

DEPOSITION
EXHIBIT

#10

11-4-87 *RB*
NATIONAL COURT REPORTING

IntraCompany Correspondence

To:
D. E. Dawkins

Location:

Location-Ext:
Drivetrain Engrg.
AMTEK/32546

Copy To:
F. - Castaing
S. E. Gifford
D. L. Hittler
R. C. Lunn
J. E. MacAfee
J. R. Murphy
J. F. Thornton

From:
D. N. Renneker

Subject:
Proposed Design
Objectives-Future
CJ Replacement

Date:
July 6, 1987

CONFIDENTIAL
DISCLOSURE PROHIBITED
BY ORDER OF THE COURT

I believe the following objectives are critical for the success of any future CJ market entry. Although listed in order of priority, I feel they must all be achieved if we expect to maintain a major portion of the domestic market in the future.

PROPOSED DESIGN OBJECTIVES - FUTURE CJ UPGRADE OR REPLACEMENT

1. Handling - On Road Handling & Stability - Equal To XJ
 - . This may not be a customer want or need.
 - . It is mandatory for product liability in the U.S. market.

2. Image - Maintain Positive Aspects of Current CJ Image
 - . Styling must reflect CJ heritage.
 - . Image must be - cute, simple, rugged, fun vehicle, appealing to young age group.
 - . Must be capable of open usage - easily removable top and doors, weatherproof interior.
 - . Maintain current level of off-road mobility.
 - . We must guard against taking ourselves too seriously.
 - . ~~This vehicle is primarily a recreational "toy", not a high technology mobility machine.~~

3. Dual Purpose Capability - Must be a True Substitute for a Low Price Subcompact Car
 - . The majority of the target customer group need a subcompact car and cannot afford a CJ in addition.
 - . To reach this group, the CJ must be a reasonable day-to-day replacement for a small car.
 - . Must offer 4 passenger seating.
 - . Must offer small car luggage capacity.
 - . Must have NVH, weather protection, passenger comfort level equivalent to a small car.
 - . Must offer automatic transmission, power steering, factory air conditioning.

✓

July 6, 1982

PROPOSED DESIGN OBJECTIVES - FUTURE CJ UPGRADE OR REPLACEMENT (CONT.)4. Cost - Price Must Be Kept Within Range of Target Age and Economic Group

- . Selling price must be low enough that a person capable of buying a low price car can stretch to a CJ if motivated.
- . I suggest a maximum of 20% over "entry level" low priced cars. (1982 Chevette at \$5600 + 20% = \$6720 maximum base CJ price at current economics).

5. Fuel Economy - Operating Cost Must Be Kept Within Range of Target Age and Economic Group

- . As with price, fuel economy must be close enough to the average small car that buyers can stretch to the operating cost of a CJ if motivated.
- . I suggest - 20% in fuel economy over "entry level" small cars (30 MPG city minimum).

6. Off-Road Safety - Upgrade Off-Road Rollover Protection

- . Full surround roll cage structure.
- . All potential head impact surfaces smooth. High potential surfaces padded.
- . Optional off-road restraint package including full belt system, helmets, possible door opening webbing.

7. Unique Features - Must Offer Plus Product Features Over Competitive Vehicles

- . Easily removable half and full top.
- . Easily removable doors with good on-board stowage provisions.
- . Rear seat readily convertible to cargo area.
- . Plus product in ride, NVH, wind noise, body sealing, seating comfort.
- . Unique options such as air shocks, systems sentry, etc.

SOME THOUGHTS ON TARGET CUSTOMER GROUP

There is ample evidence that the major group of potential CJ buyers are young people of moderate income. Few of these people can afford more than one vehicle, especially with today's insurance rates. I believe, therefore, that the true competitor to the CJ in the marketplace is the "entry level" subcompact car. Our current marketing slogan, "Why drive a car when you can have a Jeep", hits the nail right on the head.

SOME THOUGHTS ON TARGET CUSTOMER GROUP (CONT.)

I feel the key to future success in this market is to offer a vehicle which is truly dual purpose, with price and fuel economy within the reach of the "entry level" subcompact car buyer.

D. N. Renneker

D. N. Renneker

/ep

CONFIDENTIAL
DISCLOSURE PROHIBITED
BY ORDER OF THE BOARD