



Lotus Cars USA, Inc.

VIA UPS and EMAIL

June 23, 2009

Associate Administrator for Enforcement
National Highway Traffic Safety Administration
Department of Transportation
1200 New Jersey Ave SE
Washington DC 20059

Attention: Ms Kathleen DeMeter, Director, Office of Defect Investigations

RE: Amended and Superseding Part 573 Notice of Lotus Cars Limited Regarding Defect Determination

Dear Ms DeMeter:

Enclosed is Lotus Cars Limited's Part 573 Notice of Defect Determination as regards MY 2008 and MY 2009 Lotus Elise and Exige. This Notice amends and supersedes the Notice filed on May 22, 2009.

1. GENERAL

- A. Date this report was prepared: June 22, 2009
- B. Manufacturer's identification code for this recall: 09V-179
- C.
 - i. Full corporate name of the fabricating manufacturer of the vehicle being recalled: Lotus Cars Limited
 - ii. The recalled vehicle is imported, the name and mailing address of the designated agent is:
 - Arnold Johnson.*
 - Lotus Cars USA, Inc.*
 - 2236 Northmont Pkwy*
 - Duluth, GA 30096*
 - iii. The corporate official whom the agency should contact is:
 - Name: *Arnold Johnson*
 - Title: *Director of Operations*
 - Telephone: *770 476 6559*
 - Fax: *770 476 6541*
 - Email: *ajohnson@lotuscars.com*

2. IDENTIFICATION OF THE VEHICLE MODEL INVOLVED

A. Make(s): Lotus

Model Years Involved: 2008 and 2009

Model: Elise and Exige:

Production Dates: Beginning: June 20, 2008 Ending: May 05, 2009

VIN Numbers: See attached draft bulletin.

Vehicle Type : Passenger car

Bodystyle: coupe and convertible

B. Descriptive information which characterizes/distinguishes the recalled vehicles from those model vehicles NOT RECALLED: The recall is based on which vehicles were produced during a certain period of time since June 20, 2008, excluding those vehicles which have already been checked either at the factory, at the ports or in dealer stock.

C. The approximate percentage of vehicles estimated to actually contain the defect: Based on audits completed on a number of production vehicles, and of vehicles covered by the recall and service campaign notified on May 22, 2009 (NHTSA Campaign ID number 09V-179, see para 3 below), Lotus estimates that approximately one percent of the vehicles within the recall population may actually contain the defect.

Note: This document only addresses the USA recall population. Recalls outside USA will be handled separately and NHTSA will be informed of the details through TREAD Act reporting.

3. IDENTIFICATION OF THE AFFECTED VEHICLE POPULATION

Lotus assembles the rolling chassis for TESLA vehicles. The hub assembly for the TESLA Roadster is similar (but not identical) to that on the Lotus Elise, Exige, Europa and 2-Eleven. The Lotus Elise and Exige are sold for use on the public highway in USA. The Europa is not sold in USA. The 2-Eleven is sold in USA but for use on track only and not for use on the public highway.

The first vehicle found to be affected by the defect was TESLA Roadster VIN 236. This vehicle commenced production (in Lotus Factory 5) on February 04, 2009. Changes in the production process, checks and improvements were made on April 30, 2009 to prevent a recurrence of the issue. The first car built after the changes were introduced came off the production line on May 05, 2009.

On May 22, 2009 Lotus filed a part 573 defect notification report with NHTSA regarding incorrect hub bolt tightening. NHTSA gave this recall identification number 09V-179. When this report was filed all available evidence showed that the only cars in USA at risk were built between January 14, 2009 and May 05, 2009.

Upon filing its report with NHTSA, Lotus indicated that, as an additional precautionary measure, it was simultaneously doing a worldwide service campaign on a wider group of vehicles to ensure that the correct recall population had been identified. A new operator

took over the job of putting the rear hub assemblies together on June 27, 2008. The service campaign targeted all cars built from June 20, 2008 to ensure that all cars built using hub assemblies put together by the new operator are checked.

In the course of this service campaign an Elise has been found in the U.K. with two rear hub bolts incorrectly tightened. This vehicle was manufactured (PTS date) on September 30, 2008. As a result Lotus has decided to widen the recall population to cover all vehicles manufactured since the new operator took over the job of putting the rear hub assemblies together.

The total number of vehicles potentially containing the defect in the USA and covered by this notification is 87. This includes the vehicles which were covered by the part 573 defect notification report filed on May 22, 2009 and the vehicles covered by the Class 2 Service Campaign bulletin reference number 2009/02USA, a copy of which was included in the original Part 573 package, but excludes any vehicles which have been checked since May 22, 2009.

4. DESCRIPTION OF THE DEFECT

- A. Description of the defect: bolts securing the rear hubs to the suspension may not have been correctly tightened.
- B. Description of the cause of the defect: failure to follow production procedure
- C. Description of the consequences of the defect: incorrectly tightened bolts may result in an insecure rear wheel hub, leading to a possible loss of vehicle control.
- D. Description of any warnings that the defect exists: none
- E. The defect is not in a component which was purchased from a supplier.

5. CHRONOLOGY OF EVENTS IN DETERMINING THE DEFECT

- A. The occurrences and dates of the principal events that were the basis for the defect determination were as follows:

June 27, 2009: New operator took over the job of putting rear hub assemblies together.

February 04, 2009: TESLA Roadster VIN 236 commenced progress down the production line in Lotus Factory 5.

April 06, 2009: TESLA informed Lotus that the owner of TESLA Roadster VIN 236 had complained that the car "felt wobbly" during turns. TESLA informed Lotus that, on investigation its technicians found that the bolts securing the rear wheel hubs to the suspension had not been correctly tightened.

The assembly process for the rear hubs was checked and re-enforced by Lotus Quality Team and a "care point" was issued on to the relevant stage April 07, 2009.

April 17 to 20, 2009 TESLA carried out audits on vehicles prior to delivery to customers and reported that it had found a further 6 vehicles affected (i.e. with all rear hub bolts not correctly tightened).
 All vehicles notified to Lotus as affected were built between February 04, 2009 and May 07, 2009.
 Lotus commenced checks of Lotus Elise, Exige, Europa and 2-Eleven vehicles as a precautionary / investigatory measure. (Note: Europa and 2-Eleven vehicles are not sold for use on the public highway in USA.)

April 30, 2009 Changes in the production process, checks and improvements were introduced to prevent a recurrence of the issue.

May 11, 2009: A Lotus 2-Eleven VIN 90581 was discovered to have all rear hub bolts incorrectly tightened. This vehicle's build was completed on February 18, 2009.

May 13, 2009: Components from the 2-Eleven VIN 90581 were returned to Lotus for inspection.

May 18, 2009 An Engineering report confirming the nature and cause of the defect was issued. Directors of Lotus Cars Ltd held a meeting and determined to instigate a recall.

May 22, 2009: Lotus filed a part 573 defect notification report with NHTSA regarding incorrect hub bolt tightening. (NHTSA Campaign identification number 09V-179.) and simultaneously launched a wider service campaign to ensure that the correct recall population had been identified.

15 June, 2009: A Lotus dealer in the U.K. notified Lotus that an Elise which completed manufacture on September 30, 2008 had been found to have 2 rear hub bolts incorrectly tightened. The hub assembly was returned to Lotus for testing and evaluation.

19 June, 2009: Lotus completed its testing and evaluation of the hub assembly and determined to widen the scope of the recall campaign to ensure that all vehicles built since the new operator took over rear hub assembly are checked.

There have been no reports of any accidents, injuries or fatalities. There are no known warranty claims.

6. IDENTIFICATION OF THE REMEDY

A. How and when the condition was corrected in production:

On April 30, 2009 the assembly processes was changed and over checks and improvements were implemented to ensure that the correct procedure to tighten the rear wheel hub bolts is followed.

B. Identification of Recall Remedy Strategy:

The following recall will be undertaken: All cars potentially affected are to be recalled. The remedy shall be to check the bolts securing both rear hubs to the suspension to ensure that they have been correctly tightened and, if found to be necessary, remove the bolts, re-install and tighten them using a specified procedure.

C. All of the cars within the recall population in USA are still within warranty. It is therefore believed that no owner will have paid for the remedy prior to the recall. We therefore propose not to include any notice regarding reimbursement of cost of remedy prior to recall in the letter to owners.


D. The recall schedule for the notification to dealers and owners is as follows: All vehicles in transit or located at ports will be checked by Lotus Cars USA personnel prior to delivery to dealers. Dealers will be instructed to check all vehicles at their premises prior to delivery to customers. Contact information for the customers who have already taken delivery of vehicles within the recall population will be obtained from the selling dealers if possible. The Vehicle Defect Notification letter will be sent to them and the dealers will also be asked to make contact with them.

7. COPIES OF COMMUNICATIONS

Drafts of the following recall communications are attached:

1. draft dealer bulletin for potentially affected vehicles
2. owners letter
3. sample envelope

Respectfully submitted,



Arnold A. Johnson
Director of Operations
Lotus Cars USA, Inc.

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