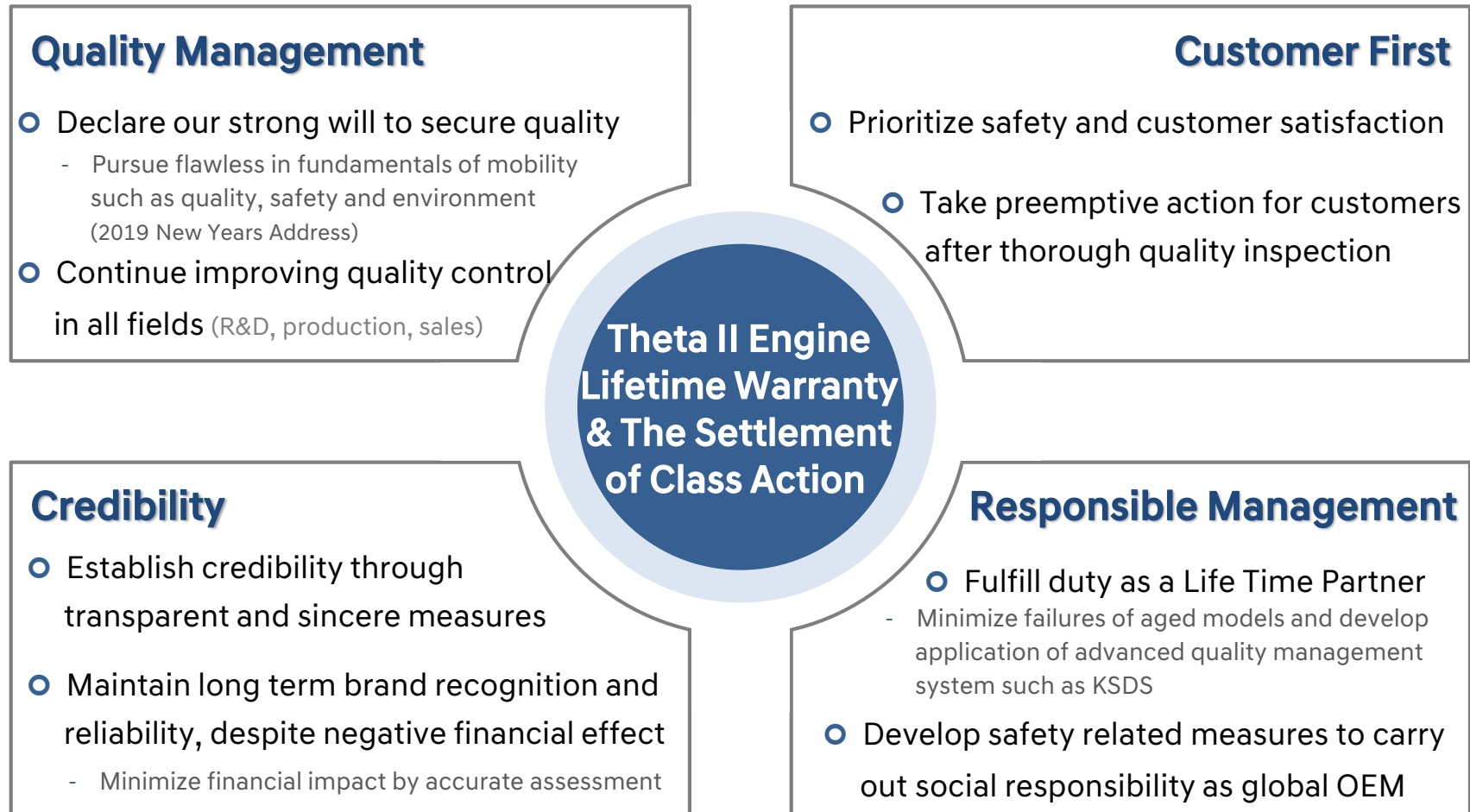


The Settlement of Class Action in U.S.

In relation to Theta II GDI engine

October 2019

Background



Overview

Category	Contents	Note										
Overview	Settlement with U.S Theta 2 GDI engine class action	Oct.11th, 2019 (KST)										
Subject	2011~2019MY vehicles with Theta 2 GDI, Theta 2 Turbo GDI Engine <table> <tr> <th>Model Year</th><th>Model</th><th>Total (U.S.)</th></tr> <tr> <td>2011 ~ 2019</td><td>Sonata</td><td rowspan="3">2.3 Mil. Units</td></tr> <tr> <td>2013 ~ 2019</td><td>Santa Fe Sports</td></tr> <tr> <td>2014 ~ 2015 / 2018~ 2019</td><td>Tucson</td></tr> </table>	Model Year	Model	Total (U.S.)	2011 ~ 2019	Sonata	2.3 Mil. Units	2013 ~ 2019	Santa Fe Sports	2014 ~ 2015 / 2018~ 2019	Tucson	Subject vehicles in Korea : 363 thousand units (Sonata, Grandeur, Santa Fe, Veloster N)
Model Year	Model	Total (U.S.)										
2011 ~ 2019	Sonata	2.3 Mil. Units										
2013 ~ 2019	Santa Fe Sports											
2014 ~ 2015 / 2018~ 2019	Tucson											
Settlement Agreement	- Provide extended application of KSDS and lifetime warranty of engine for relevant vehicles - Compensate repairing cost for engine stall and non-collision fire caused by engine connecting-rod bearing failure - Offer incentives for used-car sales and Hyundai new car purchases	- Apply equivalent level to the subject vehicles in Korea - Since its first launch in Q3 2018, Application of KSDS will be extended - Provide warranty only for engine connecting-rod bearing failure										
Total Amount	Settlement amount(Approx. KRW 46 Billion) and lifetime warranty	- Including lifetime warranty in Korea - To be recorded in Q3 2019										

Expected Outcomes

Improvement of Brand Image

- Improve credibility of the brand by early termination of lawsuits through voluntary settlement
- Emphasize on efforts to protect our customers and alleviate negative public sentiment
- Boost reliability of the brand by offering compensation with same conditions to domestic customers

Maximize **new model cycle effect** and recover **sales · profitability** in US & Korea market

Preemptive Quality Management

- Deploy KSDS further and establish preemptive QMS*

*QMS - Quality Management System

As-Is	To-Be (KSDS)
Qualitative	Quantitative
Judged individually by mechanics	Early detection of defects w/ precision sensors
Take action after incidents	Take action before incidents

Reduce unnecessary additional quality cost and **improve quality satisfaction** of customers

Reducing Contingent Liability

- Increase customer claims from extreme press noise as lawsuits continue longer term
- Incur provisioning from model deterioration and abuse of customer protection policy
 - Special item will be recorded in Q3

Limit contingent liability from declining claims with **early settlement and conservative provisioning cost**

Settlement in US, compensation in Korea and special item, approximately KRW 600 bil, will be booked in Q3 2019

Cautionary Statement with Respect to Forward-Looking Statements

In the presentation and in related comments by Hyundai Motor's management, our use of the words "expect," "anticipate," "project," "estimate," "forecast," "objective," "plan," "goal," "outlook," "target," "pursue" and similar expressions is intended to identify forward looking statements.

The financial data discussed herein are presented on a preliminary basis before the audit from our Independent Auditor. While these statements represent our current judgment on what the future may hold, and we believe these judgments are reasonable, actual results may differ materially due to numerous important factors. Such factors include, among others, the following : changes in economic conditions, currency exchange rates or political stability; shortages of fuel, labor strikes or work stoppages; market acceptance of the corporation's new products; significant changes in the competitive environment; changes in laws, regulations and tax rates; and the ability of the corporation to achieve reductions in cost and employment levels to realize production efficiencies and implement capital expenditures at levels and times planned by management.

We do not intend or assume any obligation to update any forward-looking statement, which speaks only as of the date on which it is made.