



**T R Cunningham**  
Executive Vice President  
Sales and Marketing

March 27, 1991

**VIA FEDERAL EXPRESS**

Mr. Clarence M. Ditlow  
Executive Director  
Center for Auto Safety  
2001 S. Street Northwest, Ste. 410  
Washington, D.C. 20009

Dear Mr. Ditlow:

This responds to your letter of December 5, 1990 to Lee Iacocca expressing your concerns about the reliability and safety of Chrysler's A604 - 4 speed - automatic transmission. In the few months since your letter was written, you have received information about the steps Chrysler has taken to provide complete satisfaction to all owners of vehicles with the A604 transmission. In fact, except for your proposal that we extend the warranties from 7 years to the life of the vehicle, Chrysler's program, in essence, is the practical equivalent of what you requested.

Rather than speak to each of the points raised in your letter, I will describe the elements of Chrysler's customer satisfaction program and clarify a few of the significant points raised in your letter that appear to be based on incomplete information about the transmission.

As you know from Chrysler's public statement following the publication of your letter to Mr. Iacocca, the frequency and gravity of the problems alleged to be associated with the A604 transmission have been greatly exaggerated. This fact notwithstanding, Chrysler is concerned when any of its customers experience difficulties with any of its products. It is true that the instances of transmission problems in some 1989 and early 1990 model vehicles equipped with the A604 were greater than normal. As soon as these problems were identified, Chrysler took immediate steps to correct them at minimal inconvenience to its customers.

Set forth below are the elements of our A604 customer satisfaction program which have evolved from the 1989 model year, where most of the problems occurred, to the current program that encompasses all owners of vehicles with A604 transmissions:

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1. All 1.1 million owners of A604 vehicles are being contacted to determine whether they have any concerns of any nature with their vehicles.
2. All owners are invited to bring their vehicle to the dealership for a free diagnosis and repair of any problems relating to the transmission.
3. The \$100 deductible on the 7/70 power train warranty has been waived for all future repairs and refunded to all individuals who have paid it.
4. On a case by case basis, free loaners are provided to owners inconvenienced by leaving the car for repairs and reimbursement is made for any expenses incidental to the disabling of the vehicle caused by the A604 transmission.

Surveys that we have conducted throughout this period indicate that the program is working. Nearly 80% of the owners who have experienced a problem with their transmission have expressed satisfaction with Chrysler's handling of the problem.

There are a few other points raised in your letter that appear to be based on inaccurate or incomplete information that should be clarified at this time:

#### **Multiple Failures**

With regard to your concern with multiple failures at low mileage, there have been some instances, particularly on early 1989 models, of such occurrences. Most of the circumstances that you cite, however, relate to multiple defaults which unfortunately may come about due to misdiagnosis. Rather than failing at high mileage and at greater cost and inconvenience to the customer, the A604 defaults into second gear so that the customer can proceed to his or her destination at normal speeds. The problem can then be diagnosed using the fault codes stored in the computer's memory. We've made continuous progress in improving diagnosis through dealer training, service videos, manuals and technical service bulletins. Multiple occurrences have been reduced dramatically, and Chrysler has done everything possible to minimize such occurrences and to eliminate any inconvenience caused thereby.

### Service Bulletins

Your letter suggested that several of our service bulletins highlight some fundamental flaws in the A604 transmission and reflect its "complexity and underdevelopment." Your analysis of our service bulletins suffers from the understandably limited information available to you about the transmission and its technology. For this reason your statements regarding the complexity and underdevelopment of the A604 are without any basis in fact. The A604 has 1/3 fewer parts than a conventional 4 speed automatic and 20 fewer than our own 3 speed transmission. It underwent the most extensive automatic transmission development program in Chrysler's history. It also launched with better quality and it improved faster than our own, or competitors', new transmissions. The following is an explanation of each of the technical service bulletins (TSB) referred to in your letter.

TSB 21-06-90 - This related to a few wiring harnesses mis-bundled by our supplier on some Spirit/Acclaim vehicles. In the few instances where this occurred, it resulted in driveability complaints and had no bearing on any failures or the transmission itself.

TSB's regarding controllers - These related to enhancements in the controller's features, primarily for improved shift quality. In no way did these TSB's relate to computer failures, as you indicate. One of the benefits of the A604's electronic technology is that it allows Chrysler to easily incorporate the latest advances. Controllers are made so that they can be retrofit to older vehicles and are substituted free of charge.

TSB 21-08-89 - This change to the "dual-vented seal ring" design on the reaction shaft increased the transmission's tolerance to contaminants. This change was implemented midway through the 1989 model year and does not reflect "poor design and/or poor construction." Ultradrive was validated with the original design, and most units have operated without such difficulties. Again, the parts were designed so that they could be retrofit. Our policy is to design service parts so that when repairs are required, they are to the latest levels of technology.

TSB's regarding oil cooler flushing - These are merely reminders that as with any transmission, the cooler must be properly flushed if there has been a transmission failure,

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to ensure that no debris is recirculated into a repaired transmission.

TSB 21-28-89 - The release of a cooler by-pass, or H-valve, addresses an industry-wide problem with transmissions in extremely cold climates. With the record cold snap of December, 1989, Chrysler recognized that such a by-pass could address such unusual conditions. We went out with a customer satisfaction recall to cover field units, and subsequently in 1991 integrated an internal by-pass valve into the transmission design. To the best of our knowledge, Chrysler was the only company in the industry to address this issue. That this has been effective has been borne out by reports from independent competitive rental fleets that still observe failures in competitive transmissions, but have not had problems with Chrysler's transmission. Rather than an oil cooler problem as you suggest, Chrysler proactively improved its products to protect its customers at temperatures as low as -40°F. Accolades, not criticism, are in order.

### Safety Hazard

Your concern that the A604 constitutes a safety hazard is unjustified. Rather than creating a safety hazard, the default mode is a safety feature that Chrysler designed into the A604 transmission. When a conventional automatic transmission fails it will typically come to an abrupt halt. With the default feature, many such failure modes are prevented by having the transmission shift into second gear. The A604 does not "slam" into second gear, and the customer can maintain control and normal driving speeds. We would be pleased to demonstrate this feature to you.

### Conclusion

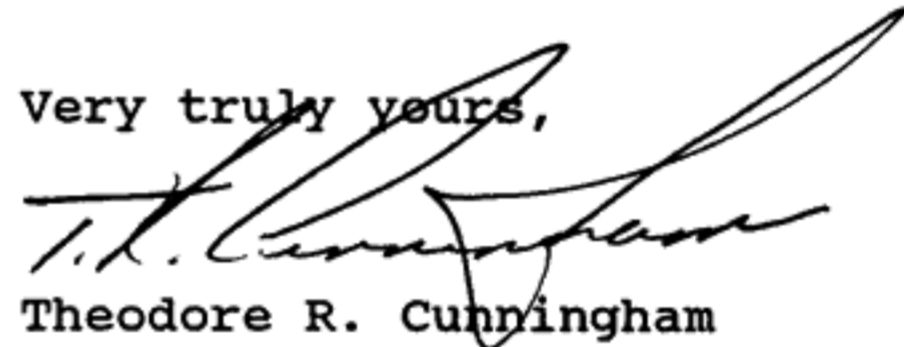
I think you would agree that Chrysler's customer satisfaction program in handling A604 problems has been extraordinary, far beyond that of any other manufacturer in a similar situation. Our own survey results and I'm sure your complaint files reflect the fact that owners of Chrysler products with the A604 transmission are now either pleased with its performance or pleased with Chrysler's responsiveness to any problems. In this regard, our customer relations department has reviewed the complaints received by your office and submitted to us since your December 5 letter. As promised during an earlier conversation, I am enclosing a summary of the actions taken with

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regard to 24 of the 39 complaints that we received. The other 15 are still under review, the results of which will be submitted to you when they are completed.

I appreciate the spirit of cooperation between the Center and Chrysler that has developed between the time of your December 5 letter and the present. I know you will not hesitate to express the Center's concerns about the A604 or, for that matter, any other Chrysler products into the future. I am hopeful that you will provide us with early warning of any concerns that may be developing so that we may respond quickly, in a constructive way. As you have noted in the past, both Chrysler and the Center for Auto Safety have the same constituents, our customers, and you can be sure that Chrysler is committed to insuring their satisfaction.

Very truly yours,

A handwritten signature in black ink, appearing to read 'T.R. Cunningham', written over a horizontal line.

Theodore R. Cunningham

Enclosure