

Frequently Asked Questions

About the Nationwide Class Action Settlement in

McGee v. Continental Tire North America, Inc.

IMPORTANT UPDATE: On March 4, 2009, the Court granted final approval of the settlement.

NOTE: The deadline to object or exclude yourself from the settlement was September 15, 2008.

I. Litigation Background

What is this case about?

The lawsuit, *William W. McGee v. Continental Tire North America*, alleged that Continental breached certain warranties and violated a consumer protection statute relating to the performance of certain of its tires that were installed on some Chrysler, Dodge and other manufacturer's automobiles between 2003 and 2008. McGee alleged that Continental failed to disclose at the time they marketed, warranted, sold or delivered the ContiSeal tires to consumers that the tires would incur abnormal and premature tread wear, sometimes requiring replacement within the first 20,000 miles of use.

What is Continental's response?

Continental denies any and all allegations of wrongdoing and does not admit or concede any actual or potential fault, wrongdoing or liability in connection with any facts or claims that have been or could have been alleged in this lawsuit or in any similar action.

Why did the parties agree to settle the action?

Based upon their extensive discovery, investigation, and evaluation of the facts and law relating to the matters alleged in the pleadings, Plaintiffs and Class Counsel have agreed to settle both *McGee* and a related case, *Robert Reibstein v. Continental Tire North America, Inc.*, Civil Action No. 2:07-cv-302-LP (E.D. Pa.), pursuant to the provisions of the Settlement Agreement. Plaintiffs and Class Counsel considered, among other things: (1) the substantial benefits to Plaintiffs and the Class under the terms of this Agreement; (2) the risks, costs and uncertainty of protracted litigation, especially in complex actions such as this, as well as the difficulties and delays inherent in such litigation; and (3) the desirability of consummating this Agreement promptly in order to provide effective relief to Plaintiffs and the Class.

Even though Continental expressly denies any wrongdoing, Continental considers it desirable for *McGee* and *Reibstein* to be settled and dismissed, because this settlement will finally put Plaintiffs' claims and the underlying matters to rest and will avoid the substantial expense, burdens, and uncertainties associated with the continued litigation of these claims and cases.

Plaintiffs, Class Counsel and Continental believe that the settlement is fair, reasonable and adequate and will provide substantial benefit to the Class.

Has the Court approved the settlement?

On June 12, 2008, the Court preliminarily approved the settlement as fair, reasonable and adequate.

The Court has not given final approval of the settlement yet. On October 21, 2008, at 12:00 noon, the Court will hold a Fairness Hearing at the United States District Court for the District of New Jersey, before the Honorable Garrett E. Brown, Jr., in Courtroom 4E, Clarkson S. Fisher Building and U.S. Courthouse, 402 East State Street, Trenton, New Jersey 08608.

At the Fairness Hearing, the Court will consider whether to give final approval to the proposed settlement as fair, reasonable and adequate, as well as other issues relating to the settlement.

II. Settlement Terms

Who is a class member?

With some limited exceptions, described below, the Class encompasses all persons or entities that purchased or received Eligible Tires as part of an automobile purchase or lease transaction and/or purchased or received Eligible Tires to replace other tires, including, but not limited to, Eligible Tires, between January 1, 2003 and July 14, 2008.

What are the exceptions to being a class member?

The Class does not include the following persons or entities:

- Continental or any of its Board members or executive level officers, including its attorneys;
- Persons or entities who have a claim for personal injury or damage to property, other than to the Eligible Tires themselves;
- Original equipment automobile manufacturers;
- Purchasers of Eligible Tires or of automobiles on which Eligible Tires were installed for the purpose of leasing, renting, resale or distribution;
- The Judge and Magistrate Judge and their immediate families presiding over this lawsuit or *Reibstein*;
- Governmental entities; and
- Persons or entities that have timely and properly excluded themselves from the settlement.

What are the Eligible Tires?

“Eligible Tires” include the following Continental tires, purchased or otherwise obtained as new tires by Class Members, between January 1, 2003 and July 14, 2008:

| |
|--|
| P215/65R17 98T ContiTouringContact with Conti*Seal |
| P225/60R18 99H ContiTouringContact with Conti*Seal |

P225/60R18 99H ContiTouringContact without Conti*Seal

Tires purchased as used tires or that were otherwise not new tires are not Eligible Tires.

For illustrative purposes and not by way of limitation, Eligible Tires also were installed as original equipment on the following Chrysler (formerly DaimlerChrysler) and Dodge vehicle models from model year 2003 up to and including model year 2008:

| | |
|----------------------|-------------------|
| Chrysler 300 | Dodge Magnum SXT |
| Chrysler 300 Touring | Dodge Magnum R/T |
| Chrysler 300 Limited | Dodge Charger SE |
| Chrysler 300C | Dodge Charger SXT |
| Dodge Magnum SE | Dodge Charger R/T |

Eligible Tires may have been installed on makes and models of other vehicles during this same time period as proper replacements.

How can Class Members submit a claim?

To receive a payment under the settlement, Class Members must send in a Claim Form. Class Members may print a Claim Form and other relevant documents from the following link www.tiresettlement.com. Read the instructions and certification carefully. Fill out the form completely and accurately. Include all the required documents the Claim Form requests, if you have them, sign it and mail it to the Administrator at:

Continental Tire Settlement Claims
c/o The Garden City Group, Inc.
P.O. Box 9287
Dublin, OH 43017-4687

The Claim Form and all required documents may be mailed as soon as you wish, but must be mailed and **postmarked** within the Claim Period – **no later than September 15, 2010**. The sooner you submit your claim, the sooner your Claim will be processed.

How long does the Claim Period run?

The claim period will run until September 15, 2010.

What happens after Class Members submit claims?

Shortly after receipt of the Claim Form, the Administrator will review, prepare, and forward the Claim Form to Continental. Continental may review the Claim Form and approve or contest any Claim. If Continental does not contest a Claim, the Administrator will put that Claim in line for payment.

If Continental contests a Claim by, for example, requesting supporting documentation, Continental will

notify the Administrator, who will mail, within ten (10) business days mail, a letter that advises the Claimant of the reason(s) why the Claim Form was contested. The letter will request, if applicable, any and all additional information and/or documentation to validate the Claim and have it submitted for payment. The Claimant has thirty-five (35) days from the date of the postmarked letter sent by the Administrator to respond to the Administrator's request.

If the Claimant timely provides the requested information and/or documentation, the Claim will be deemed validated and shall be paid by the Administrator. If the Claimant does not timely and completely provide the requested information and/or documentation, the Administrator will send a letter stating that the Claim has been denied. The Administrator's determination of a Claim is final and may not be appealed by anyone.

How much money is the settlement worth?

Continental will pay not less than \$5 million and not more than \$8 million to resolve all timely and valid Claims submitted to the Claim Process. Pursuant to Court Order, Continental has deposited or will shortly deposit \$5 million into an Escrow Account for distribution by the Administrator and will make additional deposits, if necessary, until the \$8 million cap is reached.

Unless all of the timely, valid and approved Claims submitted amount to or exceed \$8 million, all funds deposited into the Escrow Account by Continental will be used to pay:

- (A) All timely, valid and approved Claims;
- (B) Any incentive awards to the Class Representatives awarded by the Court;
- (C) Class Counsel's fees and costs awarded by the Court;
- (D) Any and all notice and Claim processing administrative fees and costs; and
- (E) Any bank fees and costs associated with administering the settlement.

The Escrow Account will not be used to pay Continental's attorneys' fees and costs.

What can Class Members get from the settlement?

The amount of the cash payment Class Members may be entitled to under the proposed settlement depends upon the size of the tire, the number of tires at issue, the number of miles driven on the Eligible Tires and other factors. The assumed purchase price for an Eligible Tire is **\$60 for each 17" Eligible Tire** and **\$120 for each 18" Eligible Tire**, subject to the deductions discussed below.

If a Claimant does not indicate the size of the Eligible Tire on the Claim Form, any potential payment Class Members may be entitled to will be based on the 17" tire refund amount.

For each Eligible Tire, Claimants may receive, subject to any reductions and limitations discussed below:

- **75%** of the refund amount for each Eligible Tire driven between **0 miles** and **12,000 miles**;
- **50%** of the refund amount for each Eligible Tire driven between **12,001 miles** and **20,000 miles**;

- **25%** of the refund amount for each Eligible Tire driven between **20,001 miles** and **30,000 miles**.

If you previously received a warranty or policy adjustment or credit, this amount will be deducted from any settlement amount.

When will payments occur?

The Court will hold a Fairness Hearing on October 21, 2008 at 12:00 noon to decide whether or not to approve the proposed settlement. The Court must approve the proposed settlement before any payments can be made. The Court will grant its approval only if it finds that the proposed settlement is fair, reasonable and adequate.

In addition, the Court's order may be subject to appeals. It is always uncertain whether these appeals can be resolved, and resolving them takes time, sometimes more than a year. Finally, there remains a possibility that this settlement may be terminated for other reasons. Everyone who sends in a Claim Form should continue to check this website for the progress of the settlement. Please be patient.

If the settlement becomes final, the payment of approved Claims will occur between six and twenty-four months after the beginning of the Claim Period, which begins on September 15, 2008. However, if there are appeals or similar activity, there will be a delay in the payment of Claims until the appeals or other acts are resolved in favor of the settlement.

What happens if there are too many Claims for a particular Claim period?

If the total amount of timely, valid and approved Claims exceeds the amount specified for a particular Claim period, then the latest filed approved Claims shall be placed into the next period for payment until the maximum amount specified for the affected Claim period is not exceeded. If, during the last Claim period, there are too many eligible Claimants, each Claimant's award shall be reduced *pro rata*.

The amounts for the Claim periods are:

- If, at the end of six months the total amount of approved Claims is less than \$4 million, all of these pending Claims will be paid in full.
- If the total amount of approved Claims to be paid during the sixth through twelfth month period is less than \$2 million, all of these pending Claims will be paid in full.
- If the total amount of approved Claims to be paid during the twelfth through eighteenth month period is less than \$1 million, all of these pending Claims will be paid in full.
- If the total amount of approved Claims to be paid during the eighteenth through twenty-fourth month period is less than \$1 million, all of these pending Claims will be paid in full.

What happens if there is money remaining at the end of the claim period?

If, after the full distribution of funds, there are any funds remaining and the Escrow Account has paid

out less than \$5 million for all purposes indicated above, the parties may either: (a) make a recommendation to the Court for the distribution of the remaining funds to a non-profit organization that would benefit the Class as a whole as part of a *cy pres* award; or (b) agree to extend the period in which Claims are submitted to the Claims Process and paid, to the extent that the amount paid from the Escrow Account does not exceed \$5 million.

Will cash awards have tax consequences?

Receipt of a payment under the proposed settlement may have tax consequences. Claimants should consult their own tax advisors to determine any Federal, state, local, or foreign tax consequences that could result from accepting or pursuing any payment under the proposed settlement.

What are Class Members giving up to remain in the class?

If Class Members choose to remain in the Class, Class Members may submit a Claim Form and may receive payment under the settlement if Class Members satisfy the requirements of the Settlement Agreement, but Class Members will also be bound by all orders, injunctions, and judgments in this case, whether favorable or unfavorable. Class Members will not be able to start, continue or otherwise participate in any other claim, lawsuit or other proceeding against Continental if those claims have been (or could have been) asserted in this lawsuit.

Class Members are releasing a wide range of claims in order to receive the benefits in the Settlement Agreement. Class Members are releasing Continental and certain other persons and entities from any and all claims that have been (or could have been) raised in the litigation. A word-for-word copy of the Release is attached to the Class Notice as Appendix A.

Can Class Members file their own action against Continental if Class Members remain in the class?

No. If Class Members remain a member of the Class and the Settlement is finally approved, Class Members will be automatically enjoined and barred from initiating or continuing any lawsuit or other proceeding against Continental if those claims have been (or could have been) asserted in this lawsuit.

Do Class Members have a lawyer in this case?

The Court has designated the law firms of Donovan Searles LLC and Lundy, Flitter, Beldecos & Berger, P.C. to represent Class Members in this lawsuit. The lawyers representing Class Members are called Class Counsel. Class Members will not be charged for the services of Class Counsel.

Class Members or those that believe they could be Class Members may contact Class Counsel about this lawsuit and proposed settlement:

Cary L. Flitter
Lundy, Flitter, Beldecos & Berger, P.C.
450 N. Narberth Avenue
Narberth, PA 19072

Michael D. Donovan
Donovan Searles LLC
1845 Walnut Street, Suite 1100
Philadelphia, PA 19103

Class Members have the right to retain their own lawyer to represent them in this case, but Class Members are not obligated to do so. If a Class Member does hire his or her own lawyer, that Class Member will have to pay his or her lawyer's fees and expenses. Class Members also have the right to represent themselves before the Court without a lawyer.

How will the lawyers representing the Class be paid?

Class Counsel have prosecuted this case on a completely contingent fee and have not been paid anything to date for their services. Class Counsel will make an application for an award of Attorneys' Fees and Expenses in the Action that will not exceed \$2,250,000.00, which shall be the sole aggregate compensation for all attorneys representing the Class in the Action and/or Related Action. Class Counsel, in their sole discretion, shall allocate and distribute this award of Attorneys' Fees and Expenses among all of the counsel who have acted on behalf of the Class. Continental shall pay the entire Attorneys' Fees and Expenses awarded by the Court within thirty (30) days after the settlement is final and approved, including any appeals that must be resolved in favor of the settlement.

What are class representatives? Will they be paid too?

In a class action, one or more people, called Class Representatives (in this case, William W. McGee and Robert Reibstein), sue on behalf of people who have similar claims. Class Counsel will petition the Court for incentive awards of up to \$3,500.00 for each of the named Plaintiffs, William McGee and Robert Reibstein. The purpose of such awards, if any, shall be to compensate the named plaintiffs/class representatives for efforts and risks taken by them on behalf of the Class.

III. Class Members' Options

| CLASS MEMBER'S LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT: | | |
|--|---|--|
| DO NOTHING | Class Member gets no payment. Class Member gives up his or her rights. | |
| SUBMIT A CLAIM FORM | This is the only way to get a payment. | The Claim Form must be completed and postmarked on or before September 15, 2010, subject to the qualifications and requirements addressed in the Class Notice. The sooner you submit your Claim, the sooner your Claim will be processed. |
| EXCLUDE ONESELF | Class Member will not be eligible for payment under the settlement. Class Member will not be able to object to the proposed settlement and to appear at the Fairness Hearing. Class Member will not be bound by any orders or judgments entered in this case, if the proposed settlement is approved. This is the only choice that will allow a Class Member to sue Continental on his or her own about the claims discussed in this notice. | An exclusion request must be in writing and postmarked on or before <u>September 15, 2008</u> . |
| OBJECT | If a Class Member decides to remain in the class, he or she may write to the Court and object to any part of the proposed settlement explaining why he or she does not agree with the settlement. | An objection must be in writing and filed and received on or before <u>September 15, 2008</u> . |
| GO TO A HEARING | If a Class Member files an objection, he or she may also decide to appear and speak to the Court about the "fairness" of the settlement, but only after submitting an objection and | A Notice of Intention to Appear must be in writing, filed and received on or before <u>September 15, 2008</u> in addition to submitting a timely objection. |

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| | filing a Notice of Intention to Appear at the Fairness Hearing, scheduled for October 21, 2008 at 12:00 noon. | |
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What if a Class Member does nothing?

If a Class Member does nothing, he or she will not get benefits from the settlement. Class Members must complete and send a Claim Form before the deadline, which is September 15, 2010, in order to be considered for payment under the settlement.

Unless a Class Member excludes him or herself from the Class, all of the Court’s orders will apply to the Class Member, and the Class Member will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Continental about the claims in this lawsuit, ever again, regardless of whether the Class Member submits a Claim Form.

How do Class Members file a claim?

To receive a payment under the settlement, Class Members must send in a Claim Form. Class Members may print a Claim Form and other relevant documents from the website (www.tiresettlement.com). Class Members should read the instructions and certification carefully, fill out the form completely and accurately, include all the documents the Claim Form requests, sign it and mail it to the Administrator, **postmarked** no later than September 15, 2010. Again, Claims will be paid in bulk in 4 intervals spaced 6 months apart. The sooner you submit your Claim, the sooner your Claim will be processed.

How does a Class Member opt out (be excluded from) of the settlement?

If a Class Member wants to be excluded from the Class, the Class Member must notify the Court. To exclude oneself from the settlement, a Class Member must send a letter by mail. Class Members’ exclusion request letters must be **postmarked** no later than September 15, 2008. Send the exclusion request letter to the Administrator at:

Continental Tire Settlement Claims
c/o The Garden City Group, Inc.
P.O. Box 9287
Dublin, OH 43017-4687

The letter requesting exclusion does not need to be in any particular form, but it **must** include the following information in order to be effective:

- (1) Class Member’s name;
- (2) Class Member’s address;
- (3) Class Member’s telephone number;
- (4) the Eligible Tire model(s) for which the Class Member is requesting exclusion;
- (5) a statement that the Class Member wishes to be excluded from the Class;
- (6) Class Member’s signature; and
- (7) the case name and number: *McGee v. Continental Tire North America*, Case No. 2:06-CV-

Please write “EXCLUSION REQUEST” on the lower left-hand corner of the *front* of the envelope.

How does a Class Member object to the term(s) of the settlement?

If a Class Member chooses to remain a Class Member, Class Members have a right to object to any part(s) of the proposed settlement. The Court will consider all views.

To object, Class Members must send a letter saying that they object to *McGee v. Continental Tire North America*, Case No. 2:06-CV-06234. Written objection must include:

- (1) Class Member’s name;
- (2) Class Member’s address;
- (3) Class Member’s telephone number;
- (4) the Eligible Tire model(s) that make one a member of the Class;
- (5) a statement of the Class Member’s objection(s), and any supporting evidence the Class Member wishes to introduce;
- (6) Class Member’s signature; and
- (7) the case name and number: *McGee v. Continental Tire North America*, Case No. 2:06-CV-06234 (D.N.J.).

If a Class Member chooses to object, in order to be considered by the Court, the Class Member’s written objections must be **filed and received by all of the following recipients no later than September 15, 2008:**

| COURT | CLASS COUNSEL | DEFENSE COUNSEL |
|---|---|---|
| Clerk of the Court United States District Court District of New Jersey Clarkson S. Fisher Building and U.S. Courthouse 402 East State Street Room 2020 Trenton, New Jersey 08608 | Cary L. Flitter Lundy, Flitter, Beldecos & Berger, P.C. 450 N. Narberth Avenue Narberth, PA 19072 | John P. Hooper REED SMITH LLP 599 Lexington Avenue New York, New York 10022 |

The Class Member (and/or the Class Member’s individual attorney) may, at the Class Member’s own expense, review materials applicable to this Action. Those documents will be made available by appointment with Class Counsel during regular business hours at a place designated by Class Counsel. To obtain access to certain materials the Class Member (and/or the Class Member’s attorney) must first sign a Confidentiality Agreement, which Class Counsel will provide.

If a Class Member files objections, but the Court approves the settlement as proposed, the Class Member can still complete a Claim Form to be eligible for payment under the settlement, subject to the terms and conditions discussed in this Notice and in the Settlement Agreement.

What is the Fairness Hearing and do Class Members have to appear at the Fairness Hearing?

The Court will hold a hearing (called a Fairness Hearing) to decide whether to grant final certification to the Class for settlement purposes, whether to approve the proposed settlement as fair, reasonable and adequate, whether to award attorneys' fees and costs, whether to award the Class Representatives an award for their help, whether to issue a permanent injunction, and to consider related settlement issues. Class Members may attend and may ask to speak, but Class Member don't have to.

How does a Class Member speak at the Fairness Hearing?

A Class Member (or a Class Member's attorney) who wants to appear and speak at the Fairness Hearing, must have submitted an objection and must file a **Notice of Intention to Appear at the Fairness Hearing** with the Clerk of the Court, and deliver that Notice to the attorneys for both sides, at the addresses listed immediately above. **A Class Member's Notice of Intention to Appear at the Fairness Hearing must be filed and received by the Court, Class Counsel and Defense Counsel as listed above no later than September 15, 2008.**

Where and when is the Fairness Hearing?

The Court will hold the Fairness Hearing on October 21, 2008, at 12:00 noon, at the United States District Court for the District of New Jersey, before the Honorable Garrett E. Brown, Jr., in Courtroom 4E, Clarkson S. Fisher Building and U.S. Courthouse, 402 East State Street, Trenton, New Jersey 08608.

Please note that the Court has the right to change the date and/or time of the Fairness Hearing without further notice. If Class Members are planning to attend the hearing, Class Members should confirm the date and time before going to the Court.

IV. For More Information

Where can Class Members obtain additional information?

This FAQ summarizes various terms of the proposed settlement. More details are contained in the Settlement Agreement. The full Settlement Agreement is on file with the Clerk of the Court. For a more detailed statement of the matters involved in this case, the complaint and the other papers and Court orders are on file and accessible at the Clerk's office at any time during normal business hours, Monday through Friday, 9:00 a.m. to 4:00 p.m.

If Class Members have questions after reading these FAQs, Class Members can obtain additional information about the proposed settlement in the Class Notice and the Claim Form by going to the web site, www.tiresettlement.com, or by calling, toll-free, 1-800-430-8741. Class Members may also direct questions about the settlement to Class Counsel, whose names and addresses are listed above.

PLEASE DO NOT CALL THE COURT OR THE CLERK OF THE COURT