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July 11, 2007

Mr. George H. Person, Chief
Recall Management Division
Office of Defects Investigation
National Highway Traffic Safety Administration
1200 New Jersey Avenue, SE
Washington, D.C. 20590

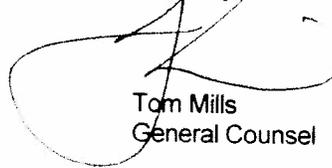
RE: EQ07-002
NVS-215rw

Dear Mr. Person:

This letter provides the first response to your letter of July 2, 2007 regarding certain tires manufactured by Hangzhou Zhongce Rubber Co. Ltd. and imported into the United States by Tireco Inc. This letter responds to questions one through six. As specified in your letter, Tireco Inc. will respond to the remaining questions by July 30, 2007.

On behalf of Tireco Inc., I am pleased to have this opportunity to cooperate with your inquiry. If it would be useful, my colleagues and I are willing to meet with the agency to discuss this response or any other information that would help the agency resolve the open issues related to tires imported by Tireco Inc.

Sincerely,

A handwritten signature in black ink, appearing to be "Tom Mills", written over a circular stamp or seal.

Tom Mills
General Counsel

Enclosure

TIRECO, INC.'S RESPONSE TO NHTSA INQUIRY EQ07-002

This letter responds to NHTSA's Information Request of July 2, 2007, seeking information regarding certain tires manufactured by Hangzhou Zhongce Rubber Co., Ltd. ("HZR") and imported into the United States by Tireco, Inc. ("Tireco"). NHTSA requested a response to Questions 1 - 5 by July 11, 2007, and responses to Questions 6 - 10 by July 30, 2007. This response addresses Questions 1 - 6. The responses to Questions 7 - 10 will be provided by July 30, 2007.

Before turning to the individual questions, Tireco wishes to emphasize that it expects all of its suppliers, including HZR, to provide high quality tires that meet all applicable safety standards and other performance expectations for safe, durable tires. As discussed in more detail below, Tireco has been importing light truck radial tires manufactured by HZR since June 2006. These tires have performed well in the field to date, and have experienced infinitesimal adjustment rates. Tireco has received no reports of crashes, injuries or deaths related to these tires, and has received only [REDACTED] of a tread separation involving [REDACTED] of the HZR-manufactured tires imported by Tireco.

This excellent field performance is a function of the design of these tires. The tires that HZR manufactured for Tireco have contained a nylon edge cap, as well as a gum strip of an appropriate dimension, since the beginning of the program with Tireco. While Tireco does not have access to the confidential details of the construction of the tires manufactured by HZR, it has been informed that no substantial changes have been made to the tires since June 2006, when Tireco began to import them. Significantly, Tireco has been informed by HZR that the tires imported by Tireco are constructed differently than the HZR-manufactured tires that were the subject of a safety defect determination by Foreign Tire Sales (FTS) in June 2007.

Tireco has confirmed the presence of the nylon edge cap and gum strip through independent testing at Standard Testing Labs within the past week. Results of these tests and evaluations are discussed in more detail below, and they confirm the robustness of the design and construction of these tires.

With this background, Tireco will turn to the individual NHTSA questions. As requested, after each numeric designation, Tireco has set forth verbatim the request for information, followed by its response. Unless otherwise stated, Tireco has undertaken to provide responsive documents dated up to and including July 2, 2007, the date of your inquiry.

1. *Please identify by brand, model name and size all light truck radial tires produced by HZR that are the same size as any of the tires identified on page 1 of this letter,¹ and which were imported into the United States by your company between January 2001 to the present, that your company sold or otherwise distributed in the United States. These tires are referred hereinafter as “similar tires.”*

The agency’s information request refers to HZR tires manufactured “under the brand names Westlake, Telluride, Compass and YKS.” As FTS correctly notes in its July 2, 2007 Supplemental and Amended Safety Defect Information Report, “Telluride is actually a design designation and was used in conjunction with the Westlake, YKS and Compass brand names.” Further, based on a July 5, 2007 telephone conversation between George Person of NHTSA and Brian Anderson of O’Melveny & Myers LLP, Tireco understands that the “similar tires” for which NHTSA seeks information in this question are any HZR-manufactured light truck radial tires that Tireco imported from 2001 to the present in the sizes noted in the information request. Based on these broad parameters, Tireco has only imported and sold two similarly sized tires: the Westlake and a private-label brand made exclusively for Tireco, the Milestar brand. Accordingly, Tireco responds to the agency’s inquiry using this interpretation.

Between January 2001 and May 2006, Tireco did not import any HZR-manufactured light truck radial tires having the same size as the NHTSA-described “subject tires.” Between June 2006 and the present, Tireco has imported the following HZR-manufactured light-truck radial tires having the same size as the NHTSA-described “subject tires”:

Brand	Model	Size
MILESTAR	CR857	LT235/75R15
MILESTAR	CR861	LT235/75R15
MILESTAR	CR860	LT245/75R16
MILESTAR	CR861	LT245/75R16
MILESTAR	CR860	LT235/85R16
MILESTAR	CR857	LT235/85R16
MILESTAR	CR861	LT235/85R16
MILESTAR	CR861	LT225/75R16
MILESTAR	CR857	LT245/75R16
MILESTAR	CR861	LT265/75R16
MILESTAR	CR857	LT265/75R16
MILESTAR	CR860	LT265/75R16
MILESTAR	CR857	31X10.50R15
MILESTAR	CR861	31X10.50R15

¹ These tires, called “subject tires” in NHTSA’s information request, are:

- LT235/75R-15
- LT225/75R-16
- LT235/85R-16
- LT245/75R-16
- LT265/75R-16
- LT31X10.5-15

WESTLAKE	CR857	LT245/75R16
WESTLAKE	CR860	LT245/75R16
WESTLAKE	CR861	LT245/75R16
WESTLAKE	CR861	LT225/75R16
WESTLAKE	CR861	LT265/75R16
WESTLAKE	CR857	LT265/75R16
WESTLAKE	CR860	LT265/75R16

2. *If your company does not agree with the statement made in the enclosed report by FTS that your company imported tires manufactured by HZR that are similarly constructed and of the same size as those identified by FTS, and if your company does not believe that those similar tires contain a safety-related defect, please provide an explanation for your company's position.*

Tireco does not agree that the HZR-manufactured tires it imported are similarly constructed as the tires identified by FTS. Tireco also does not agree that the HZR-manufactured tires it imported contain a safety-related defect.

Tireco, as a U.S. importer and distributor of HZR-manufactured tires, has limited information about the details of the design and manufacture of the tires it imports and distributes. Nevertheless, Tireco has confirmed that the construction of the HZR-manufactured tires imported by Tireco beginning in June 2006 is significantly different than the previously imported tires identified by FTS. This difference in construction reflects Tireco's tire manufacturing directions to HZR when it began importing HZR tires in June 2006. Although Tireco does not have access to any information about the construction details of the previously imported FTS tire, Tireco can confirm that the tires imported by Tireco beginning in June 2006 contain a nylon edge cap and a gum strip larger than 0.6 mm. Moreover, Tireco has been informed that there have been no significant changes to the construction of these tires since Tireco began importing them in June 2006. Further, Tireco is advised that all light truck radial tire models it imported from HZR were tested by HZR and met or exceeded all requirements of FMVSS 139.

Tireco is aware that NHTSA has served an information request upon HZR seeking detailed technical information about the design and manufacture of the "subject tires" and "similar tires," and understands that HZR intends to respond to that request on or before the July 31, 2007 due date. Tireco anticipates that HZR's response will provide further information about the design and performance of HZR light truck radial tires imported by Tireco.

FTS's June 11, 2007 and July 2, 2007 submissions suggest that it began importing the HZR-manufactured Westlake light truck radial tires at issue in 2000 or 2001, and ceased importing these tires in June 2006. Tireco understands, based on its conversations with HZR, that FTS bought no tires manufactured after 2005. Tireco began importing HZR-manufactured Westlake light truck radial tires in June 2006 and HZR-manufactured Milestar light truck radial tires in September 2006. The tires purchased in June 2006 were manufactured in 2006.

In response to NHTSA's information request, Tireco has reviewed field data concerning the performance of all HZR-manufactured Westlake and Milestar brand light truck radial tires it has imported. That information, which Tireco provides in response to Question 6, does not indicate the existence of a potential safety-related defect. Tireco has sold approximately [REDACTED] such tires to wholesalers since June 2006. There have been no reported accidents, injuries, or lawsuits associated with the tires. Only [REDACTED] tires of this description sold by Tireco have been returned to Tireco for any reason. Of these returned tires, only [REDACTED] reported a tread separation. Hence, the return rate is 0.017 percent and the tread separation rate is 0.00096 percent.

After hearing of FTS's recent statements concerning HZR-manufactured light truck radial tires, Tireco engaged Standard Testing Labs ("STL") to perform independent testing on samples of the Westlake- and Milestar-brand tires it imported. To date, STL has performed a destructive examination of three Westlake tires imported by Tireco to determine how they were manufactured. STL confirmed that the Westlake tires it examined had gum strips well in excess of 0.6 mm under the #1 belt, and that they had nylon edge caps. STL also conducted non-destructive shearography tests of the Westlake-brand tires. Shearography uses lasers and a vacuum chamber to examine the topography of the inner liner of a tire to detect the early signs of tread separation. All Westlake tires inspected passed the shearography tests with no evidence of tread separation.

Tireco's testing efforts are still underway. STL is in the process of conducting destructive and non-destructive testing of Milestar tires, and Tireco will supplement this answer with written test results concerning both Westlake and Milestar tires on or before July 30, 2007 in response to Question 9.

3. *Separately, for each tire line identified as similar tires above, state quantity of, and the range of TINs, for those tires that your company sold to wholesalers, retail distributors or dealers, or to the general public through individual sales.*

The following chart identifies the sales figures, TIN manufacturer and size identification, and TIN date code ranges of "subject tires" and "similar tires" Tireco has sold to wholesalers, retail distributors, and dealers from June 2006 through July 2, 2007. Tireco does not sell tires directly to the general public. As the chart indicates, Tireco sold Westlake-brand tires for a limited period of time in 2006, and thereafter began selling Milestar-brand tires.

Tire	Number Sold	TIN Manufacturer and Size Identification	TIN Date Code Range
MILESTAR 31X10.50R15 CR857		7DRR	5106- present
MILESTAR 31X10.50R15 CR861		7DRR	5106- present
MILESTAR LT225/75R16 CR861		7DLT	3906- present
MILESTAR LT235/75R15 CR857		7DMT	5206- present
MILESTAR LT235/75R15 CR861		7DMT	5106- present
MILESTAR LT235/85R16 CR857		7DMT	5206- present
MILESTAR LT235/85R16 CR860		7DMR	5206- present
MILESTAR LT235/85R16 CR861		7DMR	5106- present
MILESTAR LT245/75R16 CR857		7DMR	5206- present
MILESTAR LT245/75R16 CR860		7DNT	3506- present
MILESTAR LT245/75R16 CR861		7DNT	3506- present
MILESTAR LT265/75R16 CR857		7DRT	3906- present
MILESTAR LT265/75R16 CR860		7DRT	3506- present
MILESTAR LT265/75R16 CR861		7DRT	3506- present
WESTLAKE LT225/75R16 CR861		7DLT	2106-2506
WESTLAKE LT245/75R16 CR857		7DNT	2506-2706
WESTLAKE LT245/75R16 CR860		7DNT	2506-3306
WESTLAKE LT245/75R16 CR861		7DNT	2106-3306
WESTLAKE LT265/75R16 CR857		7DRT	2406-2606
WESTLAKE LT265/75R16 CR860		7DRT	2106-2606
WESTLAKE LT265/75R16 CR861		7DRT	2106-3306

4. *As to all similar tires that you have identified in response to Request No. 1 above, please provide the following information:*

a. *identify by contact name, address and phone number each wholesaler, retail distributor or dealer, and individual member of the general public to whom your company directly sold or otherwise distributed any of the similar tires. Provide the number of tires sold or otherwise distributed to each, separately identified by brand name and size.*

Tireco sells tires to wholesalers, retail distributors and dealers. Tireco does not sell directly to the general public. A list of all entities to which Tireco sold “subject tires” or “similar tires” and the number of each such tire size sold to each customer is attached hereto at Confidential Exhibit A.

b. *Provide a copy of each tire registration form (see 49 C.F.R. part 574) and comparable information (e.g., data bases and files with name of tire purchasers (not for resale)).*

Pursuant to 49 C.F.R. 574.7, Tireco is using a designee to obtain the tire registration forms for the "subject tires" and "similar tires" at issue, and has requested the forms from the designee. Tireco anticipates providing those forms by July 30, 2007.

5. *State whether or not your company imported and sold tires bearing the manufacturing code "FTS" in the TIN.*

Tireco has been informed that none of the HZR-manufactured tires it imported or sold bear the manufacturing code "FTS" in the TIN.

6. *State, with respect to the tires identified in response to Request No. 1 above, by tire brand name, model, tire size and year of manufacture, the number of each of the following, received by your company, or of which your company is otherwise aware, which relate to, or may relate to tread separation, blowout or belt to belt separation in the similar tires that you imported:*

- a. *Reports involving a crash, injury, or fatality, based on claims against your company and/or HZR involving a death or injury, notices received by your company or HZR alleging or proving that a death or injury was caused by a possible defect in a subject vehicle;*
- b. *Property damage claims.*
- c. *Warranty adjustments;*
- d. *Complaints, including those from fleet operators;*
- e. *Third-party arbitration proceedings where your company is or was a party to the arbitration; and,*
- f. *Lawsuits, both pending and closed, in which your company is or was a defendant or codefendant.*

For subparts "a" through "f", state the total number of each item (e.g., fatality reports, property damage claims, warranty adjustments, etc.) separately. Multiple incidents involving the same tire are to be counted separately. Multiple reports of the same incident are also to be counted separately (i.e., a property damage claim and warranty adjustment involving the same incident in which a crash occurred are to be counted as a property damage claim and a warranty adjustment).

In addition, for items "a" through "f," provide a summary description of the alleged problem and causal and contributing factors and your company's assessment of the problem, with a summary of the significant underlying facts and evidence. For items "e" and "f," identify the parties to the action, as well as the caption, court, docket number, and date on which the complaint or other document initiating the action was filed.

Tireco has investigated these matters with respect to the HZR-manufactured subject tires and similar size light truck radial tires it has imported since June 2006 (both Westlake and Milestar brand tires) and responds as follows. Although Question 6 requests information concerning “tread separation, blowout or belt to belt separation in similar tires,” Tireco is voluntarily providing information about all incidents, claims, warranty adjustments, complaints, lawsuits or arbitrations involving the subject or similar tires (if any) regardless of reason:

- a. *Crash, death, injury, or fatality.* None.
- b. *Property damage claims.* None.
- c. *Warranty adjustments.* Attached at Confidential Exhibit B is a chart identifying all HZR-manufactured similar size light truck radial tires imported and distributed by Tireco that have been returned to Tireco for any reason (including issues not involving tread separation, blowout, or belt to belt separation). Of the [REDACTED] Tireco-sold tires returned, only [REDACTED] showed tread separation.

Several other tires bearing FTS in the TIN, which Tireco did not distribute, were incorrectly returned to Tireco. Because this information may also be of interest to NHTSA, we are including information about those tires in a chart attached at Confidential Exhibit C.

- d. *Complaints.* None.
- e. *Arbitration proceedings.* None.
- f. *Lawsuits.* None.

7. *Produce copies of all documents related to each item within the scope of the your response to Request No. 6, including, but not limited to, received complaints and warranty adjustment claims. Describe the search method used by your company in identifying these documents. Organize the documents separately by category (i.e., fatality, property damage claims, warranty adjustments, etc.) and describe the method your company used for organizing the documents.*

With respect to documents concerning potential lawsuits, arbitration proceedings, or death/injury/property damage-related complaints, Tireco consulted with its General Counsel’s office, which maintains such documents in the ordinary course of business. Because there have been no such lawsuits, arbitrations or complaints against Tireco concerning either “subject tires” or “similar tires,” no documents exist.

Tireco expects to produce documents concerning tires returned to Tireco for warranty adjustments on or before July 30, 2007. Tireco further states that its Adjustment Department has customer service agents and employees trained to collect and inspect each returned tire, document the reason for the return, and create a file. The documents generated by Tireco's Adjustment Department are stored in a database for subsequent retrieval and review as necessary. In response to NHTSA's information request, Tireco is retrieving and will produce from that database all documents created by its Adjustment Department pursuant to their inspection of "subject tires" and "similar tires" returned to Tireco -- both those imported and sold by Tireco, and those that Tireco did not import/sell.

8. *Describe all testing that your company conducted, arranged to have conducted (e.g., by a test laboratory) and/or that your company otherwise relied on in certifying that each of the subject tires were in compliance with the Federal Motor Vehicle Safety Standards. For each test, state the date of the test, describe the tire tested including model, size, and production date, describe the test (e.g. FMVSS No. 119 with "S" paragraph number) and state the test results. This information request covers a period prior to 2001 if the certification testing occurred before 2001.*

Tireco expects to respond to this request on or before July 30, 2007. Nevertheless, please note the discussion above concerning recent testing that was commissioned by Tireco at STL.

9. *Describe all testing that your company conducted, arranged to have conducted (e.g., by a test laboratory) and/or about which your company otherwise had information on the subject tires, other than certification tests identified in your answers to Number 8 above. For each test, state the date of the test, describe the tire tested including model, size, and production date, describe the test and state the test results. This information request covers a period prior to 2001 if for subject tires designed and tested before 2001.*

Tireco expects to respond to this request on or before July 30, 2007. Nevertheless, please note the discussion above concerning recent testing that was commissioned by Tireco at STL.

10. *Provide copies of all communications with HZR related to durability and performance of the subject tires.*

Tireco expects to respond to this request on or before July 30, 2007.

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Tireco's response to NHTSA's inquiry was prepared pursuant to a diligent search for the information requested. While Tireco has employed its best efforts to provide responsive information, the breadth of the agency's request and the requirement that information be provided on an expedited basis make this a difficult task. Tireco has nevertheless made every

effort to provide thorough and accurate information, and would be pleased to meet with agency personnel to further discuss any aspect of this inquiry.

The scope of Tireco's effort to locate responsive information focused on Tireco employees most likely to be knowledgeable about the subject matter of this inquiry and on review of Tireco files in which responsive information ordinarily would be expected to be found and to which Tireco ordinarily would refer, as more fully described in this response. Tireco has produced all responsive information it located in its possession consistent with the search criteria described in this paragraph. Following its receipt of NHTSA's information request, Tireco representatives promptly visited HZR's manufacturing facility in China for the purpose of requesting and obtaining information to assist Tireco in preparing these responses. Tireco was pleased by the cooperation demonstrated by HZR representatives.

Thank you for this opportunity to cooperate with your inquiry. If you would like further explanation, Tireco representatives are willing to meet with the agency to discuss this response or any other information that would help the agency resolve the open issues related to tires imported by Tireco, Inc.