

TELECON WITH G. PERSON AND L. LAVIGNE, 7/17/07

On July 17, 2007, NHTSA's George Person spoke with Lawrence Lavigne representing Foreign Tire Sales, Inc. on the matter of recall 07T-003. The following questions were asked of Mr. Lavigne and answered by him accordingly.

(Q) Was there any communication between NHTSA and FTS in or about October 2005 on the subject of tire concerns, defects, or noncompliances. What event occurred in October 2005 that might be construed and the first notice of a problem with the tires.

(A) FTS did not communicate anything to NHTSA any earlier than its initial 573 filing in June 2007 about tire problems. FTS did file quarterly EWR reports during that time period. In October 2005, FTS became aware of a small property damage claim involving the tires. FTS' engineer examined the tires and determined that the gum strip was missing. That property damage claim was reported to NHTSA in FTS' routine filing of EWR information.

(Q) When will the campaign begin? What events, information, data, etc. are missing which prevent the campaign from commencing earlier?

(A) FTS plans to launch the campaign near the end of the 1st week in August. FTS is awaiting more specific information from HZ—specifically details about the design of the tires in each “phase,” and test results that may show whether or not specific design phases meet FTS' definition of acceptable tires. FTS has met with counsel for HZ (Hogan & Hartson) on 7/13/07 prior to meeting with NHTSA. FTS is attempting to schedule another meeting for end of next week to discuss differences in analysis of the data. FTS is writing to H&H to request specific test data—that letter will go out tomorrow (7/18/07). Based on this data and testing, FTS will determine the final scope of the recall. Work is continuing on the logistics of the campaign. The “draft text” of FTS' video press release will be submitted tomorrow, taping will begin on Thursday. Details of the scope will be overdubbed. Stericycle will be conducting the recall. Details of the logistics of the campaign are being worked out with Stericycle.

(Q) What are FTS' current thoughts on balancing and tread wear in the remedy plan?

(A) FTS feels that many of its customers use the tires for farm or other commercial use on vehicles that are seldom driven on the road at highway speeds. Accordingly, many purchasers may have forgone balancing of the FTS tires. However since the replacement tires will not be FTS tires, FTS recognizes that other manufacturers may have different expectations about balancing. Accordingly, FTS will reimburse reasonable charges for mounting and balancing.

On the tread wear issue FTS continues to believe that it will not replace tires that have served their useful life. FTS intends to include a statement to that effect in public notice of the recall, advertising, owner letter, etc. I agreed to seek authority to approve that policy.

(Q) Who is “High Q” referred to in FTS correspondence?

(A) High Q is a tire testing laboratory located in Pearsall Texas. Its phone number is (830) 334-4444 and the principal contact is C.A. (Tink) Phillips.

(Q) What was the term of exclusive representation of HZ Rubber by FTS in the US?

(A) FTS thought it was the exclusive U.S. importer of HZ for the recalled tires beginning in 2000 or 2001 through December 2005. This was by brand name and size. However HZ learned that Tireco had imported some of these tires during that time. NHTSA has received copies of all of the contracts between HZ and FTS.