

THE GOODYEAR TIRE & RUBBER COMPANY

AKRON, OHIO 44316-0001

October 30, 2008

BY EMAIL

Mr. Lachlan Seward
Director, Advanced Technology
Vehicle Manufacturing Loan Program
United States Department of Energy
100 Independence Avenue, S.W.
Washington, D.C. 20585

Re: Meeting on October 28, 2008 among representatives of The Goodyear Tire & Rubber Company ("Goodyear"), the United States Department of Energy ("DOE") and the Office of Management and Budget ("OMB") concerning the direct loan provisions of the Energy Independence and Security Act of 2007 (the "Act")

Dear Mr. Seward:

We would again like to thank DOE for extending the opportunity for Goodyear to meet with representatives of DOE and OMB on October 28, 2008 to discuss the advanced tire technologies for which Goodyear wishes to request funding under the direct loan provisions of the Act. As we discussed at the meeting, we believe those technologies, which offer low rolling resistance as well as reduced weight while maintaining other performance measures, can provide meaningful fuel economy benefits for advanced technology vehicles.

As DOE requested at the meeting, we have provided, an electronic copy of the written materials that we presented at the meeting. At the meeting, DOE also requested that we provide written feedback concerning certain points of discussion at the meeting, particularly as they related to the regulations (the "Regulations") that DOE is preparing for issuance under the Act. Those points concerned (i) the nature of components that should be deemed, under the Regulations, to be "qualifying components" for purposes of the Act; (ii) the nature of the loan requirements, and related application timelines, that should be embodied in the Regulations; (iii) whether joint or sole applications for loans under the Act should be permitted or encouraged; (iv) the nature of the equipment to be procured using the proceeds of loans under the Act; and (v) general timing considerations. Our feedback on these points follows below. In addition, we look forward to commenting on the Regulations once proposed, and would anticipate that we will be able both to provide such comments and to prepare an application for a loan under the Act, if there is an opportunity under the Regulations to do so simultaneously.

Qualifying Components

As we discussed at the meeting, we believe that it is important for the Regulations to be sufficiently flexible to permit a broad range of component technologies that can contribute toward the achievement of emissions or fuel economy standards by advanced technology vehicles.

First, qualifying components under the Regulations should include components that offer an incremental benefit or that benefit fuel economy more substantially than, or to the exclusion of, emissions, or *vice versa*. Any individual component, standing alone, is unlikely to cause a vehicle to achieve sufficient emissions performance and fuel economy to meet both the emissions and fuel economy standards that are included in the definition of advanced technology vehicle under the Act. In addition, many components, while directly fostering fuel economy, will impact emissions only indirectly. Instead, as a general matter, components are likely to contribute incrementally, together with other components and mechanical systems, toward the achievement of the Act's standards.

Second, component technologies may be designed for a range of vehicles, rather than any particular vehicle. Indeed, the more broadly a particular component technology can be used, the more compelling the overall benefit on fuel economy or emissions in furtherance of the Act. In addition, vehicle manufacturers may choose from among an array of technologies in designing vehicles that meet the total emissions or fuel economy standards applicable to advanced technology vehicles, so that it may be unclear, at the time loans under the Act are first available or are issued, whether a particular component will be used in a particular advanced technology vehicle system. For these reasons, the incremental benefit of a component should be determined, or determinable, standing alone rather than only as part of a complete vehicle or vehicle system.

We believe this is consistent with the Act, which provides that qualifying components must be "designed for advanced technology vehicles" rather than for any particular advanced technology vehicle. While the Act also requires that qualifying components be installed for the purpose of meeting the performance requirements of advanced technology vehicles, we believe that this should be understood as requiring that qualified components be those intended for use on original equipment rather than exclusively as replacement components, since the Act also clearly contemplates that loans under the Act will be used for "reequipping, expanding, or establishing" manufacturing facilities and for "engineering integration", purposes that would be thwarted if the scope of the Act were limited, under the Regulations, to components already deployed on existing advanced technology vehicles.

Third, advanced technology vehicles should benefit from existing technologies. A range of current technologies could contribute significantly toward meeting the emissions or fuel economy standards for advanced technology vehicles, but may require incremental development before commercial production can begin or be expanded. The National Highway Traffic Safety Administration ("NHTSA"), in its Notice of Proposed Rulemaking on Average Fuel Economy Standards, Passenger Cars and Light Trucks, Model Years 2011-2015 (73 F.R. 24352), has identified a number of such technologies, including low rolling resistance tires. In fact, NHTSA has expressly identified low rolling resistance technology as among a small number of technologies that are cost effective, can apply to multiple vehicle platforms and can be applied across multiple vehicle models in a single year (see 73 FR. at 24386), The use of loan proceeds to further the expansion of domestic capacity for this technology and other like technologies would clearly further the purposes of, and be consistent with, the Act, and it would be anomalous to penalize component manufacturers whose emissions or fuel economy development efforts were more aggressive or complete when the Act was enacted, or are currently more aggressive or complete, than other manufacturers of

comparable components. Relatedly, in part because inclusion of existing technologies is important, it will also be important to preserve the rights of component manufacturers in the intellectual property comprised by their qualifying components.

Nevertheless, in determining what constitutes a "qualified component" under the Act, DOE should be mindful of the tradeoffs that may be involved in producing such components. If, for example, a particular component achieves an incremental benefit to vehicle fuel economy, but only at the expense of material diminishment of other performance characteristics of the component, in a determination of eligibility or funding priority, that component should not stand on an equal footing with one that achieves an advance without such compromises.

For these reasons, we would suggest that, under the Regulations, a "qualifying component" be one that is designed in whole or in part for advanced technology vehicles and that is capable of contributing measurably to vehicle emissions performance or fuel economy, without a material detrimental impact on the remaining performance characteristics of the component. We would further suggest that, without limiting other potential qualifying benefits, a component that can produce an incremental increase of one percent (1%) or more in fuel economy should constitute a qualifying component under the Act. Finally, we would suggest that the Regulations make clear that component" manufacturers can deploy manufacturing equipment, including equipment funded in whole or in part with loans issued under the Act, not only for components intended for installation on original equipment vehicles but also for components ultimately sold or used for replacement purposes_ This would enable component manufacturers to provide an added benefit by extending component emissions or fuel economy improvements to the replacement market as well as the original equipment market, and would respond to the likelihood of fluctuating market conditions and other contingencies affecting the sale and use of qualifying components.

Loan Requirements and Application Timeframes

in determining the loan criteria for eligible projects under the Regulations, we would suggest that the primary focus should be on the applicant's ability to repay the loan. This is consistent with the definition of creditworthiness set forth in O_MB Circular No. A-129, Appendix A, Section III.A.1.c. In assessing an applicant's ability to repay a prospective loan under the Act, we believe that DOE should consider a number of factors.

The most important of these factors is the credit rating of the applicant. Many component manufacturers are rated by Moody's, Standard & Poor's or both, and use of these sources would permit DOE to conduct an objective credit evaluation. Those applicants with higher credit ratings are likely to have a greater ability to repay and DOE should give significant consideration to this factor in allocating loan proceeds under the Act.

Other factors that DOE should consider when assessing applicants' 'ability to repay include applicants' size, diversification, competitive position, and credit availability (including cash on hand). Larger applicants may have greater operating flexibility and ability to continue to invest. Diversified applicants may be less financially impacted by a downturn of one particular customer or geographic region. Superior competitive positions may reflect , applicants' product quality, reliability and innovation. Applicants with higher credit availability may be more conservative and possess higher credit ratings. Overall, applicants with higher rankings on these factors may have a greater ability to repay loans under the loan program contemplated by the Act and DOE should therefore give consideration to these factors in allocating loan

proceeds under the Act. We would also note that these factors are among the factors considered by rating agencies in their evaluations.

Component manufacturers participating in the loan program contemplated by the Act are likely to have bank loans or other credit arrangements backed by security. Agreements related to such loans or credit arrangements may limit available collateral and may be costly or difficult to amend. Accordingly, it is important that the Regulations provide for loans on an unsecured basis.

Lastly, we believe that we would likely be able to submit an application under the Act within 30 to 45 days once the criteria have been established for the application, and we would hope that DOE could respond within a similar timeframe,

Joint or Sole Applications

We believe that the Regulations should provide component manufacturers with the flexibility, in the sole discretion of the applicant, to structure their loan applications, and their related facility development and engineering integration efforts, either as joint or multiparty endeavors on the one hand, or as sole efforts on the other, depending on the circumstances of the applicant. While we recognize that an allowance for joint applications may facilitate the participation of small manufacturers and others as a result of cost sharing, other manufacturers may contemplate or benefit from individual funding and development. This may be particularly helpful for those component manufacturers, such as Goodyear, that contemplate reequipping existing facilities where such facilities will continue to include equipment used to manufacture components other than qualifying components.

Equipment Procured

In reequipping existing manufacturing facilities, component manufacturers will likely contemplate not only in-house design and fabrication but also procurement of equipment from third party vendors. While some equipment necessary for the production of qualifying components is likely to be available domestically, it is equally likely that some necessary equipment can only be obtained from vendors whose production facilities are located in, or who produce such equipment using components acquired from, other jurisdictions. It is important, therefore, that the Regulations empower component manufacturers, where necessary, to use the proceeds of loans under the Act to acquire such equipment.

General Timing Considerations

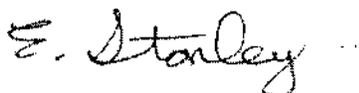
Under the Act, DOE has 60 days after enactment of the 2009 Continuing Appropriations Resolution within which to promulgate rulemaking with respect to the advanced technology vehicle program. It is also the intention of Congress for the rules to be written and the loans to be issued as expeditiously as possible in order to meet the purposes of the Act. As a result, we also recommend that consideration be given to a number of options that might expedite the process. First, we understand that DOE is moving towards the interim final rule and we applaud that. Second, we believe that strong consideration should be given to issuing applications to interested parties at the same time as issuing the interim final rule in order to keep the process moving.

In summary, we very much appreciate the opportunity to submit these additional responses. Goodyear looks forward to working with DOE as we prepare to request funding under the direct loan provisions of the Act. Working together with your office, we can further advance our technologies for advanced

technology vehicles, which offer low rolling resistance and have been identified by NHTSA as beneficial to fuel economy and cost effective across multiple vehicles. Support by the federal government would allow the expansion of domestic capacity of these technologies and bring these benefits to the marketplace in a timely fashion.

We remain available should you have any questions concerning our responses or require any additional information.

Sincerely,

A handwritten signature in black ink that reads "D. Stanley". The signature is written in a cursive style with a large, stylized initial "D".

Don Stanley
Vice President, Product Quality and Plant Technology
The Goodyear Tire & Rubber Company