



February 23, 2007

Dear Tire Dealer,

The USW sent letters in August and October of 2006 to sellers of Continental/General tires foreshadowing likely supply shortages associated with the Continental Tire North America (CTNA) shutdown of its Mayfield, Kentucky plant and cessation of production at its Charlotte, North Carolina facility. In our first letter to dealers, USW President Leo Gerard wrote: *"While CTNA may reap the profits of slashed labor costs, you will feel the pinch if supply chain glitches leave your shelves empty and your customers running elsewhere."*

By the time we sent our second letter on October 4, 2006, many of the supply line glitches we predicted were coming to fruition. The issue prompted a special report in Tire Business chronicling the serious problems tire dealers were having with CTNA. Although the information was primarily anecdotal, it was apparent that there were significant fill rate problems. We wanted better information and decided to directly survey independent tire dealers.

During October, November, and December of last year, USW members visited 376 tire dealers in ten different states across the country. Our findings confirmed our predictions: supply line problems are widespread and having a significant impact on tire dealers and their business. About half of the dealers surveyed or 179 reported serious problems with Continental. Major complaints included low demand, supply line difficulty, quality problems, poor support, and inconsistency in pricing. We also heard horror stories of poor service, incomplete shipments, and dealers waiting as long as three months to get tires.

A full report of our findings is attached. We encourage you to read it. You may find striking similarities to your own difficulties being experienced with the company.

We will continue to follow these developments closely and will keep you informed of anything we learn. We encourage you to bring any concerns you to your Continental Tire sales representatives. We would also appreciate hearing from you. You can reach me at 615-594-2074.

Sincerely,

A handwritten signature in black ink that reads "Joseph J. Drexler".

Joseph J. Drexler, Ph.D.
Manager of Strategic Research