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(6 Pages)



April 14, 2009

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Mr. Daniel Smith
Associate Administrator for Enforcement
National Highway Traffic Safety Administration
1200 New Jersey Avenue, SE
Washington, D.C. 20590

RE: Defect Information Report

Dear Mr. Smith:

Pursuant to Part 573 of Title 49 of the Code of Federal Regulations, Hyundai America Technical Center is submitting information concerning a recall that is being voluntarily initiated. Specific information as required by Section 573.6 is as follows:

573.6(c)(1)

Manufacturer – Hyundai Motor Company
Distributor – Hyundai Motor America

573.6(c)(2)

Model year 1999 through 2004 Hyundai Sonata vehicles produced beginning on September 15, 1998 through November 20, 2003 and model year 2001 through 2004 Hyundai XG300 and XG350 vehicles produced beginning on July 13, 2000 through November 20, 2003 that are registered in and operated in the following 20 “salt belt” states and the District of Columbia:

Connecticut, Delaware, Illinois, Indiana, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, West Virginia, and Wisconsin, and the District of Columbia.

573.6(c)(3)

Approximately 12,998 model year 1999, approximately 25,237 model year 2000, approximately 23,137 model year 2001, approximately 37,407 model year 2002, approximately 40,696 model year 2003, and approximately 25,116 model year 2004 Hyundai Sonatas and approximately 11,174 model

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HATCI is an authorized representative of both Hyundai Motor Company and Kia Motors Corporation; which are separate and distinct automotive manufacturers.

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year 2001, approximately 10,025 model year 2002, approximately 4,189 model year 2003, and approximately 7,498 model year 2004 Hyundai XG300 and XG350 vehicles.

Note: These figures are the quantities originally sold in the 20 affected states and the District of Columbia. The quantities of affected vehicles in operation in those states will be developed from state motor vehicle registration records prior to owner notification.

573.6(c)(4)

All of the vehicles identified above in 573.6(c)(2) are potentially affected.

573.6(c)(5)

During winter months, large quantities of salt are used to de-ice roads in the affected states, noted above in response to 573.6(c)(2). Road salt can collect in the rear portion of the side members of the subframe and may result in internal corrosion. As the corrosion progresses, it may lead to thinning or perforation of the subframe steel. The corrosion may ultimately lead to separation of the lower control arm at the forward mounting point to the subframe. When separation occurs, in most cases the movement of the arm will cause the axle to pull out of the transaxle and the vehicle will no longer have drive power to the wheels. In the most extreme cases, the wheel can also rotate off its designed axis and make contact with the fender or wheel well.

The corrosion is progressive and provides a series of warnings as it develops. The corrosion is most frequently detected in early stages during routine maintenance and repair. If not detected during the initial phases, the thinning of the subframe steel gives rise to tire misalignment, steering pull and noises warning drivers that the vehicle requires service. If the warnings are undetected or unheeded, the corrosion may affect the connection of the lower control arm forward mounting bracket to the subframe.

This condition may occur on 1999 through some 2004 model year Sonata vehicles and on 2001 through some 2004 model year XG300 and XG350 vehicles produced through November 20, 2003 as a result of exposure to heavy concentrations of road salt for extended periods of time.

573.6(c)(6)

After evaluating the 1999 through November 20, 2003 production 2004 Sonata front subframe corrosion condition and to conclude NHTSA's inquiry EA08-016, Hyundai has decided to conduct a recall campaign of all 1999 through November 20, 2003 production 2004 model year Hyundai Sonata vehicles that are registered and operated in the salt belt states noted above, in response to 573.6(c)(2). Hyundai has also decided to include all 2001 through November 20, 2003 production 2004 model year Hyundai XG300 and XG350 vehicles, which contain similar subframes, that are registered and operated in the salt belt states noted above, in response to 573.6(c)(2).

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573.6(c)(8)

All owners of record of affected vehicles will be contacted by first class mail and instructed to bring their vehicles to Hyundai dealers to have the front subframes inspected for corrosion damage. Dealers will be instructed to measure the thickness of the subframe. If specified levels of corrosion damage have occurred, the front subframe will be replaced with a new subframe that incorporates additional holes in the upper and lower panels. Front subframes that do not require replacement will have drainage holes added and will be treated with rust-proofing material to arrest the corrosion process. Inspection, treatment and replacement procedures will be conducted at no cost to owners.

Hyundai anticipates that owners will be notified beginning during the second quarter of 2009, after a sufficient quantity of replacement subframes have become available to allow notifications to begin.

In accordance with the requirements of Part 573.13, Hyundai will provide for reimbursement to vehicle owners eligible for pre-notification remedies as follows:

573.13(c)(1) Reimbursement Period Beginning Date:

(iii) April 14, 2008, which is one year prior to the date of this Part 573 notice to NHTSA.

573.13(c)(2) Reimbursement Period Ending Date:

(i) Ten calendar days after the last owner notification has been mailed. This date will be determined based upon the actual final owner notification date and NHTSA will be provided with that date when it becomes available.

573.13(d) Reimbursement Conditions:

(1) Reimbursement is excluded for costs incurred within the period during which Hyundai's original or extended warranty (where Hyundai provided written notice of the terms of the extended warranty to owners) would have provided for a free repair of the condition addressed by the recall, without any payment by the consumer, unless a franchised dealer or authorized representative of Hyundai denied warranty coverage or the repair made under warranty did not remedy the problem addressed by the recall.

(2)(i)(A) Reimbursement is excluded if the pre-notification remedy was not of the same type, repair or replacement of the front subframe, as the recall remedy.

(2)(i)(B) Reimbursement is excluded if the pre-notification remedy did not address corrosion of the front subframe.

(2)(i)(C) Reimbursement is excluded if the pre-notification remedy was not reasonably necessary to correct the corrosion of the front subframe condition.

(2)(ii) It is not required that the pre-notification remedy be identical to the remedy elected by Hyundai as described in this Part 573 notice to NHTSA.

(4) Reimbursement is excluded if the claimant does not submit adequate documentation to Hyundai at an address or location designated pursuant to § 573.13(f). The plan requires that the following documentation be submitted:

Hyundai-Kia America Technical Center, Inc

ATTN: Consumer Affairs Department (089)
Hyundai Motor America
PO Box 20850
Fountain Valley, CA 92728-0850

573.13(g) Hyundai Response to Request for Reimbursement

(1) Hyundai shall act upon a claim for reimbursement within 60 days of its receipt. If Hyundai denies the claim, Hyundai must send a notice to the claimant within 60 days of receipt of the claim that includes a clear, concise statement of the reasons for the denial.

(2) If a claim for reimbursement is incomplete when originally submitted, Hyundai shall advise the claimant within 60 days of receipt of the claim of the documentation that is needed and offer an opportunity to resubmit the claim with complete documentation.

573.13(h) Reimbursement Form

Reimbursement shall be in the form of a check.

573.13(i) Reimbursement Plan Availability to the Public

This reimbursement plan is available to the public upon request.

573.6(c)(10)

The service procedure for inspecting and either replacing or servicing the subframe has been previously provided to and discussed with ODI. The final Technical Service Bulletin will be provided to NHTSA when available. Other relevant communications will also be forwarded when they are available.

573.6(c)(11)

A draft of the owner notification letter is attached.

573.6(c)(12)

Hyundai has assigned "Campaign 089" as the designation for this campaign.

Sincerely,



Robert Babcock

Senior Manager, Regulation and Certification Department

Attachment

DRAFT MOTOR VEHICLE RECALL

Dear 1999-2004 Sonata or 2001-2004 XG300 or XG350 Owner:

This notice is sent to you in accordance with the requirements of the National Traffic and Motor Vehicle Safety Act.

Hyundai has decided that a defect, which relates to motor vehicle safety, exists in certain model year 1999 through 2004 Hyundai Sonata and certain 2001 through 2004 Hyundai XG300 and XG350 vehicles produced during the period beginning September 15, 1998 through November 20, 2003. This recall affects such vehicles registered in and operated in Connecticut, Delaware, Illinois, Indiana, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, West Virginia, and Wisconsin, and the District of Columbia (the Salt Belt).

Federal law requires that any vehicle lessor receiving this recall notice must forward a copy of this notice to the lessee within ten days.

What is the problem?

- During winter months, large quantities of salt are used to de-ice roads in the Salt Belt states, noted above. Road salt may result in internal corrosion of the front subframe that is progressive and may result in thinning or perforation of the subframe steel. The corrosion is frequently visible and often discovered during inspection or routine maintenance. You may also hear noises or notice tire misalignment and steering pull. These are indications your vehicle should be serviced. If these signals are undetected or unheeded, the corrosion may progress and the forward mounting of the lower control arm may detach from the sub-frame. If that happens, the vehicle may lose drive power to the wheels. In more severe circumstances, the front wheel may make contact with the fender or wheel well.

The corrosion provides warnings in the form of noises, tire misalignment and steering pull. If allowed to progress, separation of the forward mounting of the lower control arm may increase the risk of a vehicle crash.

What will Hyundai do?

- We are asking you to schedule an appointment as soon as possible to take your vehicle to your Hyundai dealer. The Hyundai dealer will measure the thickness of the front subframe and inspect the front subframe for corrosion damage. If specified levels of corrosion damage are found, the front subframe will be replaced with a new subframe that incorporates additional holes in the upper and lower panels. If your front subframe does not require replacement, the dealer will add drainage holes to the subframe and will treat the subframe with rust-proofing material to arrest the corrosion process. This procedure will be performed at no charge to you. You should plan to leave your vehicle at your Hyundai dealer to have this service performed. Repair times will vary and depend on your dealer's appointment schedule.

DRAFT MOTOR VEHICLE RECALL

What should you do?

- We urge you to call your Hyundai dealer to schedule an appointment to have this work performed as soon as possible.

What if you have other questions?

- If you have any difficulty having this repair performed, we recommend that you call the Hyundai Customer Assistance Center at 1-800-633-5151. If you are still not satisfied that we have remedied this situation without charge, and within a reasonable amount of time, you may wish to write to the Administrator, National Highway Traffic Safety Administration, 1200 New Jersey Avenue, SE, Washington, D.C. 20590, or call their toll-free Vehicle Safety Hotline at 1-888-327-4236 (TTY: 1-800-424-9153), or go to <http://www.safercar.gov>.

Reimbursement Notification

- Hyundai has a program for reimbursing owners of 1999 through 2004 Sonatas or 2001 through 2004 XG300 and XG350 vehicles produced through November 20, 2003 who paid to have the front subframe replaced after April 14, 2008 and prior to receiving this recall notification letter.

To obtain information about reimbursement from Hyundai, please call the Hyundai Customer Assistance Center at 1-800-633-5151. Ask about reimbursement information for campaign 089.

We urge your prompt attention to this important safety matter.

Hyundai Motor America