

Automotive News®

NEWSPAPER

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Auto news

Japan importer reports loss

TOKYO — Yanase & Co.

Ltd., Japan's largest auto importer, reported that it has lost money for the second straight year as it goes through a painful restructuring.

Yanase, which imports and distributes vehicles from

Mercedes, GM, North America

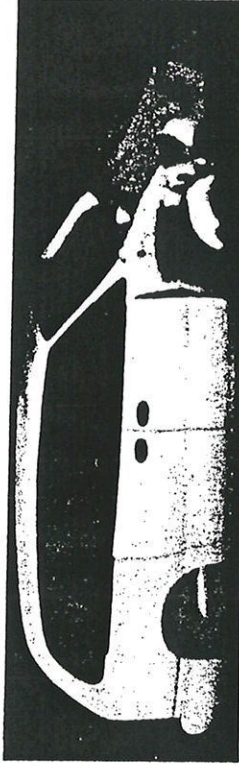
and it had a net loss of 2.6 billion yen, or

\$63 million, in the fiscal year through September. Revenue

dropped 3.7 percent from a year earlier to \$3.8 billion.

Yanase importer shipped into California for the first time in 61 years. See LATE NEWS, 2

Chrysler races minivan fixes



KPG PHOTOGRAPHY

This computer-enhanced shot of a body shell gives a good indication of the overall styling of Chrysler's 1996 minivan.

programs. But a hot topic among minivan engineers at a Dec. 6 Minivan Platform meeting was whether engineers will need to work Christmas Day.

Theodore says he doubts the engineers will work Christmas Day. But he says he has told his engineering team not to plan any extended vacations over the holidays for the next year.

12 AREAS EFFECTED

According to an internal status report, as of Dec. 1, Chrysler engineers recommended changes to design and components in 12 major frontal areas of the NS to enable it to pass FMVSS 208.

But Theodore says, "Everything we are doing is known and timed out and will be verified before production."

He won't say if the production see MINIVAN, 33

Crash-test woes stall prototypes

JOSEPH BOHN
Truck Editor

Chrysler Corp. is racing to put together a production-viable prototype of its new 1996-model minivans, after crash tests in mid-October and in early November showed the new minivans did not meet Federal Motor Vehicle Safety Standard 208.

FMVSS 208, a major standard, requires that an unbelted test dummy withstand a 30 mph front impact without serious injury.

Any substantial production delays could prove costly as Chrysler prepares its 1996 minivans to compete with the Ford Windstar in defense of Chrysler's minivan sales crown.

With only nine weeks til the planned Feb. 13 production launch at St. Louis, Chrysler is on a tight schedule to comply with the standard using new components. In late November, the company moved back Job 1 dates by 1½ months at its two other minivan plants.

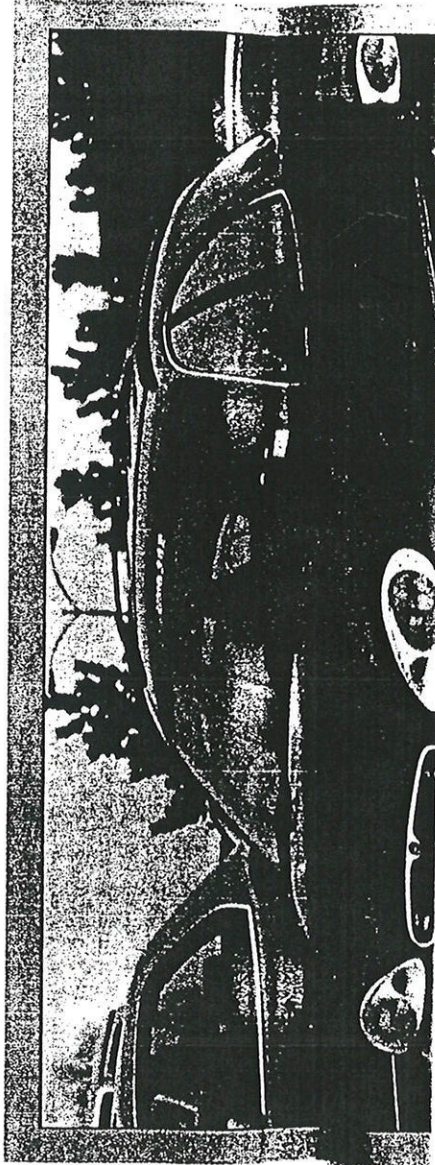
Chris Theodore, general manager of Minivan Platform Engineering, says development of the new minivan, code-named NS, is running ahead of some of Chrysler's previous new-model

crash tests. Another test was slated for Chrysler's Chelsea, Mich., proving grounds last Friday. But the modified vehicles require new componentry, some of which must be tested and tooled.

Since Nov. 4 Chrysler has put together engineering prototypes running ahead of some of that passed FMVSS 208 in three

Ford cuts Mark VIII price tag in Calif.

\$4,475 in price starts may go national



Dealers reap

vehicle profits result from dealers retailing more late-model cars and selling at wholesale more older, less-profitable vehicles up a dealer," said Jacobs. "But used-million vehicles will expire next year; up to 700,000 of these vehicles will be available for dealers to sell. **AN**

MINIVAN

Testing woes delay Chrysler

continued from PAGE 1

start-up at St. Louis will be set back for a second time. St. Louis had originally been slated to start regular dealer production in January, but earlier this year the date was moved back to Feb. 13.

"We don't confirm dates," says Theodore. But according to Chrysler's internal report, the company will delay startup of NS production at Windsor until next July and at the Graz, Austria, plant until September in order to give the St. Louis launch team more time to get the NS rolling.

TESTING HISTORY

Chrysler has done 17 prototype crash tests for various federal safety standards, according to an internal report. But in a crucial eight-month period between January and mid-October this year, it did not do any NS prototype crash testing for FMVSS 208. The failure of its two planned production prototypes caught engineers by surprise and set off the scramble to make the minivans comply.

The company first crash-tested two very early versions of the NS last December and January, but they were not intended as production models. Both passed FMVSS 208 requirements. In a Jan. 21, 1994 test of an NS equipped with a 2.4-liter four-cylinder engine and three-speed automatic transmission, the test dummy hit the airbag with a force of 41 G's, well within the government's limit of 30 G's and Chrysler's standard of 18 G's for impact deceleration without injury.

But, on Oct. 14, in its first crash test of a production-planned prototype — four months before job 1 — the test dummy hit the

steering wheel with a force of 69 G's, enough to crush its chest.

To double-check, Chrysler ran another crash test at Chelsea Nov. 4. This time, the dummy fared even worse, smashing the wheel with a force of 75 G's, according to an internal report.

Since then, the company has sharply stepped up its FMVSS 208 testing. It conducted three crashes from prototypes put together by its engineers that passed FMVSS 208. A fourth was planned last Friday.

Chrysler has made considerable progress in the last four weeks.

In tests Nov. 21 and Nov. 29, for example, dummies in the modified NS models crashed into a wall at Chelsea with a force of 44.6 G's and 47.8 G's, respectively.

Even so, Chrysler's crash testing for FMVSS 208 so far has been limited to long wheelbase models, equipped with a V-6 engine and four-speed automatic transmission. It still has to prove the crashworthiness of short-wheelbase NS models, equipped with speed automatic and models equipped with Mitsubishi's 3.0-liter in meeting FMVSS 208.

The long-wheelbase models are slated to be built first. They present the biggest problem because they are the heaviest. Having the flexibility to build a variety of short- and long-wheelbase models at all plants is a key part of the NS production strategy.

SAFETY CHANGES

Engineers have recommended changes to the front body, chassis, engine mounts, steering column, wheels, front seats and front bumper of the NS models to bring them into compliance with FMVSS 208. Some of the component changes require new tooling.

gross profit for the same models new.

The \$400 difference is due to the growing consumer demand for used cars because the

In Chrysler's production prototype crash tests, the steering column tilted up, causing the test dummy to slide under the airbag, hit the steering wheel and break its chest. The company has re-engineered the tilt mechanism in the steering column to restrict its movement. It also changed the front seat tracks and is switching to a more secure, dual-tethered airbag for better deployment.

Originally, Chrysler planned a less expensive, untethered "E-fold" airbag that could be folded up by a machine. But now, supplier Morton International Inc.'s Automotive Safety Products Group in Ogden, Utah, will have to hand fold the dual-tethered bags before shipping them.

Chrysler also is adding double knee blockers, with a higher gauge strength, after tests showed the original knee blockers crumpling and the dummy's knees sliding underneath them.

Chrysler also will use a higher gauge steel in front bumpers than originally planned and cut holes in front bumper rails to reducing bending stiffness. It is adding multiple holes and slots to its lower radiator crossmember and longitudinal rails, and bevelling the left rail tip to provide more crush clearance for the transmission end cover.

Engineers are moving the driver closer to the restraint system and putting the driver in a more upright posture by inclining front seats to a full upright position. They also eliminated some down travel from the power seat adjusters. There are new engine mounts and other planned changes.

Chrysler will delay Job 1 for regular dealer output at Windsor by seven weeks to July 5, 1995, allowing its launch support team to get St. Louis up to full line speed, according to a memo. **AN**

Minivan production plans as of Dec. 1

Start date for LWB prevolume production	St. Louis	Windsor	Austria
LWB dealer production	Jan. 30	—	—
SWB prevolume production	Feb. 13	—	—
SWB dealer production	March 1	—	—
SWB/LWB dealer production	March 27	—	—
SWB/LWB dealer production	—	July 5	—
SWB/LWB dealer production	—	—	Sept. 25

Notes: LWB=long wheelbase models; SWB=short wheelbase models. Source: Chrysler Minivan Status Review report

Minivan crown vulnerable

Changeovers and production delays in Chrysler Corp.'s new 1996 model minivans could well cost it minivan sales leadership next year.

Chrysler will headily take the minivan sales crown this year, as it has ever since it pioneered the segment in 1983. Production began Nov. 1, 1993.

In 11 months of calendar 1994, Chrysler retailed 488,378 minivans in the United States, giving it a 149,903 lead over Ford Motor Co.'s combined minivan sales. But, recently, Ford Motor has closed the gap. The automaker offered the Aerostar, Windstar and Mercury Villager.

Chrysler Corp.'s models include the Chrysler Town & Country; Dodge Caravan, Caravan C/V and

Grand Caravan; and Plymouth Voyager and Grand Voyager. In November, combined Ford Motor Co. minivan sales totaled 30,207 units, within 3,169 units of Chrysler's 33,376.

Before the most recent delays, Thomas Pappert, Chrysler vice president of sales and marketing, already estimated Chrysler would lose about 60,000 minivan sales due to changeover. The delay at Windsor could cut an additional 4,741 units from Chrysler's total.

It now seems like model changeover downtime will cost Chrysler close to 65,000 minivans next year, an average of more than 5,000 a month, which puts Chrysler's minivan sales crown within striking range of Ford.

— Joseph Bohm

Extra '95 minivans boost bottom line

Chrysler needs to bring the 1996 minivans to market to compete with the Ford Windstar, but the automaker is trying to build carryover inventory.

On Dec. 1, there was a 93-day supply. Although Chrysler will lose more production, internal calculations show that Chrysler will earn

an extra \$5.5 million profit from the changes. The company expects to earn \$6,200 to \$6,600 a unit from extra 1995 models built in Ontario during the first and second quarters and \$5,500 to \$5,800 per unit from 1996 models produced there in the second half.

— Joseph Bohm

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STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF OAKLAND

CHRYSLER CORPORATION, a
Delaware corporation,

Plaintiff,

-vs-

No. 94-489177-CZ
Hon. David F. Breck

PAUL SHERIDAN,
Defendant.

The deposition of ROBERT A. LUTZ,
taken pursuant to the Michigan General Court Rules before
Rose Ann Zaidan, a Notary Public in and for the County of
Oakland, acting in the County of Washtenaw, State of
Michigan, at 2101 Hubbard Drive, Ann Arbor, on Friday, June
4, 1998, commencing at or about the hour of 9:20 o'clock
A. M.

APPEARANCES:

KIENBAUM, OPPERWALL, HARDY & PELTON, P.L.C.,
BY THOMAS G. KIENBAUM, ESQ., (P15945),
and ROBERT B. BROWN, ESQ., (P51378),
325 South Old Woodward Avenue, Birmingham,
MI 48009, 248-645-0000, appearing on behalf of
the Plaintiff.

MAZUR, AMLIN, MORGAN, MEYERS & KITTEL,
BY COURTNEY E. MORGAN, JR., ESQ., (P29137),
and MICHAEL S. MAZUR, ESQ., (P29137),
1490 First National Building, Detroit,
MI 48226, 313-961-0130, appearing on behalf of
the Defendant.

ALSO PRESENT: Paul Sheridan

Rose Ann Zaidan, CSR-2217, RPR

R. A. ZAIDAN & ASSOCIATES, INC.
248-643-4740

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1 A. It might be, yeah. That would seem logical.

2 Q. And it's really just your assumption that there
3 was routine follow-up? You don't know for a fact that that
4 occurs, or occurred at that time?

5 A. It's my assumption, because any time we had
6 some sort of an egregious leak where, you know, a very
7 early prototype vehicle was photographed somewhere on our
8 premises and the photograph's published, this is obviously
9 a damaging leak of proprietary information that's of value
10 to competitors, so you go back into the system and try to
11 find out how the leak occurred.

12 Q. Okay. So, these -- you're using an example of
13 a photograph of an early prototype?

14 A. Yes.

15 Q. That would be something that you would term an
16 egregious leak of obviously competitive sensitive
17 information; you'd want to know the source of that?

18 A. Yeah, sure, uh-huh.

19 Q. Taking a look at Exhibit 2 is it, the
20 Automotive News article, Mr. Lutz?

21 A. My Exhibit 2, yes.

22 Q. Can you tell me if there's anything in there
23 that's competitive or sensitive to Chrysler?

24 A. It's -- not -- no, not competitive -- well, on

1 the perusal of the information I can see material that was
2 potentially reputationally damaging, but it was so late in
3 the program and so shortly before introduction that this
4 view of the vehicle up here, imperfect as it is, would not
5 have been considered in the category of a major design
6 leak.

7 Q. All right. Anything else? You can take a
8 moment and review the article and scan it and do whatever
9 you'd like to see if there's anything else in there that
10 you find competitively sensitive.

11 A. I can't see anything in there that would
12 directly benefit competition at that stage in the program.

13 Q. Okay. You used the term "reputationally
14 damaging." What did you mean by that term, sir?

15 A. Well, Automotive News has broad readership,
16 dealers and people in the industry, and even some
17 readership outside the industry, and an article such as
18 this, with allegations of severe product, or program
19 problems and delays creates the impression of a product
20 program that is in serious difficulty, and that harms the
21 manufacturer's reputation, when in fact the program was in
22 excellent shape.

23 Q. Harms the manufacturer's reputation with whom?

24 A. With the public that reads Automotive News and

1 potential other publications that pick up the story.

2 Q. Okay.

3 A. Which would lead to broader circulation.

4 Q. Did Chrysler to your knowledge ever request the
5 Automotive News to retract any of the information that it
6 published on December 12th of 1994?

7 A. I don't know.

8 Q. Well, if you believed that this was
9 irresponsible and sensational journalism, why wouldn't you
10 ask for a retraction, sir?

11 MR. KIENBAUM: Why wouldn't he personally?
12 He said he doesn't --

13 MR. MORGAN: (Interposing) Chrysler.

14 MR. KIENBAUM: (Continuing) -- didn't know
15 if Chrysler has or has not.

16 A. I don't know.

17 Q. (BY MR. MORGAN) If Chrysler had requested a
18 retraction, do you think that you would know about it?

19 A. Not necessarily.

20 Q. Does Chrysler have --

21 A. (Interposing) Public -- P.R. and press
22 relations did not report through my channel. It reported
23 to the Chairman.

24 Q. Did Chrysler have a policy of requesting

1 retractions if there were press reports that they deemed
2 were irresponsible or sensational?

3 A. I don't know whether there was a policy, but it
4 goes without saying that when there was something
5 particularly egregious and outright false, we would do what
6 any organization would do, and it was to request a
7 correction.

8 Q. And if you wanted to find out whether or not a
9 request for a correction ever went out with respect to this
10 December 12th, '94, article, you would check with someone
11 in the P.R. area?

12 A. Presumably, yeah.

13 Q. Who would that be?

14 A. No idea. I have no idea who it might have been
15 at that time.

16 Q. All right. Is there someone that you had in
17 the P.R. area that was kind of your contact person for
18 issues that you needed to get into whenever you needed to
19 get into them as the Chief Operating Officer?

20 A. I don't recall, because it would have been a
21 different person for different categories of things.

22 Q. All right. And you don't know who it would
23 have been maybe in December of '94 that you could have
24 turned to?

1 A. No.

2 Q. Okay.

3 MR. KIENBAUM: Any time you want a break say
4 so.

5 Q. (BY MR. MORGAN) You have given me the
6 statement that this was reputationally damaging, but there
7 wasn't anything in there that you found competitively
8 sensitive. Did you express that view to anyone at Chrysler
9 in the December '94 era, sir?

10 A. I have -- I couldn't possibly recall whether I
11 did or did not.

12 Q. Had anyone asked you in that era, would that
13 have been your statement, this is reputationally damaging
14 only?

15 A. Well, but that's conjectural and hypothetical.

16 Q. That may be. That doesn't mean you don't have
17 to answer it.

18 MR. KIENBAUM: I don't think the witness
19 does have to speculate on what he might have said.

20 MR. MORGAN: I'm not asking him to
21 speculate. I'm asking him to answer my question.

22 MR. KIENBAUM: Well, if it requires
23 speculation, then I gather even Mr. Morgan agrees you don't
24 have to answer the question.