



**Leo W. Gerard**  
International President

August 21, 2006

Dear Tire Dealer:

We are contacting you because your dealership carries Continental/General brand tires that have, until recently, been produced by members of the United Steelworkers at Continental Tire of North America (CTNA) facilities in Mayfield, Kentucky and Charlotte, North Carolina. As CTNA gears up for a major restructuring of its production capacities servicing the North American market, our review of the company's communications with tire dealerships nationwide indicates that it has not been forthright about the significant risks facing the company, its production and supply capabilities, and the Continental and General brand names.

Trouble for Continental in the North American market started almost twenty years ago when the company made its first foray into production in the United States. When Continental bought General Tire in 1987 it acquired a company whose factories needed significant equipment upgrades and new investment and suffered from virtually no brand recognition. Unfortunately, over the past nineteen years CTNA has done virtually nothing to turn this around. As tire industry analyst Klaus Haddenbrock puts it:

*"General tire is even weaker as a brand than it was 20 years ago and if you mention the name Continental, people think you are talking about the airline. If you insist, saying Continental tyres, 'Continental who?' is the response. Nobody recognizes Continental as a famous brand tyre manufacturer in the U.S."*

Through this long history of corporate losses, tire industry analysts point to CTNA's failure to develop a strong relationship with you, its tire dealer network, as a prevailing cause of the company's failure. For years, independent tire dealerships have complained that CTNA was a poor supplier, raising serious concerns about tire availability, unpredictable prices and a general lack of support.

After twenty years of mismanagement, the company claimed that it had solutions to its problems. At its first ever Gold Tire Dealers Convention in Las Vegas earlier this year, CTNA apologized and promised to change its ways. Dealers who attended will remember that the conference brochure featured the company's logo, patched together with a band-aid. CTNA vowed to become more consistent, in terms of supply, price and support.

The question remains — will unfulfilled promises and other band-aids solve these problems? We don't think so. While the company has made lofty promises that it will fix its broken business practices and optimistic assurances that Continental and General brand names will gain strength and build value in the American market, CTNA has yet to make any serious steps towards fixing its supply line, stabilizing prices or providing meaningful support for tire dealers.

In fact, while CTNA was making all of these promises to the tire dealerships, the company was simultaneously taking dangerous steps that would jeopardize both its supply line and brand name. CTNA made the decision to discontinue tire manufacturing at the Charlotte facility in July — the second of its three U.S. facilities to lose production. CTNA had ended production at Mayfield in 2005, yet kept a skeleton crew before recently announcing a final shutdown scheduled for 2007. Entire product lines, machinery and other equipment have been dismantled and shipped to Mexico (where workers' rights have also been violated), Brazil, South Africa and other countries around the world.

Experience indicates that moving production to more distant and less stable parts of the globe creates huge unpredictability and instability in supply lines. 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.

In addition to leaving supply lines vulnerable, CTNA's reckless move to exit the country and leave its workers behind has landed the company in a sea of legal trouble. In its hurry to cut costs at its Charlotte facility, the company broke the law and refused to bargain in good faith with their employees' union, the United Steelworkers (USW). Now the possibility of a multi-million dollar, federally imposed judgment looms over the company's head as it engineers the latest round of restructuring.

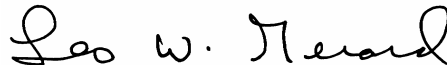
The decisions of CTNA are truly unconscionable. It imposed wage and benefit cuts on its workers, then tried to blame them for high labor costs. CTNA is walking away from its obligations to workers and retirees for health care, instead forcing the taxpayers to eventually pick up the tab.

In effect, CTNA is making a tactical retreat from producing in the world's number tire market. It has backed out on promises it made two decades ago to the workers and communities in Mayfield and Charlotte. The company is putting the burden of its management's mistakes onto the workers. It is truly a shame, but the USW will not stand by and allow CTNA to treat workers in this fashion.

The USW, with the full support of the AFL-CIO, is poised to launch a nationwide boycott of Continental and General Tires. Such a campaign would involve picketing, leafleting and large-scale protest activity at tire dealerships across the country, and significant disruption everywhere Continental and General tires are sold. The USW does not take the use of a boycott lightly, and we realize all of the risks and costs associated with such an action.

We encourage you to contact your sales representatives at Continental and promote a fair and equitable settlement to this labor dispute. If you have any questions or concerns regarding this situation, please do not hesitate to contact Shawn Gilchrist at (412) 562-6968. We look forward to working with you in pursuing a resolution that will benefit all parties concerned.

Sincerely,

A handwritten signature in black ink that reads "Leo W. Gerard". The signature is written in a cursive, flowing style.

Leo W. Gerard  
International President