

IN THE IOWA DISTRICT COURT FOR MUSCATINE COUNTY

PLUMBERS AND PIPEFITTERS LOCAL)
572 PENSION FUND, On Behalf of Itself) Case No. EQCV017067
and All Others Similarly Situated,)
)
Plaintiff,)
)
vs.)
)
BANDAG, INC., et al.,)
)
Defendants.)
)

NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION

IF YOU OWNED BANDAG, INC. (“BANDAG” OR THE “COMPANY”) COMMON STOCK FROM DECEMBER 5, 2006, THROUGH AND INCLUDING JUNE 1, 2007 [THE DATE FOLLOWING THE ACQUISITION OF BANDAG BY BRIDGESTONE AMERICAS HOLDING (“BRIDGESTONE”)], YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF A CLASS ACTION.

The District Court of Muscatine County, Iowa authorized this Notice. This is not a solicitation from a lawyer.

- The settlement resolves a lawsuit over whether Defendants breached their fiduciary duties to the shareholders of Bandag common stock in connection with the acquisition of Bandag by Bridgestone (the “Acquisition”).
- The settlement provides for an amendment to one clause of the Merger Agreement and the disclosure of additional information by Bandag in its Definitive Proxy Statement filed with the Securities and Exchange Commission (“SEC”) on or about March 2, 2007 and disseminated to Bandag shareholders. The Plaintiff believes disclosure of such information was necessary in order for Bandag shareholders to make an informed vote on the Acquisition. The disclosures, recommended by Plaintiff, included information about the matters described in Section 6(a) of this Notice. The Amendment to the Merger Agreement concerns the duties and obligations of Bandag upon receipt of additional proposals to acquire Bandag.
- The settlement also provides for payment of Plaintiff’s attorneys’ fees and expenses by Bandag or its successor.
- Please read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
DO NOTHING	You are satisfied with the Acquisition and have no complaints about this settlement.
OBJECT	You may write to the Court if you don’t like this settlement.
GO TO A HEARING	You may ask to speak in Court about the fairness of the settlement.

- These rights and options — ***and the deadlines to exercise them*** — are explained in this Notice.
- The Court in charge of this case must decide whether to approve the settlement.

BASIC INFORMATION

1. Why Did I Get This Notice?

You or someone in your family may have held shares of Bandag common stock from December 5, 2006 through and including June 1, 2007 (the date following the closing of the Acquisition).

The Court sent you this Notice because you have a right to know about a proposed settlement of a class action lawsuit before the Court decides whether to approve the settlement.

This Notice explains the lawsuit, the settlement and your legal rights.

The Court in charge of the case is the Iowa District Court for Muscatine County, and the case is known as *Plumbers and Pipefitters Local 572 Pension Fund v. Bandag, Inc., et al.*, Case No. EQCV017067. Bandag, Gary E. Dewell, R. Stephen Newman, Roy J. Carver, Jr., James R. Everline, Phillip J. Hanrahan, Martin G. Carver, and Amy P. Hutton are called the Defendants.

2. What Is This Lawsuit About?

This case was brought as a class action alleging that the Defendants breached their fiduciary duties to the shareholders of Bandag common stock in connection with the acquisition of Bandag by Bridgestone. Plaintiff sought to stop the Defendants from proceeding with the acquisition and challenged the terms of the merger agreement between Bandag and Bridgestone whereby Bridgestone agreed to pay \$50.75 per share for each share of Bandag common stock (“Merger Agreement”) and the alleged omission of information necessary for Bandag shareholders to make an informed vote on the Acquisition. Defendants contend that the allegations are meritless, that the Acquisition provided the maximum available value for shareholders, and the process under which the Acquisition was negotiated was entirely appropriate. Defendants also believe the SEC disclosures fully complied with all applicable law. In the interests of settlement and avoiding the time, expense and inconvenience, however, Defendants agreed to amend one provision of the Merger Agreement and to provide certain additional disclosures to Bandag shareholders about the proposed acquisition.

3. Why Is This a Class Action?

In a class action, one or more people or entities called class representatives (in this case Plumbers and Pipefitters Local 572 Pension Fund), sue on behalf of people and entities who have similar claims. Here, all these people and entities are called a Class or Class Members. One court resolves the issues for all Class Members.

4. Why Is There a Settlement?

The Court did not decide in favor of Plaintiff or Defendants. Instead, both sides agreed to a settlement, thereby avoiding the cost of a trial. Before agreeing to finalize the settlement, Plaintiff’s Counsel negotiated for the right to conduct discovery to confirm that the material terms of the Acquisition were fair. Following completion of that discovery, which included document review and interviewing certain witnesses, Plaintiff’s Counsel determined that the additional disclosures that Defendants agreed to provide to shareholders were sufficient to allow Bandag shareholders to make an informed vote on the Acquisition, and that the amendment to the Merger Agreement made the Acquisition procedurally fair to Bandag shareholders, and that the share price paid in connection with the Acquisition fell within the acceptable range of consideration for the shares of the Company.

5. How Do I Know if I Am Part of the Settlement?

The Class includes all common stockholders of Bandag from December 5, 2006, through and including June 1, 2007 (the date following the closing of the Acquisition), including their respective successors in interest, predecessors, representatives, trustees, executors, administrators, heirs, assigns or transferees, immediate and remote and any person or entity acting for or on behalf of, or claiming under any of them, and each of them. Excluded from the Class are Defendants, members of the immediate family of any Individual Defendant, any entity in which a Defendant has or had a controlling interest, officers of Bandag, and the legal representatives, heirs, successors or assigns of any such excluded Person or entity.

THE SETTLEMENT BENEFITS

6. What Does the Settlement Provide?

Plaintiff has alleged the Defendants failed to disclose to shareholders certain material information relating to the Acquisition and that the Acquisition was procedurally unfair because it sought to provide certain Bandag officers and directors with preferential treatment over its public shareholders. To settle the lawsuit, Defendants made available to Bandag shareholders additional information related to the Acquisition, and amended the Merger Agreement in a relevant manner. Defendants acknowledge that although they do not believe the additional disclosures or amendments to the Merger Agreement were necessary, the decision to provide this additional information and to amend the Merger Agreement was a direct result of the pendency and prosecution of the lawsuit and that absent the lawsuit, these changes would not have been made.

(a) The disclosures included additional information about: (i) the “lock up” provisions of the Merger Agreement; (ii) the reasons why the Company’s Board agreed to deal with Bridgestone on an exclusive basis and not to solicit affirmatively competing offers; (iii) potential strategic alternatives to the Acquisition and the Board’s evaluation of them; (iv) the voting agreements entered into by Martin Carver; (v) persons holding Class A stock and the amount and types of Bandag stock owned by Bridgestone; (vi) the continued employment, consulting and severance arrangements provided to certain management of the Company; (vii) why shareholders did not have appraisal rights; (viii) the Company’s business relationships and joint venture discussions with Bridgestone before the Acquisition; (ix) the reasons the Board determined that it was not necessary to establish a special committee to evaluate the Acquisition; and (x) the methods and assumptions used by William Blair & Co. in rendering its fairness opinion.

(b) Bandag also agreed to amend Section 5.4(d)(iv)(3) of the Merger Agreement to reduce the time period for Bandag to respond to competing offers from five (5) business days to four (4) business days.

7. What Does It Mean to Be Part of the Class?

If you are in the Class, that means you cannot sue or be part of any other lawsuit against the Defendants about the legal issues in this case. It also means that all of the Court’s orders will apply to you and legally bind you. In addition, you are releasing whatever claims, rights and causes of action, whether legal or equitable or any other type, known or unknown, you or any Class Member ever had, now have, or hereafter can, shall, or may have, arising from the acts, omissions or failures to act occurring prior to the settlement, whether directly, derivatively, representatively or in any other capacity against any of the Defendants or their affiliates, by reason of, or arising out of, or relating to, or in connection with (i) the claims or allegations asserted by Plaintiff in the Action; (ii) the Acquisition, the Merger Agreement or any amendment to the Merger Agreement; (iii) the fiduciary obligations of any of the Defendants or Released Persons in connection with the Acquisition, the Merger Agreement or any amendment to the Merger Agreement; (iv) the negotiations in connection with the Acquisition, the Merger Agreement or any amendment to the Merger Agreement; or (v) the disclosures or disclosure obligations of any of the Defendants or Released Persons in connection with the Acquisition, the Merger Agreement or any amendment to the Merger Agreement. The Defendants believe that no such claims exist but, if you are in the Class, you are releasing such claims, if and to the extent they exist.

THE LAWYERS REPRESENTING YOU

8. Do I Have a Lawyer in This Case?

The law firms of Coughlin Stoia Geller Rudman & Robbins LLP, Robbins Umeda & Fink, LLP, and Branstetter, Stranch & Jennings, PLLC represent you and other Class Members. These lawyers are called Plaintiff’s Counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

9. How Will the Lawyers Be Paid?

Defendants have agreed not to oppose Plaintiff's Counsel's request for attorneys' fees and expenses of \$610,000.00. The attorneys' fees and expenses, which will be paid by Bandag and do not reduce the merger consideration reviewed by Bandag shareholders in the Acquisition, will be the only payment to Plaintiff's Counsel for their efforts in achieving this settlement and for its risk in undertaking this representation on a wholly contingent basis.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you don't agree with the settlement or some part of it.

10. How Do I Tell the Court that I Don't Like the Settlement?

If you are a Class Member, you can object to the settlement if you don't like any part of it. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter saying that you object to the settlement in *Plumbers and Pipefitters Local 572 Pension Fund v. Bandag, Inc., et al.*, Case No. EQCV017067. Be sure to include your name, address, telephone number, your signature, the number of shares of Bandag common stock that you held from December 5, 2006 through and including June 1, 2007 (the date following the closing of the Acquisition), and the reasons you object to the settlement. Mail the objection to the following three different places such that it is received no later than March 25, 2008 by each of the following:

Court

Clerk of the Court
DISTRICT COURT OF MUSCATINE COUNTY
420 E. Third Street, Suite 202
Muscatine, Iowa 52761

Counsel for Plaintiff

Ellen Gusikoff Stewart
COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
655 West Broadway, Suite 1900
San Diego, CA 92101

Counsel for Defendants

Nancy J. Sennett
Andrew J. Wronski
FOLEY & LARDNER LLP
777 East Wisconsin Avenue
Milwaukee, WI 53202

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the settlement. You may attend and you may ask to speak, but you don't have to.

11. When and Where Will the Court Decide Whether to Approve the Settlement?

The Court will hold a fairness hearing at 9:00 a.m., on April 29, 2008, at the District Court of Muscatine County, Iowa, 420 E. Third Street, Suite 202, Muscatine, Iowa. At this hearing the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. The Court may decide these issues at the hearing or take them under consideration. We do not know how long the Court's decision will take.

12. Do I Have to Come to the Hearing?

No. Plaintiff's Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you don't have to come to Court to talk about it. As long as you

submitted your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

13. May I Speak at the Hearing?

You may ask the Court for permission to speak at the fairness hearing. To do so, you must send a letter saying that it is your intention to appear in *Plumbers and Pipefitters Local 572 Pension Fund v. Bandag, Inc., et al.*, Case No. EQCV017067. Be sure to include your name, address, telephone number, and your signature. Your notice of intention to appear must be received no later than March 28, 2008, by the Clerk of the Court, Plaintiff's Counsel, and Defendants' Counsel, at the three addresses listed in question 10.

GETTING MORE INFORMATION

14. Are There More Details About the Settlement?

This Notice summarizes the proposed settlement. More details are in the Stipulation of Settlement dated as of October 25, 2007. You can get a copy of the Stipulation of Settlement during business hours at the Clerk of the District Court of Muscatine County, Iowa, 420 E. Third Street, Suite 202, Muscatine, Iowa 52761; or by writing to Rick Nelson, c/o Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101.

15. How Do I Get More Information?

You can call (619) 231-1058 or write to Rick Nelson, c/o Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICE TO NOMINEES

If you held any Bandag common stock from December 5, 2006 through and including June 1, 2007 (the date following the closing of the Acquisition) as nominee for a beneficial owner, then, within ten (10) calendar days after you receive this Notice, you must either: (1) send a copy of this Notice by first-class mail to all such Persons or entities; or (2) provide a list of the names and addresses of such Persons or entities to the Notice Administrator at:

Bandag, Inc. Securities Litigation Settlement
c/o Complete Claim Solutions, LLC
P.O. Box 24792
West Palm Beach, FL 33416
(866) 591-7269
Fax: (561) 651-7788

If you choose to mail the Notice yourself, you may obtain from the Notice Administrator – Complete Claim Solutions, LLC – (without cost to you) as many additional copies of these documents as you will need to complete the mailing or you may download a copy of the Notice at www.completeclaimsolutions.com/bandag/. Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Notice Administrator, Complete Claim Solutions, LLC at the address listed above.

DATED: January 29, 2008

BY ORDER OF THE DISTRICT COURT
MUSCATINE COUNTY, IOWA