

SETTLEMENT AGREEMENT AND RELEASE

Plaintiffs and Class Representatives, Barry Ballanger, Tod Bassett, Dennis Cantor, Jean Carper, Steve Duke, Pamela Duren, Scott B. Estelow, Holly Flom, Lois Freedman, Harry R. Greenblatt, Fredrick Jan Greenwood, George Hoxie, Nahed Jawhari, Kimberly A. Jackson, Carol Judd, Eliza Ko, Scott Larsen, Karen Lizurick, Nicholas Longo, Frank Matthews, M.D., Eileen Mattox, Richard Moore, Michael Muhlfelder, Wayne Mulzac, Cheryl Nolan, Torrey Marius Olson, John R. Owen, Larry Palmer, John Rhode, Paul F. Robinson, Jason S. Sheer, Michelle Smith, Christina Burden-Stewart, Jeannie Thompson, Lisa Tourlitis, Patrick Voss, Charles L. Williams and Hal Wochholz (“Plaintiffs” or “Class Representatives”), by and through their counsel, and Defendants, American Honda Motor Co., Inc. (“Honda”) and Michelin North America, Inc. (“Michelin”)(collectively, “Defendants”), by and through their counsel, hereby enter into this Settlement Agreement providing, subject to the approval of the Court, for the settlement of the claims herein described against Defendants (the “Settlement”).

WHEREAS, Plaintiffs have filed putative class actions against Honda and/or Michelin in the United States District Court for the District of Maryland (*In Re Michelin North America, Inc. Pax System Marketing and Sales Practices Litigation*, Case No. 8:08-md-01911-RWT, which action consolidated prior cases filed in the United States District Courts for the District of Arizona, Central District of California, Southern District of Florida, Northern District of Illinois and Southern District of New York, and in which case claims were asserted in a Consolidated Amended Complaint (“CAC”) for breach of written and implied warranty under the Magnuson-Moss Act (15 U.S.C. §§ 2301-2312) and applicable state law, California’s Unfair Competition Law (“UCL”), Business & Professions Code § 17200, False Advertising Law (“FAL”), Business & Professions Code § 17500, the Consumer Legal Remedies Act (“CLRA”), Cal. Civ. Code § 1750 *et seq.*, and alternative claims for unjust enrichment and under certain state consumer

protection statutes; and *Robinson v. American Honda Motor Co., Inc. et al*, Case No. 8:06-cv-03400-RWT, in which case claims for breach of express and implied warranty and violation of Maryland's consumer protection statute were asserted and which case was dismissed, which dismissal was affirmed by the United States Court of Appeals for the Fourth Circuit); in the United States District Court for the Central District of California (*Carper et al. v. American Honda Motor Co., Inc. et al.*, Case No. 2:07-cv-01481-MMM-AJW, in which case claims for violations of the UCL, FAL and CLRA were asserted and which case was dismissed and is presently on appeal to the United States Court of Appeals for the Ninth Circuit); and in the Superior Court of California, County of Alameda (*Olson et al. v. American Honda Motor Co., Inc.*, Case No.: RG07341165, in which case claims for violations of the UCL, FAL, CLRA and the Song-Beverly Consumer Warranty Act ("Song-Beverly Act"), Civil Code § 1790 *et seq.* were asserted), and/or served demand letters asserting the claims detailed in the CAC and, in the alternative, under various state consumer protection and warranty laws (collectively, the "Litigation");

WHEREAS, Plaintiffs and Defendants have vigorously contested and explored many of the factual and legal issues in this Litigation;

WHEREAS, Plaintiffs and Defendants first met and discussed the possibility of resolving this Litigation on March 30, 2008, and following further discovery, briefing, and argument of the issues in this Litigation, thereafter agreed to participate and participated in four (4) days of mediation sessions with Lewis H. Goldfarb, Esquire, former Vice President and Associate General Counsel of DaimlerChrysler Corporation, on September 15 and 16, 2008 and October 9 and 10, 2008, respectively, in Chicago, Illinois, and Dallas, Texas;

WHEREAS, after four (4) days of vigorous discussions and negotiations with the assistance of Mr. Goldfarb, the Parties made substantial progress towards reaching an agreement to resolve the Litigation and the disputes between them, but were not able to reach agreement as to all outstanding issues;

WHEREAS, the parties continued their discussions after October 10, 2008 and ultimately reached an agreement, subject to the Court's approval, to resolve the Litigation on December 15, 2008, after three (3) months of negotiations and settlement discussions;

WHEREAS, for purposes of this settlement only, Plaintiffs and Defendants (the "Parties") agree to the certification of a settlement class ("Class" or "Settlement Class") defined as follows:

All persons or entities who currently own or lease, or previously owned or leased, a Honda Odyssey Touring edition model or Acura RL model equipped with the "Technology Package," which included Michelin's PAX® Tire and Wheel Assembly System in the United States;

WHEREAS, the Parties agree that the following persons and entities should be excluded from the Class: Defendants, as well as Defendants' employees, officers and directors, and the Judge(s) to whom the Litigation is or has been assigned;

WHEREAS, Plaintiffs and Defendants have conducted a thorough examination and investigation of the facts and law relating to the matters in this Litigation;

WHEREAS, Defendants do not believe Plaintiffs' claims are meritorious and have denied and continue to deny that they are legally responsible or liable to Plaintiffs or any member of the Class for any of the matters asserted in this Litigation but have concluded that settlement is desirable in order to avoid the time, expense, and inherent uncertainties of

defending protracted litigation and to resolve, finally and completely all pending and potential claims of the Plaintiffs and all members of the Class relating to claims which were or could have been asserted by Plaintiffs and the Class in this Litigation relating to the practices at issue;

WHEREAS, Plaintiffs recognize the costs and risks of prosecution of this Litigation, and believe that it is in their interest, and the interest of all Class Members, to resolve this Litigation, and any and all claims against Defendants, in this Settlement Agreement;

WHEREAS, significant arm's-length settlement negotiations have taken place between the Parties and, as a result, this Settlement Agreement has been reached, subject to the Court approval process set forth herein;

WHEREAS, the undersigned Parties believe that this Settlement Agreement offers significant benefits to Class Members and is fair, reasonable, adequate and in the best interest of Class Members; and

WHEREAS, this Settlement Agreement is made and entered into by and among Plaintiffs, individually and on behalf of the Class, and Defendants;

NOW, THEREFORE, it is hereby stipulated and agreed, by and between the undersigned Parties, as follows:

I. DEFINITIONS

As used in this Settlement Agreement, the following terms shall have the meaning set forth below. Where appropriate, terms used in the singular shall be deemed to include the plural and vice versa.

A. **Action.** "Action" shall mean the above described class actions that also are defined as the "Litigation."

B. **Claim Form.** "Claim Form" shall mean a form in substantially the same form as that attached hereto as Exhibit "A."

C. **Claims Period.** "Claims Period" shall mean the time period through which Claim Forms may be submitted by Class Members and shall conclude one hundred and eighty (180) days after the entry of the Preliminary Approval Order (defined below) with respect to this Settlement.

D. **Class Counsel.** "Class Counsel" shall mean Shepherd, Finkelman, Miller & Shah, LLP, Andrus Liberty and Anderson LLP, Joseph Greenwald and Laake PA, Kemnitzer Anderson Barron Ogilvie & Brewer LLP, Wilentz Goldman and Spitzer PA, the Law Offices of Thomas D Mauriello, Initiative Legal Group LLP and Goldman and Minton PC .

E. **Class Counsel Fees and Expenses.** "Class Counsel Fees and Expenses" shall mean the reasonable attorneys' fees and expenses in the amount of Three Million Dollars and No Cents (\$3,000,000) that Defendants have agreed to pay to Class Counsel as part of the resolution of this Litigation, subject to approval of the Court. The Class Counsel Fees and Expenses will be paid separate and apart from any relief provided to the Class.

F. **Class Members.** "Class Members" shall mean all persons or entities who currently own or lease, or previously owned or leased, a Honda Odyssey Touring edition model or Acura RL model equipped with the "Technology Package," which included Michelin's PAX® Tire and Wheel Assembly System in the United States, with the exception of Defendants, Defendants' employees, officers and directors, and the Judge(s) to whom this Litigation is or has been assigned.

G. **Class Representatives.** "Class Representatives" shall mean Barry Ballanger, Tod Basset, Dennis Cantor, Jean Carper, Steve Duke, Pamela Duren, Scott B. Estelow, Holly Flom,

Lois Freedman, Harry R. Greenblatt, Fredrick Jan Greenwood, George Hoxie, Nahed Jawhari, Kimberly A. Jackson, Carol Judd, Eliza Ko, Scott Larsen, Karen Lizurick, Nicholas Longo, Frank Matthews, M.D., Eileen Mattox, Richard Moore, Michael Muhlfelder, Wayne Mulzac, Cheryl Nolan, Torrey Marius Olson, John R. Owen, Larry Palmer, John Rhode, Paul F. Robinson, Jason S. Sheer, Michelle Smith, Christina Burden-Stewart, Jeannie Thompson, Lisa Tourlitis, Patrick Voss, Charles L. Williams and Hal Wochholz.

H. **Class Notice.** “Class Notice” shall mean the Court-approved form of notice to Class Members informing them of the (i) preliminary approval of the Settlement; (ii) scheduling of the Final Approval Hearing; and (iii) opportunity to submit a claim, in substantially the same form as that attached hereto as Exhibit “B.”

I. **Court.** “Court” shall mean the United States District Court for the District of Maryland, the Honorable Roger W. Titus presiding, or his duly appointed successor.

J. **Defendants.** “Defendants” shall mean Honda and Michelin, as well as their predecessors, successors, assigns, directors, officers, agents, attorneys, representatives and employees. As to Honda, “Defendants” include, but not be limited to, Honda Motor Co., Ltd., Honda North America, Inc., Honda R & D Co., Ltd., Honda R & D Americas, Inc., Honda of America Mfg., Inc., Honda Manufacturing of Alabama, LLC, Honda of Canada Mfg., all Honda related companies involved in the development, design, testing, manufacture, assembly, distribution and sale of the vehicles and all authorized Honda and Acura automobile dealerships. As to Michelin, “Defendants” include, but are not limited to, Michelin North America, Inc., its affiliates and subsidiaries.

K. **Defendants' Counsel.** "Defendants' Counsel" shall mean Lewis Brisbois Bisgaard and Smith LLP, Bryan Cave LLP, Irwin Green and Dexter LLP and DLA Piper US LLP.

L. **Defendants' Lead Counsel.** "Defendants' Lead Counsel" shall mean Roy M. Brisbois of Lewis Brisbois Bisgaard and Smith LLP (who represents Honda) and Peter W. Herzog of Bryan Cave LLP (who represents Michelin).

M. **Effective Date.** "Effective Date" shall mean the date following the entry of the Final Approval Order on which the time for any appeal expires or the date upon which any appeal is finally terminated, whichever date is later.

N. **Final Approval Hearing.** "Final Approval Hearing" shall mean the hearing at which the Court will consider and finally decide whether to enter the Final Approval Order.

O. **Final Approval Order.** "Final Approval Order" shall mean the Court order that approves this Settlement Agreement, approves payment of attorneys' fees and expenses, and makes such other final rulings as are contemplated by this Settlement Agreement.

P. **Honda.** "Honda" shall mean American Honda Motor Co., Inc. and its predecessors, successors, assigns, directors, officers, agents, attorneys, representatives and employees.

Q. **Incentive Awards.** "Incentive Awards" shall mean the Eighty-Three Thousand Dollars and No Cents (\$83,000) in payments that the Defendants have agreed to pay to Plaintiffs to compensate them for their time and efforts on behalf of the Class, subject to approval of the Court.

R. **Lead Class Counsel.** “Lead Class Counsel” shall mean James E. Miller of Shepherd, Finkelman, Miller & Shah, LLP and Lori E. Andrus of Andrus Liberty and Anderson LLP.

S. **Litigation.** “Litigation” shall mean the Action as defined above.

T. **Michelin.** “Michelin” shall mean Michelin North America, Inc. and its predecessors, successors, assigns, directors, officers, agents, attorneys, representatives and employees.

U. **Objection Date.** “Objection Date” shall mean the date agreed upon by the Parties or otherwise ordered by the Court for Class Members to object to the Settlement Agreement’s terms or provisions and submit any required statements, proof, or other materials and/or argument.

V. **Opt-Out Deadline.** “Opt-Out Deadline” shall mean the date agreed upon by the Parties or otherwise ordered by the Court, by which any Class Members who do not wish to be included in the Settlement Class and participate in the Settlement Agreement must complete the acts necessary to properly effect such election.

W. **Opt-Out List.** “Opt-Out List” shall mean a written list prepared by Class Counsel of all Class Members who submit timely Requests for Exclusion.

X. **Parties.** “Parties” shall mean the Plaintiffs and Defendants.

Y. **PAX System.** “PAX System” shall mean Michelin’s PAX® Tire and Wheel Assembly System.

Z. **Plaintiffs.** “Plaintiffs” shall mean the Class Representatives as defined above.

AA. **Preliminary Approval Order.** "Preliminary Approval Order" shall mean the order of the Court preliminarily approving this Settlement Agreement, in substantially the same form as that attached hereto as Exhibit "C."

BB. **Request for Exclusion.** "Request for Exclusion" shall mean any request by any Class Member for exclusion from the Settlement.

CC. **Settlement.** "Settlement" shall mean the agreement by the Parties to resolve this Litigation, the terms of which have been memorialized and provided for in this Settlement Agreement.

DD. **Settlement Agreement.** "Settlement Agreement" shall mean this Settlement Agreement and all the exhibits attached hereto.

EE. **Settlement Class Members.** "Settlement Class Members" shall have the same meaning as Class Members.

FF. **Vehicles.** "Vehicles" shall mean all Honda Odyssey Touring edition models or Acura RL models equipped with the "Technology Package," which included Michelin's PAX® Tire and Wheel Assembly System, that were sold or leased in the United States.

II. **REQUIRED EVENTS**

A. Promptly after execution of this Settlement Agreement by all Parties:

1. Class Counsel and Defendants' Counsel shall take all reasonable and necessary steps, subject to the Court's availability, to obtain entry of the Preliminary Approval Order on or about January 14, 2009 and to obtain entry of the Final Approval Order on or before June 5, 2009.

2. The Parties shall seek entry of a Preliminary Approval Order in the same form as that attached hereto as Exhibit "C."

3. The Parties will use their best efforts, consistent with the terms of this Settlement Agreement, to promptly obtain a Final Approval Order.

4. In the event that the Court fails to issue the Preliminary Approval Order, or fails to issue the Final Approval Order, this Settlement Agreement is voidable by either party. However, the Parties agree to use their best efforts, consistent with this Settlement Agreement, to cure any defect(s) identified by the Court.

5. The Parties acknowledge that prompt approval, consummation, and implementation of the Settlement set forth in this Settlement Agreement is essential. The Parties shall cooperate with each other in good faith to carry out the purposes of and effectuate this Settlement Agreement, shall promptly perform their respective obligations hereunder, and shall promptly take any and all actions and execute and deliver any and all additional documents and all other materials and/or information reasonably necessary or appropriate to carry out the terms of this Settlement Agreement and the transactions contemplated hereby.

6. Upon Entry of the Final Approval Order, this Action and the Litigation shall be dismissed, on its merits and with prejudice, subject to the continuing jurisdiction of this Court. The Final Approval Order also will enjoin the prosecution of any litigation or class action on behalf of any member of the Settlement Class (other than any Class Members who timely opt out of or request exclusion from the Settlement Class) in any federal or state court in the United States.

III. SETTLEMENT TERMS

A. Michelin will provide a supplemental 36 month/36,000 mile warranty for current owners and lessees of the Vehicles. The warranty will apply to all current owners and lessees of the Vehicles, except that former owners and lessees of the Vehicles may submit claims for

reimbursement of purchases for replacement of past PAX tires (for which former owners and lessees are entitled to submit claims under the same terms as current owners and lessees) and such claims for reimbursement prior to the Effective Date shall cover reimbursement for PAX and non-PAX tire replacements. Class Members previously reimbursed for replacement of PAX tires are not eligible for reimbursement for those same PAX tires; provided, however, that Class Members who have previously been reimbursed for replacement PAX tires shall be entitled to receive the difference, if any, between the amount of any such reimbursement and any higher amount that they would have received under the terms of this Settlement. The warranty is non-transferable, and Class Members will be required to register for the warranty by completing and submitting the Claim Form within the Claims Period. Class Members who register for the warranty will receive a certificate from Michelin issued in the name of the Class Member that will entitle the Class Member to receive the benefits of the warranty. The certificate must be presented to the PAX® System authorized dealer when making any claim under the warranty. Reimbursement for PAX tires replaced prior to the Effective Date will be prorated on the basis of mileage (*i.e.*, the percentage of miles based upon the agreed 36,000 mile warranty limit), and based on documented cost of replacement. Reimbursement will be made promptly after the Effective Date. For tires replaced after the entry of the Final Approval Order and going forward in the future, Michelin will furnish a comparable PAX System tire based upon the following procedure: After presentation by the Class Member of the Supplemental Tire Warranty Certificate, an authorized PAX System dealer will determine (a) that the tire requires replacement, and (b) a pro-rata charge for the PAX System tire will be determined based upon the PAX System dealer's selling price and the number of miles of use actually achieved on the PAX System tire as a percentage of 36,000 miles. Class Members will be required to submit

documentation satisfactory to establish the number of miles of use achieved for each PAX System tire. Michelin will administer the supplemental treadwear warranty.

B. Michelin agrees that the service bulletin regarding shoulder wear will be published on Lead Class Counsels' websites for educational purposes.

C. Michelin agrees to provide enhanced information services through 877-PAX-TIRE, including verification that a referred Honda or Michelin dealer has the equipment, personnel and tires available to complete the repair at the time of referral.

D. Each Class Member who purchases within 180 days of the Effective Date, or who has previously purchased a Honda-approved PAX temporary tire (consisting of a compact or donut type tire) for a Vehicle or a Honda-approved PAX temporary tire kit (including a temporary tire consisting of a compact or donut type tire) for a Vehicle will, upon submission of appropriate documentation, receive a rebate for \$110.00. Reimbursement will be made after the Effective Date. Class Members shall only be eligible to claim one temporary/spare tire rebate payment per Vehicle/VIN Number. Honda agrees to create a mechanism so that Honda-approved PAX temporary spare tire kits (consisting of a compact or donut type tire) may be purchased from different dealers on a website offering such kits. Nothing in the Settlement Agreement is intended to prevent any Class Member from purchasing a Honda approved PAX temporary tire or spare tire kit (consisting of a compact or donut type tire) from a third party such as TireRack.com and obtaining reimbursement via a rebate from Honda in connection with such purchase.

E. As an alternative to the rebate on the purchase of a Honda approved PAX spare tire kit or spare tire, Class Members may obtain a \$300 rebate on the purchase of a new Honda

Odyssey or Acura RL. The rebate on the purchase of a new Honda Odyssey or Acura RL will be valid for 180 days from the Effective Date. American Honda will administer the rebate process.

F. Honda will treat the modification of any PAX-equipped Vehicle (including “de-PAXing”) as it would treat any Vehicle modification with respect to the terms of Honda’s Limited Warranty (*i.e.*, Honda will not take the position that any such modification voids the vehicle warranty unless such modification results in a failure of the part or system for which warranty coverage is being claimed by the customer). Honda will continue to maintain its position that it does not support or encourage retrofitting PAX-equipped Vehicles with non-PAX tires.

G. Any dispute regarding relief under the terms of the Settlement, including the validity of any Claim Form submitted, will be handled in accordance with the procedures set forth in Honda’s Limited Warranty (*i.e.*, the Better Business Bureau (“BBB”)), as found in the Honda or Acura warranty manual, except that the BBB decision shall be binding on all parties.

IV. NOTIFICATION TO CLASS MEMBERS

A. Defendants shall be responsible, subject to the Court approving the same, for the following notice program:

1. Defendants shall provide direct mailed notice to all Class Members for which addresses can be obtained by R.L. Polk & Co. (www.polk.com), a third party which maintains databases related to the automobile industry and which specializes in obtaining such information from, *inter alia*, the Departments of Motor Vehicle of all fifty (50) states in the United States.

2. The Class Notice will also be posted in a prominent location on Class Counsel’s websites. The Parties shall also work cooperatively so that all other pertinent

information to submit a claim, request exclusion from the Settlement, object to the Settlement or provide notice of an intention to appear in Court, is provided to all Class Members on Class Counsel's websites.

B. The Parties shall agree on language announcing the Settlement and to respond to any inquiries from the press or third parties and no additional or different statements shall be allowed by Plaintiffs or Plaintiffs' representatives. Plaintiffs recognize and agree that this provision is important to Defendants and that potentially inaccurate statements concerning this Settlement may cause confusion among Class Members, all of whom are or have been Defendants' customers. Thus, any breach of this provision by Plaintiffs or their representatives shall be deemed a material breach of this Settlement Agreement. Nothing in this paragraph shall be deemed to prevent Class Counsel from communicating with Plaintiffs and Class Members and discussing the nature, benefits, and reasons for this Settlement with them.

C. All costs of the notice program will be paid by Defendants. There shall be no charge to Defendants for the posting of the Class Notice on Class Counsel's websites or for posting any other information on such websites.

D. Proof of Notice. No later than ten (10) days prior to the Final Approval Hearing, Defendants shall provide an affidavit to the Court, with a copy to Class Counsel, attesting that notice was disseminated in a manner consistent with the terms of this Settlement Agreement, or those otherwise required by the Court.

V. REQUESTS FOR EXCLUSION BY CLASS MEMBERS

A. The provisions of this paragraph shall apply to any Request for Exclusion. Any Class Member may make a Request for Exclusion by mailing or delivering such request in writing to Lead Class Counsel and Defendants' Counsel at the addresses set forth in the Class

Notice. Any Request for Exclusion must be postmarked or delivered not later than the date specified in the Court's Preliminary Approval Order. Any Request for Exclusion shall (i) state the Class Member's full name and current address, (ii) identify the model year of his/her/its Vehicle(s) and the approximate date(s) of purchase or lease, and (iii) specifically and clearly state his/her/its desire to be excluded from the Settlement and from the Settlement Class.

Anyone who submits a Request for Exclusion must also provide the Vehicle Identification Number ("VIN") of the Vehicle with that Request.

B. Any Class Member who submits a timely Request for Exclusion may not file an objection to the Settlement and shall be deemed to have waived any rights or benefits under this Settlement Agreement.

C. Class Counsel shall report the names of all individuals who have submitted a Request for Exclusion to the Court no less than ten (10) days prior to the Final Approval Hearing.

VI. OBJECTIONS BY SETTLEMENT CLASS MEMBERS

A. The Parties will request that the Court enter an order requiring any Class Member who wishes to be heard orally at the Final Approval Hearing, or who wishes for any objection to be considered, to file a written notice of objection by the Objection Date, as well as a notice of intention to appear at the Final Approval Hearing. To state a valid objection to the Settlement, an objecting Settlement Class Member must provide the following information in his, her or its written objection (i) set forth his/her/its full name, current address, and current telephone number; (ii) identify the model year of his/her/its Vehicle(s), as well as the VIN of his/her Vehicle(s); (iii) set forth a statement of the position(s) the objector wishes to assert, including the factual and legal grounds for the position; and (iv) provide copies of any other documents that

the objector wishes to submit in support of his/her/its position. To be valid, an objection also must include a detailed statement of each objection asserted, including the grounds for objection. In addition, any Class Member objecting to the Settlement shall provide a detailed list of any other objections to any class action settlements submitted in any court, whether state, federal or otherwise, in the United States in the previous five (5) years. If the Class Member has not objected to any other class action settlement in any court in the United States in the previous five (5) years, he, she or it shall affirmatively so state in the written materials provided in connection with the objection to this Settlement. Finally, subject to approval of the Court, any objecting Class Member may appear, in person or by counsel, at the Final Approval Hearing held by the Court, to show cause why the proposed Settlement should not be approved as fair, adequate and reasonable, or object to any petitions for attorneys' fees, incentive awards, and reimbursement of reasonable litigation costs and expenses. The objecting Class Member must file with the Clerk of the Court and serve upon all counsel designated in the Class Notice, a notice of intention to appear at the Fairness Hearing ("Notice of Intention to Appear") by the Objection Deadline or on such other date that may be set forth in the Class Notice. The Notice of Intention to Appear must include copies of any papers, exhibits, or other evidence that the objecting Class Member (or his/her counsel) will present to the Court in connection with the Fairness Hearing. Any Class Member who does not provide a Notice of Intention to Appear in complete accordance with the deadlines and other specifications set forth in the Class Notice, and who has not filed an objection in complete accordance with the deadlines and other specifications set forth in this Settlement Agreement and the Class Notice, will be deemed to have waived any objections to the Settlement and shall be barred from speaking or otherwise presenting any views at the Final Approval Hearing.

B. The agreed-upon procedures and requirements for filing objections in connection with the Final Approval Hearing are intended to ensure the efficient administration of justice and the orderly presentation of any Class Member's objection to the Settlement Agreement, in accordance with such Class Member's due process rights. The Preliminary Approval Order and Class Notice will require all Class Members who have any objections to file such notice of objection or request to be heard with the Court, and serve by mail or hand delivery such notice of objection or request to be heard upon Class Counsel and Defendant's Counsel at the addresses set forth in the Class Notice, by no later than the Objection Date. The Preliminary Approval Order will further provide that objectors who fail to properly or timely file their objections with the Court, along with the required information and documentation set forth above, or to serve them as provided above, shall not be heard during the Final Approval Hearing, their objections will be waived and will not be considered by the Court.

VII. RELEASE, DISMISSAL OF ACTION AND JURISDICTION OF COURT

A. By this Settlement Agreement and the following Release, Defendants are released from any and all claims or causes of action that were, or could have been, asserted by the Plaintiffs or any Class Members against them, regarding the Vehicle and PAX System as alleged in the Action and Litigation. Without assuming that the Release given by this Settlement Agreement is a general release, Plaintiffs and Class Members expressly waive and relinquish to the fullest extent permitted by law, the rights provided by Section 1542 of the California Civil Code, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which if known by him must have materially affected his

settlement with the debtor.

Plaintiffs and the Settlement Class Members recognize that, even if they may later discover facts in addition to or different from those which they now know or believe to be true, they nevertheless agree that, upon entry of the Final Approval Order and accompanying Judgment, Plaintiffs and the Settlement Class Members fully, finally, and forever settle and release any and all of the Released Claims. The Parties acknowledge that the foregoing waiver and release was bargained for and is a material element of the Settlement Agreement.

B. This Settlement Agreement and Release does not affect the rights of Class Members who timely and properly request exclusion from the Settlement Agreement.

C. The administration and consummation of the Settlement as embodied in this Settlement Agreement shall be under the authority of the Court. The Court shall retain jurisdiction to protect, preserve, and implement the Settlement Agreement, including, but not limited to, the Release. The Court expressly retains jurisdiction in order to enter such further orders as may be necessary or appropriate in administering and implementing the terms and provisions of the Settlement Agreement, including, but not limited to, orders enjoining Class Members from prosecuting claims that are released pursuant to the Settlement Agreement.

D. Upon issuance of the Final Approval Order: (i) the Settlement Agreement shall be the exclusive remedy for any and all Class Members, except those who have opted out in accordance with the terms and provisions hereof; (ii) the Defendants shall not be subject to liability or expense of any kind to any Class Member(s) except as set forth herein; and (iii) Class Members shall be permanently barred from initiating, asserting, or prosecuting any and all released claims against Defendants in any federal or state court in the United States or any other tribunal.

VIII. ATTORNEYS' FEES AND INCENTIVE AWARDS

A. All expenses incurred in administering this Settlement Agreement, including, without limitation, all attorneys' fees and costs, the cost of the Class Notice, and the cost of distributing and administering the benefits of the Settlement Agreement, shall be paid by Defendants, subject to the limitations contained herein.

B. Defendants have agreed to pay, subject to Court approval, and to support the award of attorneys' fees, costs and expenses in the total sum of Three Million Dollars And No Cents (\$3,000,000), which shall be paid upon application by Class Counsel to the Court. In no event shall Defendants be required to pay Plaintiffs, Class Members, Lead Class Counsel, Class Counsel or other counsel in aggregate any attorneys' fees, costs or expenses in an amount greater than \$3,000,000 for any activity related in any way to this Action or Litigation. Such award shall be paid by wire transfer and shall be delivered to an account to be designated and agreed upon by the Parties within fourteen (14) days after the date the Final Approval Order is entered. In the event that the Final Approval Order is reversed, and such reversal becomes final (*i.e.*, all appeals and avenues of review are exhausted), the full amount of any attorneys' fees, costs and expenses shall be remitted to Defendants within fourteen (14) days of such reversal becoming final.

C. Given the efforts of the Plaintiffs on behalf of the Class Members, Defendants have agreed to pay Plaintiffs a total amount of Eighty-Three Thousand Dollars and No Cents (\$83,000) in Incentive Awards, to be paid as follows: \$5,000 each to Larry Palmer and Charles L. Williams, who attended all four (4) days of mediation and worked vigorously to represent Plaintiffs and the Class; \$2,500 each to George Hoxie and Torrey Marius Olson, who appeared for deposition in the litigation pending in the Superior Court of California, County of Alameda and worked vigorously to represent Plaintiffs and the Class; and \$2,000 each to Barry Ballanger,

Tod Bassett, Dennis Cantor, Jean Carper, Steve Duke, Pamela Duren, Scott B. Estelow, Holly Flom, Lois Freedman, Harry R. Greenblatt, Fredrick Jan Greenwood, Nahed Jawhari, Kimberly A. Jackson, Carol Judd, Eliza Ko, Scott Larsen, Karen Lizurick, Nicholas Longo, Frank Matthews, M.D., Eileen Mattox, Richard Moore, Michael Muhlfelder, Wayne Mulzac, Cheryl Nolan, John R. Owen,, John Rhode, Paul F. Robinson, Jason S. Sheer, Michelle Smith, Christina Burden-Stewart, Jeannie Thompson, Lisa Turlitis, Patrick Voss, and Hal Wochholz, all of whom actively participated in the Litigation and performed significant work on behalf of the Class. Such award shall be paid by wire transfer and delivered to an account to be designated and agreed upon by the parties within fourteen (14) days after entry of the Final Approval Order. In the event that the Final Approval Order is reversed, and such reversal becomes final (*i.e.* all appeals and avenues of review are exhausted), the full amount of all Incentive Awards shall be remitted to Defendants within fourteen (14) days of such reversal becoming final.

IX. REPRESENTATIONS, WARRANTIES AND COVENANTS

A. Lead Class Counsel, who are signatories hereof, represent and warrant that they have the authority, on behalf of Plaintiffs and Class Counsel, to execute, deliver, and perform this Settlement Agreement and to consummate all of the transactions contemplated hereby. This Settlement Agreement has been duly and validly executed and delivered by Lead Class Counsel and Plaintiffs and constitutes their legal, valid and binding obligation.

B. Defendants, through their undersigned attorneys, represent and warrant that they have the authority to execute, deliver, and perform this Settlement Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by Defendants of this Settlement Agreement and the consummation by it of the actions contemplated hereby have been duly authorized by all necessary corporate action on the part of

Defendants. This Settlement Agreement has been duly and validly executed and delivered by Defendants and constitutes their legal, valid, and binding obligation.

X. MISCELLANEOUS PROVISIONS

A. This Settlement Agreement, and the exhibits and related documents hereto, are not to be used in evidence and shall not at any time be construed or deemed to be any admission or concession by Defendants with respect to any alleged wrongdoing, fault, or omission of any kind whatsoever, regardless of whether or not this Settlement Agreement results in entry of a Final Approval Order as contemplated herein. Defendants specifically deny all of the allegations made in connection with the Litigation. Neither this Settlement Agreement nor any class certification pursuant to it shall constitute, in this or in any other proceeding, an admission by either Defendant, or evidence or a finding of any kind, that any requirement for class certification is satisfied with respect to the Litigation, or any other litigation, except for the limited purpose of settlement pursuant to this Settlement Agreement. This Settlement Agreement also is made with the Parties' understanding and agreement that (a) under applicable laws, it is appropriate that a class be certified for settlement purposes only (*i.e.*, without needing to satisfy fully the standard required for certification of the matter for litigation purposes); (b) Defendants contest and deny that any class, including the proposed Settlement Class, is suitable for certification as a class under the law of any jurisdiction, other than for the purposes of this Settlement Agreement; and (c) notwithstanding any other provisions of this Settlement Agreement, all actions and proceedings pursuant to it shall be consistent with the foregoing. This provision shall survive the expiration or voiding of the Settlement Agreement.

B. This Settlement Agreement is entered into only for purposes of Settlement. In the event that the Final Approval Order is not entered, then this Settlement Agreement, including

any releases or dismissals hereunder, is canceled, and no term or condition of this Settlement Agreement, or any draft thereof, or of the discussion, negotiation, documentation or other part or aspect of the Parties' settlement discussions, shall have any effect, nor shall any such matter be admissible in evidence for any purpose, or used for any purposes whatsoever in the Litigation, and all Parties shall be restored to their prior rights and positions as if the Settlement Agreement had not been entered into.

C. Simultaneously herewith, Lead Class Counsel and Defendants' Counsel are executing a "Supplemental Agreement" setting forth, among other things, certain conditions under which this Settlement Agreement may be withdrawn or terminated by any of the Defendants including if, prior to the Settlement Hearing, more than the agreed-upon percentage of Class Members have submitted valid and timely Requests for Exclusion. For the purposes of determining whether the conditions set forth in the Supplemental Agreement have occurred, copies of all Requests for Exclusion timely received, together with copies of all written revocations of Requests for Exclusion, shall be delivered to the Defendants' Counsel within three (3) days of receipt by Lead Class Counsel, but, in no event, later than ten (10) Court days before the Final Approval Hearing. The Supplemental Agreement shall not be filed unless (i) required by the Court, (ii) a dispute arises regarding its terms, or (iii) the Defendants exercise their rights thereunder. In the event of a withdrawal from this Settlement Agreement in accordance with the terms of the Supplemental Agreement, this Settlement Agreement shall become null and void and of no further force and effect. Notwithstanding the foregoing, the Settlement Agreement shall not become null and void as a result of the election by any of the Defendants to exercise their option to withdraw from the Settlement Agreement, pursuant to the Supplemental Agreement until the conditions set forth in the Supplemental Agreement have been satisfied.

D. The attorneys' fees, expenses and costs, including the fees and expenses of experts and consultants, as awarded by the Court, shall be paid in accordance with the terms set forth in paragraph VIII A and B of the Settlement Agreement within fourteen (14) days of the Court executing an order awarding such fees and expenses, notwithstanding the existence of any timely-filed objections, or potential appeal therefrom, or collateral attack on the Settlement or any part thereof. Lead Class Counsel may, at their discretion, allocate the attorneys' fees among Class Counsel in any manner in which they in good faith believe reflects the contributions of such counsel to the prosecution and settlement of the Litigation. In the event attorneys' fees or expenses are awarded by the Court and paid to Class Counsel, all Class Counsel who receive any payment of attorneys' fees or expenses agree that they accept payment subject to the joint and several obligation of each and every one of Class Counsel (including their respective partners, shareholders and firms) receiving payments to make repayment within fourteen (14) days from receiving notice from Defendants' Counsel or from a court of appropriate jurisdiction, of the entire amount required by any court or appellate court to be repaid with accrued interest, in the event, for any reason, including, without limitation, appeal, further proceeding on remand or successful collateral attack, the attorneys' fees or expense award is reduced or reversed. Furthermore, all Class Counsel (including their respective partners, shareholders and/or firms) agree that they remain subject to the continuing jurisdiction of the Court for the purpose of enforcing their joint and several obligation to repay required attorneys' fees and expenses as provided in this paragraph, as well as with respect to any restrictions contained in the Supplemental Agreement.

E. The headings of the sections and paragraphs of this Settlement Agreement are included for convenience only and shall not be deemed to constitute part of this Settlement Agreement or to affect its construction.

F. This Settlement Agreement, including all exhibits attached hereto, may not be modified or amended except in writing and signed by all of the Parties.

G. This Settlement Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

H. This Settlement Agreement shall be governed by and construed in accordance with the substantive laws of the State of California without giving effect to any choice or conflict of law provision, or rule that would cause the application of the laws of any other jurisdiction.

I. Except as otherwise provided in this Settlement Agreement, each party to this Settlement Agreement shall bear his, her or its own costs of the Litigation.

J. The Parties to this Settlement Agreement reserve the right, by agreement and subject to the Court's approval, to grant any reasonable extensions of time that might be necessary to carry out any of the provisions of this Settlement Agreement, as well as to correct any inadvertent, non-substantive mistakes or typographical errors contained in any of the Settlement papers.

K. Proper notice shall be given to Plaintiffs and Defendants of all applications for Court approval or Court orders required under this Settlement Agreement.

L. The determination of the terms of, and the drafting of, this Settlement Agreement, including its exhibits, has been by mutual agreement after negotiation, with consideration by and participation of all Parties and their counsel. Since this Settlement Agreement was drafted with

the participation of all Parties and their counsel, the presumption that ambiguities shall be construed against the drafter does not apply. Each of the Parties was represented by competent and effective counsel throughout the course of settlement negotiations and in the drafting and execution of this Settlement Agreement, and there was no disparity in bargaining power among the Parties to this Settlement Agreement.

M. All of the exhibits of this Settlement Agreement are material and integral parts hereof, and are fully incorporated herein by reference. This Settlement Agreement and the exhibits hereto constitute the entire, fully integrated agreement among the Parties and cancel and supercede all prior written and unwritten agreements and understandings pertaining to the Settlement of the Litigation.

N. The Parties agree that any disputes regarding the meaning of the terms and conditions of this Settlement Agreement, the Parties' rights and obligations under this Settlement Agreement, and/or as to any disagreement regarding the manner in which any issue or dispute arising under this Settlement Agreement should be resolved, shall be submitted to the Court for resolution.

O. Notices. All notices to the Parties or counsel required by this Settlement Agreement shall be made in writing and communicated by electronic and regular mail to the following addresses (unless one of the Parties subsequently designates one or more other designees):

If to Lead Class Counsel or Class Counsel:

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If to Honda or Honda's Counsel:

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Email: brisbois@lbbslaw.com

If to Michelin or Michelin's Counsel:

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IN WITNESS WHEREOF, Plaintiffs and Defendants, by and through their respective counsel, have executed this Settlement Agreement as of the date(s) indicated on the lines below.

Dated: January 7, 2009



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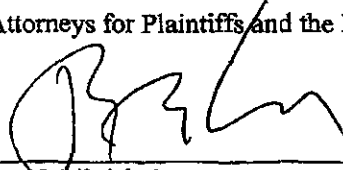
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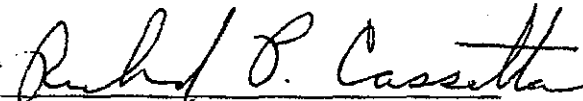
Dated: January 7, 2009

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Dated: January 7, 2009



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