mileage Sportages in automotive salvage yards for indications of corrosion leading to leaks or possible leaks. Although photos are still being collected and no written report has been prepared, Kia has completed the first phase of this survey in the areas within several hundred miles of its headquarters without finding any vehicles with corrosion concerns. The second phase of this survey will continue in rust belt areas.

Kia has also attempted to identify such vehicles through dealer cooperation, but it has been very difficult to identify such vehicles regularly being provided with service by authorized Kia dealers.

The vehicles are typically old enough that the dealers only see them when the customer has an out-of-the-ordinary need/complaint.

As a result, Kia has discussed with you the possibility of conducting a selective customer mailing to try to induce customers with older or high-mileage Sportages to bring their vehicles into selected dealer service departments to have their fuel tanks inspected. Kia is working on whether such a campaign is viable and will advise you shortly of its determinations.

REQUEST NO. 9:

Describe all modifications or changes made by, or on behalf of, Kia in the design, material composition, manufacture, quality control, supply, or installation of the subject component, from the start of production to date, which relate to, or may relate to, the alleged defect in the subject vehicles. For each such modification or change, provide the following information:

- a. The date or approximate date on which the modification or change was incorporated into vehicle production;
- b. A detailed description of the modification or change;
- c. The reason(s) for the modification or change;
- d. The part numbers (service and engineering) of the original component;
- e. The part number (service and engineering) of the modified component;
- f. Whether the original unmodified component was withdrawn from production and/or sale, and if so, when;
- g. When the modified component was made available as a service component; and
- h. Whether the modified component can be interchanged with earlier production components.

Also, provide the above information for any modification or change that Kia is aware of which may be incorporated into vehicle production within the next 120 days.

RESPONSE TO REQUEST NO. 9:

The following changes were made to the fuel tank and fuel tank protector:

- a. The original fuel tank installed in the 1996MY Sportage was protected by a metal shield with no insulation (hereinafter "fuel tank protector"). On August 29, 1996, a 4mm aluminum coated glass-wool insulation pad was added to the fuel tank protector for the 1997MY Sportage. It was attached to the fuel tank protector with five (5) bendable clips which had a design clearance between the clips and the fuel tank. On May 9, 2000, the insulation pad in the fuel tank protector was removed for the 2001 MY Sportage.

The addition of an ORVR valve to the fuel tank required an additional hole in the fuel tank for the 2001MY and the fuel tank part number changed.

- b. See (a) above.
- c. The insulation pad was added to the fuel tank protector in August 1996 in accordance with emissions regulations to help reduce evaporative emissions caused by ground heat. This insulation pad was removed from the fuel tank protector starting with 2001MY production based on changes in emissions regulations which required the addition of an ORVR valve to control evaporative emissions, thus making the insulation pad unnecessary. The ORVR valve was placed on the top of the fuel tank. A rollover valve was also added at that time. In addition, the chamber inside the tank to hold the fuel pump was removed because a new fuel pump design integrated the "chamber" into that design.
- d. The part number for the fuel tank without the ORVR valve for the 1996-2000MY is OK018 42 110D. The part number for the fuel tank protector for the 1996MY without insulation is OK 011 42 821C.
- e. The part number for the fuel tank with the ORVR valve installed in the 2001-2002MY is OK07A 42 110. The part number for the fuel tank protector for the 1997-2000MY with insulation is OK01B 42 82 X. The part number for the fuel tank protector without insulation for the 2001-2002MY is OK 011 42 821C.
- f. Neither OK01B 42 82 X nor OK018 42 110D were withdrawn from production or part sales.
- g. OK07A 42 110 was made available at the start of the 2001MY Sportage. OK01B 42 82 X was made available at the start of the 1997MY Sportage.
- h. No.

REQUEST NO. 10:

Produce one exemplar sample of each design version of the protective fuel storage tank shield.

RESPONSE TO REQUEST NO. 10:

These samples will be shipped to you by KMA simultaneously with the submission of this response.

REQUEST NO. 11:

State the number subject components that Kia has sold that may be used in the subject vehicles by component name, part number (both service and engineering/production), model and model year of the vehicle in which it is used and month/year of sale (*including the cut-off date for sales, if applicable*).

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:

A chart identifying part sales as of February 28, 2006 is attached. See Tab 5.

The supplier of the fuel tank assembly (part numbers 0K018 42 110D and 0K07A 42 110) is DongHae A.C.S and the point of contact is Heeyoung Lim (Manager. Mr. Lim can be reached at 1030-2 Chang Gok-Ri, Pal Tan-Myun, Ha Sung Si Gyoungki I-Do, 445-913 Korea, (82) 31-350-6381.

REQUEST NO. 12:

Furnish Kia's assessment of the alleged defect in the subject vehicle, including:

- a. The causal or contributory factor(s);
- b. The failure mechanism(s);
- c. The failure mode(s);
- d. The risk to motor vehicle safety that it poses; and
- e. The reports included with this inquiry.

RESPONSE TO REQUEST NO. 12:

Pursuant to the extension that you granted KMA on March 9, 2006, this information will be provided on April 30, 2006.

Kia's analysis up to this time has identified that various records have identified the following as potential leak issues over the past 10 years: undifferentiated "holes" or other general descriptions, nylon fitting on fuel tank with pinhole, gas cap cracked, seam leak, weld leak, cracked tank, corrosion holes above worn PVC on fuel tank bottom, gas fumes related to check engine light, corroded screws in fuel sending unit securing ring, crack in plastic return tube passing through fuel sending unit, vacuum leak, evaporative leak, fuel sending unit corroded, fuel pressure module corroded, fuel injectors. One customer alleged rusting from the inside out.

Kia is also cognizant of the recent identification of fuel tank leaks as a current issue after a 10 year UIO history and is thus trying to analyze all issues in light of the age of the fleet. See Response to Request No. 8. It has so far been unable to identify instances in the field of such corrosion but such efforts are continuing.

Jeffrey L. Quandt, Chief
March 16, 2006
Page 11 of 11

Please let us know if you have further questions as Kia continues to work on Request Nos. 8 and 12.

Sincerely yours,

A handwritten signature in black ink that reads "Robert Babcock". The signature is written in a cursive style with a large, looping initial "R".

Robert Babcock
Manager—Corporate Affairs