

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

**In Re: AUTOMOTIVE PARTS
ANTITRUST LITIGATION**

**12-md-02311
Honorable Marianne O. Battani**

In Re: BEARINGS CASES

**THIS DOCUMENT RELATES TO:
ALL DIRECT PURCHASER ACTIONS**

**2:12-cv-00501-MOB-MKM
2:15-cv-12068-MOB-MKM**

**NOTICE OF PROPOSED SETTLEMENT OF DIRECT
PURCHASER CLASS ACTION WITH SCHAEFFLER
DEFENDANTS AND HEARING ON SETTLEMENT APPROVAL**

TO: ALL PERSONS AND ENTITIES WHO PURCHASED BEARINGS IN THE UNITED STATES DIRECTLY FROM A DEFENDANT DURING THE PERIOD FROM JANUARY 1, 2000 THROUGH MARCH 21, 2017.

PLEASE READ THIS ENTIRE NOTICE CAREFULLY. YOUR LEGAL RIGHTS MAY BE AFFECTED BY LITIGATION NOW PENDING IN THIS COURT.

WHAT IS THE PURPOSE OF THIS NOTICE AND WHY WAS IT SENT TO ME?

This Notice is given pursuant to Rule 23 of the Federal Rules of Civil Procedure and Orders of the United States District Court for the Eastern District of Michigan, Southern Division. The purpose of this Notice is to inform you of a proposed settlement with Defendants Schaeffler Group USA Inc., Schaeffler Technologies AG & Co. KG (formerly Schaeffler Technologies GmbH & Co. KG), and FAG Kugelfischer GmbH (collectively, "Schaeffler" or the "Schaeffler Defendants"). Under the terms of the proposed settlement, the Settling Defendants will pay a total of \$21 million and provide cooperation to assist Plaintiffs in the prosecution of the claims against the remaining Defendants.

This litigation, and the proposed settlement, relate to both automotive and industrial machinery Bearings purchased **directly** from a Defendant. Bearings are friction-reducing devices that allow one moving part to glide past another moving part.

If you purchased Bearings in the United States directly from any of the Defendants identified below during the period from January 1, 2000 through March 21, 2017 (the "Class Period"), you are a member of the Schaeffler Settlement Class and have the rights and options summarized here:

- You may remain in the Schaeffler Settlement Class and be eligible to share in the Schaeffler Settlement Fund under a claims procedure that will be instituted in the future;
- You may exclude yourself from the Schaeffler Settlement Class, in which case you will **not** be bound by the settlement and will **not** be eligible to share in the Schaeffler Settlement Fund;
- If you do not exclude yourself from the Schaeffler Settlement Class, you may object in writing to the proposed Schaeffler settlement or to the request to use a portion of the Settlement Fund to pay litigation expenses, and appear at the hearing where the Court will determine whether the proposed settlement should be approved as fair, adequate, and reasonable and whether a portion of the Settlement Fund may be used to pay litigation expenses; and
- You may enter an appearance in the litigation through your own counsel at your own expense.

You do **not** need to take any action at this time if you wish to remain in the Schaeffler Settlement Class. You should retain all of your records of Bearings purchases for use in the claims procedure that will be instituted at a later date.

WHO IS IN THE SCHAEFFLER SETTLEMENT CLASS?

On July 26, 2017, the Court certified a Direct Purchaser Schaeffler Settlement Class (the “Schaeffler Settlement Class”) for purposes of disseminating notice of the proposed Schaeffler settlement, defined as follows:

All individuals and entities (excluding any Defendant and its present and former parents, subsidiaries, and affiliates) that purchased Bearings in the United States directly from one or more Defendant from January 1, 2000, through March 21, 2017.

For purposes of the Schaeffler Settlement Class definition set forth above, the following entities are Defendants: Schaeffler Group USA Inc.; Schaeffler Technologies GmbH & Co. KG (now Schaeffler Technologies AG & Co. KG); FAG Kugelfischer GmbH; JTEKT Corporation; Koyo Corporation of U.S.A.; Koyo France SA; Koyo Deutschland GmbH; Nachi-Fujikoshi Corp.; Nachi America Inc.; Nachi Technology, Inc.; Nachi Europe GmbH; NSK Ltd.; NSK Americas, Inc.; NSK Europe Ltd.; NSK Corporation; AB SKF; SKF GmbH; SKF USA Inc.; NTN Corporation; NTN USA Corporation; NTN Walzlager GmbH; and NTN-SNR Roulements SA.

Plaintiffs DALC Gear & Bearing Supply Corp., McGuire Bearing Company, and Sherman Bearings, Inc. have been appointed by the Court to serve as Class Representatives for the Schaeffler Settlement Class. The Court has appointed the law firms of Freed Kanner London & Millen LLC, Kohn, Swift & Graf, P.C., Preti, Flaherty, Beliveau & Pachios LLP, and Spector Roseman & Kodroff, P.C. to serve as Co-Lead Counsel for the Direct Purchaser Schaeffler Settlement Class (“Co-Lead Settlement Class Counsel”).

WHAT IS THIS LITIGATION ABOUT?

Beginning in 2012, class action lawsuits were filed against Defendants by Plaintiffs, who are direct purchasers of Bearings. Plaintiffs allege that Defendants entered into a conspiracy to suppress and eliminate competition for Bearings by agreeing to raise, fix, maintain, or stabilize prices, rig bids, and allocate markets and customers for Bearings in violation of federal antitrust laws. Plaintiffs further allege that as a result of the conspiracy, they and other direct purchasers of Bearings were injured by paying more for those products than they would have paid in the absence of the alleged illegal conduct, and they seek recovery of treble damages, together with reimbursement of costs and an award of attorneys’ fees.

Schaeffler denies Plaintiffs’ allegations and has agreed to settle this matter in order to avoid the expense and burden of further litigation. The Court has not issued any findings or rulings with respect to the merits of Plaintiffs’ claims or Defendants’ defenses. This is a settlement with Schaeffler only. Plaintiffs are continuing to prosecute the case against the remaining non-settling Defendants.

WHAT RELIEF DOES THE PROPOSED SETTLEMENT PROVIDE?

Plaintiffs, on behalf of the Schaeffler Settlement Class, have entered into a settlement with Schaeffler dated March 21, 2017, under which Schaeffler has agreed to pay \$21 million. The Settlement Agreement gives Schaeffler the right to reduce the amount of the settlement, but under no circumstances to less than \$16 million, or to withdraw from the settlement, based on valid and timely requests for exclusion by members of the Schaeffler Settlement Class.

Schaeffler has also agreed to cooperate with Plaintiffs in the prosecution of the lawsuit against the remaining Defendants. The cooperation provided for under the terms of the Settlement Agreement includes (a) the production of documents and data potentially relevant to Direct Purchaser Plaintiffs’ claims; (b) assistance in understanding information produced to Direct Purchaser Plaintiffs and facilitating the use of such information at trial; (c) meetings between Co-Lead Settlement Class Counsel and the Settling Defendants’ attorneys who will provide proffers of information relevant to the claims in this litigation; (d) witness interviews; (e) deposition testimony; (f) affidavits or declarations; and (g) trial testimony.

Co-Lead Settlement Class Counsel agreed to the proposed settlement to ensure a fair and reasonable resolution to this matter, and to provide benefits to the members of the Schaeffler Settlement Class while recognizing the existence of complex, contested issues of law and fact; the risks inherent in such complex litigation; the likelihood that in the absence of settlement, future proceedings would take several years and be extremely costly; and the magnitude of the benefits resulting from the settlement in light of the possible range of recovery that could be obtained through further litigation, including the risk of no recovery. Co-Lead Settlement Class Counsel believe that it is in the best interests of the Schaeffler Settlement Class to enter into the proposed settlement and resolve this litigation as to the Schaeffler Defendants only.

This Notice is only a summary of the terms of the proposed settlement. The Settlement Agreement contains other important provisions, including the release of certain claims against the Schaeffler Defendants, and you are referred to the Settlement Agreement, which is on file with the Clerk of Court and available online at www.AutoPartsAntitrustLitigation.com, for the complete terms of the settlement. The proposed settlement must receive final approval by the Court to become effective.

If you are a member of the Schaeffler Settlement Class and the proposed settlement is approved and becomes effective, you will be bound by its terms, including the release provisions. If you wish to object to the settlement, you may do so, but only in accordance with the procedures set forth below. If you do not object to the settlement, you do not need to take any action to indicate your support for, or lack of objection to, the settlement.

HOW DO I REMAIN IN THE SETTLEMENT CLASS AND WHAT HAPPENS IF I DO?

If you are a member of the Schaeffler Settlement Class as defined above, you will automatically remain in the Schaeffler Settlement Class unless you elect to be excluded. If you wish to remain in the Schaeffler Settlement Class, you do not need to take any action, and your interests will be represented by the Class Representatives and by Co-Lead Settlement Class Counsel. You will have no responsibility to individually pay attorneys' fees or expenses. Any such fees and expenses will be paid solely from amounts obtained from the Defendants, whether by settlement or judgment, and must be approved by the Court after notice to you and a hearing. If you choose, you may also have your own attorney enter an appearance on your behalf and at your expense.

If you remain in the Schaeffler Settlement Class and the final judgment order dismissing Schaeffler from the litigation becomes final and unappealable, you will be bound by that judgment.

As a member of the Schaeffler Settlement Class, you will be eligible to share in the Schaeffler Settlement Fund pursuant to a claims procedure that will begin at a later date. Co-Lead Settlement Class Counsel are not presently asking the Court to distribute the Settlement Fund proceeds. If you remain a member of the Schaeffler Settlement Class, you will receive additional notice at a later date, and you will have an opportunity to object to and be heard in connection with the proposed plan of distribution at that time.

Do not dispose of any document that reflects your purchases of Bearings in the United States directly from any Defendant during the period from January 1, 2000, to March 21, 2017. You may need those documents to complete a claim form in the future, which would be subject to inquiry and verification if the settlement is approved or if damages are otherwise recovered from Schaeffler or another Defendant.

Co-Lead Settlement Class Counsel are not seeking payment of attorneys' fees at this time. In connection with seeking final approval of the settlement, Plaintiffs will seek permission from the Court to use up to twenty percent (20%) of the settlement amount to pay Plaintiffs' litigation expenses, including, but not limited to, costs for experts, depositions, document reproduction and review, and other costs incurred in prosecuting the case.

At a later date, Co-Lead Settlement Class Counsel will ask the Court for an award of attorneys' fees and reimbursement of additional litigation expenses, as well as payment of incentive awards to the Class Representatives for their service to the class. You will be sent notice and be given an opportunity to object and be heard by the Court when Settlement Class Counsel seek payment of attorneys' fees, reimbursement of litigation expenses, and incentive awards from the Schaeffler Settlement Fund.

WHAT IF I DO NOT WANT TO REMAIN IN THE SCHAEFFLER SETTLEMENT CLASS?

If you wish to exclude yourself from the Schaeffler Settlement Class, you must send a request for exclusion in writing, via certified mail, return receipt requested, **postmarked no later than October 2, 2017**, to Co-Lead Settlement Class Counsel and to counsel for Schaeffler at the addresses set forth below, and to the following address:

Bearings Direct Purchaser Antitrust Litigation
P.O. Box 4230
Portland, OR 97208-4230

Your request for exclusion must include the full name and address of the purchaser (including any predecessor or successor entities and any trade names). You are also requested to identify the Defendant(s) from which you purchased Bearings during the Class Period, the Bearings purchased, and the dollar amount of those purchases. If you validly exclude yourself from the Schaeffler Settlement Class, you will not be bound by any decision concerning the Schaeffler settlement, and you may pursue individually any claims you may have against Schaeffler, but you will not be eligible to share in the Settlement Fund created by the Schaeffler settlement.

WHEN WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT, AND HOW CAN I TELL THE COURT WHAT I THINK ABOUT THE SETTLEMENT?

The Court will hold a hearing on **November 8, 2017, at 10:00 a.m.**, at the Theodore Levin United States Courthouse, 231 West Lafayette Boulevard, Detroit, MI 48226, Courtroom 272, to determine whether the proposed Schaeffler settlement should be approved as fair, reasonable, and adequate. The Court will also consider at the hearing whether to approve Plaintiffs' request to utilize a portion of the Schaeffler Settlement Fund to pay Plaintiffs' litigation expenses. The hearing may be postponed without further notice to you.

If you do not exclude yourself from the Schaeffler Settlement Class and you wish to object to the settlement or to Plaintiffs' request to utilize a portion of the Schaeffler Settlement Fund to pay Plaintiffs' litigation expenses, you must do so in writing. Your objection must include the caption of this litigation, must be signed, and be **filed no later than October 2, 2017**, with the Clerk of Court, United States District Court for the Eastern District of Michigan, Southern Division, Theodore Levin United States Courthouse, 231 West Lafayette Boulevard, Detroit, MI 48226, and mailed to the following counsel, **postmarked no later than October 2, 2017**:

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Co-Lead Counsel for the Direct Purchaser Schaeffler Settlement Class

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HALE AND DORR LLP
60 State Street
Boston, MA 02109
Telephone: (617) 526-6000

Counsel for the Schaeffler Defendants

If you do not object to the proposed Schaeffler settlement or to Plaintiffs' request to utilize a portion of the settlement proceeds to pay Plaintiffs' litigation expenses, you do not need to appear at the hearing or take any other action at this time.

WHAT SHOULD I DO IF I WANT ADDITIONAL INFORMATION OR IF MY ADDRESS CHANGES?

If this Notice reached you at an address other than the one on the mailing label, or if your address changes, please send your correct address to Bearings Direct Purchaser Antitrust Litigation, P.O. Box 4230, Portland, OR 97208-4230.

The Settlement Agreement, Complaints, and other public documents filed in this litigation are available for review during normal business hours at the offices of the Clerk of Court, United States District Court for the Eastern District of Michigan, Southern Division, Theodore Levin United States Courthouse, 231 West Lafayette Boulevard, Detroit, MI 48226 and through the Court's Public Access to Court Electronic Records (PACER) system after registration and payment of a modest fee. Copies of the Settlement Agreement and certain other documents relevant to this litigation are available at **www.AutoPartsAntitrustLitigation.com**. Questions concerning the proposed Schaeffler settlement, this Notice, or the litigation may be directed to any of the Co-Lead Settlement Class Counsel identified above.

Please do not contact the Clerk of the Court or the Judge.

Dated: August 10, 2017

BY ORDER OF:

The United States District Court for the Eastern District of Michigan, Southern Division