DAIMLERCHRYSLER

5/4/05

DaimlerChrysler Corporation
Stephan J. Speth
Director
Vehicle Compliance & Safety Affairs

April 29, 2005

Ms. Kathleen C. DeMeter, Director
Office of Defects Investigation
National Highway Traffic Safety Administration
U.S. Department of Transportation
400 Seventh Street, SW
Washington, D.C. 20590

Reference: NVS-212mjl; EA04-013

Dear Ms. DeMeter:

This document contains DaimlerChrysler Corporation's ("DCC") response to the referenced inquiry regarding airbag clockspring in certain 1998 – 2000 model year DCC minivans ("the subject vehicles"). In reaching our analysis and conclusions, and by providing the information contained herein, DCC is not waiving its claim to attorney work product and attorney-client privileged communications.

DCC believes that this investigation should be closed in light of the Safety Recall D17/Lifetime Extended Warranty initiated in September 2004 (NHTSA Recall 04V-480).

As you know, the Safety Recall component of this campaign includes the free replacement of clocksprings on vehicles with 70,000 miles or less. The clockspring warranty is extended for the lifetime of higher mileage vehicles. Your staff expressed concern about appropriateness of the 70,000 mile limitation. DCC is confident the data contained within this response will address any remaining concern.

DCC has consistently maintained that the backwinding condition seen in the field in the subject vehicles is the result of intervening service or repair, and not the result of a manufacturing defect induced during clockspring installation. This

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contrasts with the circumstances that led to the 2002 recall B24 of 1998 – 1998.5 model year minivans, which utilized a different clockspring. In those vehicles, the evidence suggested that some of the backwound clocksprings may have been erroneously installed at the manufacturing plant, and that this occurred with more than random frequency. DCC has pointed to the fact that the clockspring used in the subject vehicles, which is not the same one involved in the 2002 recall B24, is internally identical to those that have been used on millions of other DCC products for many years without issue.

In an effort to address the agency's concerns, DCC undertook an additional survey of minivans from the subject vehicle population. DCC initiated a part return program in order to analyze clocksprings removed from vehicles above the 70,000 mile threshold as part of the Safety Recall D17/Lifetime Extended Warranty. Out of a sample of 2,000, DCC identified 89 randomly selected parts, of which 58 had between 70,000 and 100,000 miles, and 31 had in excess of 100,000 miles. The average was 100,006 miles. DCC's analysis shows that approximately 80% of the clocksprings reviewed from vehicles above the 70,000 mile threshold have electrical continuity within the clockspring and are fully functional. The remaining 20% of the clocksprings show a backwound condition and loss of circuit continuity. This data clearly supports DCC's previous assertion that the vast majority of clocksprings replaced on vehicles over 70,000 miles are fully functional and are being replaced because of the inherent structure of the DCC recall system. The DCC system shows an open recall to the dealership for all vehicles within the scope of the campaign regardless of vehicle mileage. Dealership personnel are trained to complete all open recalls when a vehicle enters a dealership.

To address any concerns that the clockspring could potentially wear out, DCC previously provided NHTSA details involving a survey of high mileage minivans from the subject vehicle population of 1998 – 2000 model years. DCC identified 26 vehicles, of which 15 had more than 70,000 miles, and an additional five vehicles which had between 65,000 and 70,000 miles. Eight of the vehicles had mileages in excess of 100,000 miles. The average was 82,600 miles. Criteria for selection for the survey included (1) no prior service for "airbag light on," (2) no prior service to the clockspring or steering column, and (3) no prior accidents involving driver airbag deployment. The rationale for these criteria was to rule out the possibility of service-induced backwinding. In all cases, the clockspring was properly centered, with no evidence of backwinding or fatigue, and the airbag circuit resistance was within specifications.

The number of customer complaints since the notification of Safety Recall D17/Lifetime Extended Warranty has been reduced to virtually zero. A review of any new customer contacts shows that inputs received since the notification are customers noting that their airbag light is illuminated and inquiring if their vehicle is covered by the recall/lifetime extended warranty. Customers are informed that their vehicle is covered by the recall/lifetime extended warranty, and are directed

to schedule an appointment with an authorized DCC service center to have the repair performed. This clearly shows that Safety Recall D17/Lifetime Extended Warranty is an adequate and effective remedy and has fully addressed any consumer concern.

All of the provided information continues to strongly corroborate DCC's position that this population of vehicles is not prone to having clocksprings that were backwound at the factory or wear out, and that field incidences of clockspring backwinding in these vehicles are due to intervening service and repair. This information also supports DCC's position that a clockspring that is backwound at the factory will fail early in the life of the vehicle, well before the 70,000 mile threshold defining the recall population.

DCC's campaign action has been completely effective in removing any risk to motor vehicle safety that may have originally existed due to issues with the clockspring in this vehicle population. In the over 70,000 mile population, the average mileage of vehicles that actually have been identified with backwound clocksprings is in excess of 100,000 miles, which is arguably approaching the useful life of the vehicle. Nonetheless, they are being repaired free of charge, regardless of the cause of the condition. Based on the significant actions taken by DCC to address this issue, this investigation should be closed.

Sincerely,

Stephan J. Speth

Attachment and Enclosures

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Q1. Update to current the information DaimlerChrysler provided in its September 3, 2004 response to ODI's Information Request No. 2 dated July 15, 2004, using the format ODI requested be used in that earlier request. You may produce this information either in the cumulative, or may produce only that information supplementary to the information included in its September 3, 2004 response. In either event, please make clear in your response how the information is being produced and state the date on which the information was last gathered.

A1. The following summarizes the non-privileged reports received by DaimlerChrysler Corporation ("DCC") since the EA04-013 response on September 3, 2004, and received through April 11, 2005 that relate to, or may relate to, the alleged condition in the subject vehicles. DCC has conducted a reasonable and diligent search of our normal repositories of such information.

a. There are a total of 437 customer complaints that may relate to the alleged condition. The 437 customer complaints contain 419 unique vehicles.

b. There are three field reports that contain three unique vehicles.

c. There is one report alleging injury and one report alleging fatality as a result of a crash.

DCC's investigation into the report alleging injury found that the vehicle had stored codes in the airbag control module. The stored code "driver squib circuit open" was present for 32,768 ignition-on minutes with 546 ignition counts. This equates to a minimum of over 22 days of continuous driving with the mandated airbag light illuminated. The customer clearly had adequate notice provided by the mandated warning light system that the airbag system required immediate attention from a trained dealership technician, as noted in the vehicle owner's manual. This incident occurred on November 25, 2004, so it is also likely that the vehicle owner had received notification of Safety Recall D17/Lifetime Extended Warranty prior to the incident.

DCC's investigation into the report alleging a fatality found that the incident occurred in August 2004, prior to the initiation of Safety Recall D17/Lifetime Extended Warranty. The police report revealed that the driver failed to negotiate a curve in the roadway. The vehicle drifted through the opposing lane, entered the shoulder, drove through a

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barbed wire fence, traveled through a vineyard, struck an irrigation ditch, and rolled over. The police report further indicates the vehicle was traveling at a high rate of speed and the driver was intoxicated. DCC has not yet inspected this vehicle.

d. There are two reports alleging property damage. Personal injury claims are covered in item c. above.

e. There are no third-party arbitration proceedings involving DCC that are responsive to this inquiry.

f. There are two legal claims involving DCC that are responsive to this inquiry.

DCC's analysis of the customer complaints since the September 3, 2004 EA04-013 response indicates that approximately 59% of the customer complaints may be attributed to other random issues such as terminal resistance, the airbag control module, or the driver airbag module. Due to the lack of information it is impossible to discriminate the alleged condition (backwound clockspring) from other random issues such as terminal corrosion, an airbag control module issue, or a driver airbag module issue.

It should also be noted that over 75% of these new complaints were received by DCC prior to consumer notification of Safety Recall D17/Lifetime Extended Warranty. DCC conducted a detailed review of the small number of customer complaints received since the consumer notification of Safety Recall D17/Lifetime Extended Warranty and concluded that all of the complaints are customers stating that the airbag light is illuminated on their vehicle and inquiring if their vehicle is covered under the recall/lifetime extended warranty. The customers are being informed that their vehicle is covered by the recall/lifetime extended warranty and requested to schedule an appointment with an authorized DCC service center to have the recall performed. This data clearly shows that Safety Recall D17/Lifetime Extended Warranty is an adequate and effective remedy and has fully addressed any consumer concern. DCC initiated the customer mailing notifying the vehicle owners of Safety Recall D17/Lifetime Extended Warranty on October 12, 2004. DCC concluded the recall/lifetime extended warranty mailing on November 19, 2004.

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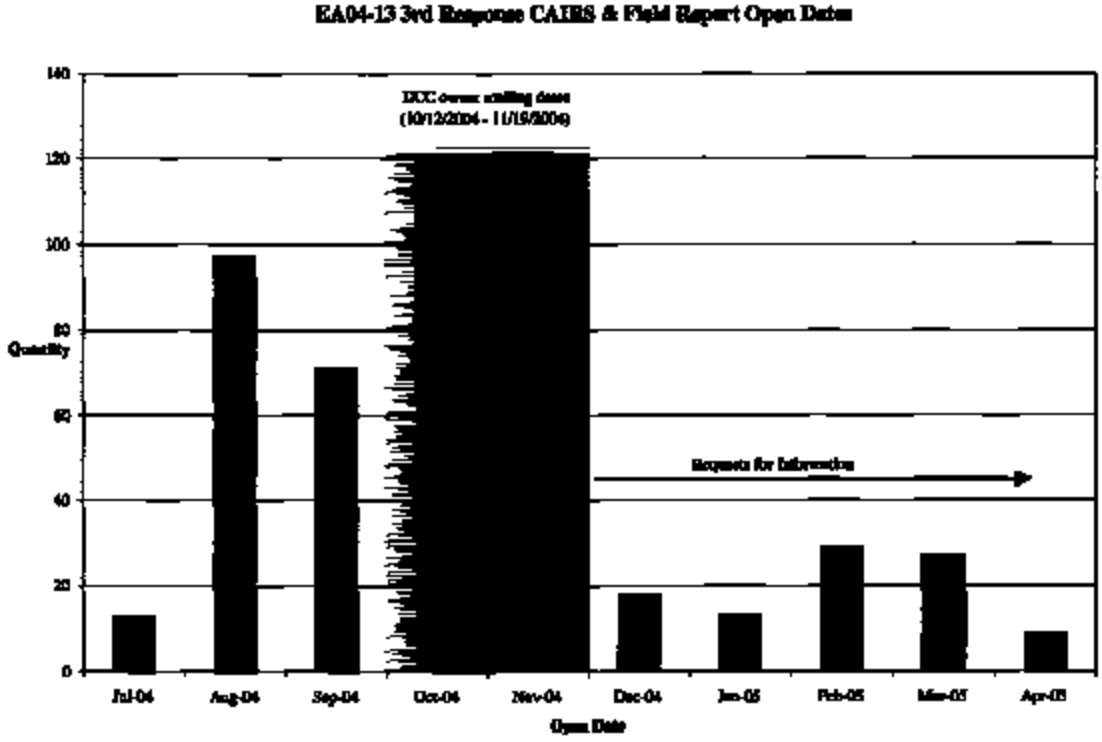

Q2. Separately, for each item or report (consumer complaint, field report, claim, notice, or matter) within the scope of your response to Request No. 1, state the following information:

a. DaimlerChrysler's file number or other identifier used;
b. The category of the item, as identified in Request No. 1 (i.e., consumer complaint, field report, etc.);
c. Vehicle owner or fleet name (and fleet contact person), address, and telephone number;
d. Vehicle's VIN;
e. Vehicle's make, model and model year;
f. Vehicle's mileage at time of incident;
g. Incident date;
h. Report or claim date;
i. Whether a crash is alleged;
j. Whether property damage is alleged;
k. Number of alleged injuries, if any; and
l. Number of alleged fatalities, if any.

Provide this information in Microsoft Access 2000, or a compatible format, entitled "COMPLAINT DATA."

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A2. The detailed response that lists the customer complaints and field reports, from Request No. 1, as requested in items a. through l. is provided in Enclosure 1 as a Microsoft Access 2000 table, titled "COMPLAINT DATA."

Q3. Produce copies of all documents related to each item within the scope of Request No. 1. Organize the documents separately by category (i.e., consumer complaints, field reports, etc.) and describe the method DaimlerChrysler used for organizing the documents. Clearly identify DaimlerChrysler's file number, vehicle owner or fleet name, and VIN for each item responsive to this request.

A3. Copies of all documents within the scope of Request No. 2 are provided in Enclosure 2 – COMPLAINTS AND FIELD REPORTS, on the enclosed CD-ROM.

Q4. State, by model year, a total count of the vehicles repaired under DaimlerChrysler Safety Recall No. D17 separated by labor operation code.

Separately, for each such repair, stat the following information:

- **a. DaimlerChrysler's claim number;**
- **b. Vehicle owner or fleet name (and fleet contact person) and telephone number;**
- **c. VIN;**
- **d. Repair date;**
- **e. Vehicle mileage at time of repair;**
- **f. Repairing dealer's or facility's name, telephone number, city and state or ZIP code;**
- **g. Labor operation number;**
- **h. Problem code;**
- **i. Replacement part number(s) and description(s);**
- **j. Concern stated by customer; and**
- **k. Comment, if any, by dealer/technician relating to claim and/or repair.**

Provide this information in Microsoft Access 2000, or a compatible format, entitled "RECALL DATA."

A4. The total number of vehicles repaired under DCC Safety Recall No. D17 for 1998-2000 model year NS vehicles is shown in the chart below:

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19D17181 Inspect clockspring	4,453	13,218	11,730
19D17182 Replace clockspring (vehicles with LESS than 70,000 miles)	13,854	62,155	113,687
19D17183 Check DTC's and replace clockspring (vehicles with a failed clockspring and MORE than 70,000 miles)	9,827	29,592	20,628

The detailed response that lists the Safety Recall D17/Lifetime Extended Warranty claims, as requested in items a. through k., is provided in Enclosure 3 as a Microsoft Access 2000 table and titled "RECALL DATA."

Q5. Provide copies of all documents related to DaimlerChrysler's D17 Part Retention Survey, regardless of whether the documents are in interim, draft, or final form.

A5. A detailed summary of the ongoing part retention survey is included as Enclosure 4 – SURVEY, on the enclosed CD-ROM.

DCC identified 89 randomly returned recall parts from vehicles with mileage above the 70,000 mile threshold, 58 of which had between 70,000 and 100,000 miles, and 31 which had more than 100,000 miles. The average mileage was 100,006 miles. DCC's analysis shows that approximately 80% of the clocksprings reviewed from vehicles above the 70,000 mile threshold have electrical continuity within the clockspring and are fully functional. The remaining 20% of the clocksprings show a backwound condition and the loss of circuit continuity. The data further supports DCC's previous assertion that the vast majority of clocksprings replaced on vehicles over 70,000 miles are fully functional and are being replaced because of the inherent structure of the DCC recall system. The DCC system shows an open recall to the dealership for all vehicles within the scope of the campaign regardless of vehicle mileage. Dealership personnel are trained to complete all open recalls when a vehicle enters a

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dealership. This has resulted in a significant number of replacements on vehicles over 70,000 miles, even though the clockspring is fully functional. At the June 10, 2004 Quarterly Review, DCC reviewed this in detail with the agency. DCC is providing the agency another copy of this presentation for reference in Enclosure 5.

As part of the survey, DCC also identified 18 vehicles with more than 70,000 miles that exhibited a backwound condition. The average mileage for these 18 vehicles is 104,954 miles. DCC reviewed the warranty service records for each of the 18 vehicles with over 70,000 miles and a backwound condition. Three of the vehicles had known prior service completed requiring the clockspring and steering column to be removed. A list of all service procedures requiring the removal of the clockspring and/or disconnecting the steering column from the intermediate shaft was submitted in question 1 of the December 22, 2004 EA04-013 response. The remaining 15 vehicles with over 70,000 miles and a backwound condition do not have any record of warranty repairs that may have resulted in a backwound clockspring. However, DCC does not have access to the out-of-warranty repair records on these vehicles. DCC contends the vehicle mileage data clearly shows the clockspring is a robust design, and when installed properly, will last the life of the vehicle.

The survey continues to support DCC's position that the subject population, 1998-2000 NS minivans, is not prone to having clocksprings that were backwound at the factory, and that field incidences of clockspring backwinding in these vehicles are due to intervening service and repair. In addition, Safety Recall D17/Lifetime Extended Warranty provides a free repair forever, should <u>any</u> issue be identified with the clockspring. By providing a free repair on a vehicle population averaging nearly 105,000 miles, DCC has gone beyond what was reasonably necessary to resolve this issue permanently.