

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

ANDRE FLEURY, d/b/a SWISS WATCH CO., MIKE
MERTABAN, d/b/a WATCH EXPERTS, DENNIS
WARNER, and CHARLES CLEVES, on behalf of
themselves and all other similarly situated watchmakers,
and LIZ HART, an individual consumer, on behalf of
herself and all other similarly situated consumers,

Plaintiffs,

v.

RICHEMONT NORTH AMERICA, INC., a Delaware
Corporation and Successor to Cartier, Inc.,

Defendant.

Case No: C-05-4525 EMC

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS WHO CURRENTLY OWN OR PREVIOUSLY OWNED A CARTIER WATCH AND WHO HAD THEIR WATCH REPAIRED OR SERVICED IN THE UNITED STATES AT A DEFENDANT-OWNED CARTIER BOUTIQUE OR DIRECTLY BY DEFENDANT AT ANY TIME BETWEEN JANUARY 1, 2003 AND THE DATE OF PRELIMINARY APPROVAL OF THE SETTLEMENT (THE “CONSUMER SETTLEMENT SUB-CLASS”)

AND

ALL WATCHMAKERS OR WATCH REPAIRERS IN THE UNITED STATES OPERATING AS OF THE DATE OF PRELIMINARY APPROVAL OF THE SETTLEMENT WHICH ARE NOT AUTHORIZED CARTIER DEALERS OR AUTHORIZED CARTIER REPAIR SHOPS AS OF THE DATE OF PRELIMINARY APPROVAL OF THE SETTLEMENT (THE “WATCHMAKER SETTLEMENT SUB-CLASS”)

THIS NOTICE WAS SENT TO YOU BY ORDER OF THE COURT. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF THIS CLASS ACTION AND, IF YOU ARE A CLASS MEMBER, CONTAINS IMPORTANT INFORMATION AS TO YOUR RIGHTS CONCERNING THE SETTLEMENT DESCRIBED BELOW.

This Notice is not a lawsuit against you. You are not being sued. This Notice is not a solicitation from a lawyer. You have received this Notice because you may be a member of the Settlement Class described in this Notice.

I. PURPOSE OF THIS NOTICE

This Notice is given pursuant to an Order of the United States District Court for the Northern District of California (the "Court") entered in the above-captioned Action (the "Action") on November 28, 2007. The purpose of this Notice is to inform you of the pendency and Proposed Settlement of the Action, and the Court's conditional certification of a Settlement Class (as defined below) for purposes of the Proposed Settlement, and to notify you of a hearing to determine, among other things, the fairness of the Proposed Settlement, to be held on May 7, 2008, at 2:30 p.m. in the courtroom of the Honorable Edward M. Chen, Magistrate Judge of the United States District Court for the Northern District of California, 450 Golden Gate Avenue, San Francisco, California 94102, Courtroom C, 15th Floor (the "Settlement Hearing"). Details about the Settlement Hearing are provided in Section VII below.

This Notice describes the rights that you may have pursuant to the Proposed Settlement and what steps you may, but are not required to take, in relation to the Proposed Settlement.

If the Court approves the Proposed Settlement, the Parties will ask the Court at the Settlement Hearing to enter an Order and Final Judgment dismissing the Action with prejudice on the merits and releasing all Released Claims, as defined below.

II. HISTORY AND BACKGROUND OF THE PROPOSED SETTLEMENT

THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF THE COURT. IT IS BASED ON THE STATEMENTS OF THE PARTIES AND SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY OF THE CLAIMS OR DEFENSES RAISED BY ANY OF THE PARTIES.

Case Background. On November 7, 2005, Plaintiffs Andre Fleury and Liz Hart filed a Class Action Complaint (the "Complaint") against Richemont North America, Inc.'s predecessor, Cartier Inc., and another entity named Cartier International, alleging, among other things, violations of the federal antitrust laws.

On February 13, 2006, Richemont North America, Inc. ("Defendant" or "Richemont") and Cartier International moved to dismiss the Complaint on the grounds that it failed to state a claim for relief and that the Court did not have jurisdiction over Cartier International. In its filing with the Court, Defendant denied, and it continues to deny, having committed or having attempted to commit any violation of law or breach of duty, or otherwise having acted improperly in any respect.

On May 11, 2006, Plaintiffs filed their First Amended Complaint (the "First Amended Complaint").

On July 12, 2006, Cartier International moved to dismiss the First Amended Complaint for lack of personal jurisdiction (the "Motion to Dismiss").

On October 13, 2006, the Court granted the Motion to Dismiss and dismissed Cartier International from the Action.

The Parties took part in extensive fact discovery, and prior to reaching a settlement, had begun expert discovery regarding whether the case should proceed as a class action.

On May 17, 2007, the Parties voluntarily engaged in mediation before The Hon. Edward A. Infante (Retired), a former Chief Magistrate Judge of the United States District Court for the Northern District of California, who assisted the Parties in reaching the Proposed Settlement set forth below. Plaintiffs Fleury and Hart both attended the mediation with Judge Infante, and both executed a Settlement Term Sheet at the end of the mediation.

On August 27, 2007, the Court granted leave for Mike Mertaban, Dennis Warner, and Charles Cleves to join the case as plaintiffs, and thereafter plaintiffs filed a Second Amended Complaint.

On September 12, 2007, Plaintiffs Mertaban, Warner, Cleves, and Hart and Defendant entered into a Stipulation of Settlement.

The Settlement Class. The Court has conditionally certified the Action as a class action, for settlement purposes only, pursuant to Federal Rule of Civil Procedure 23, on behalf of the members of the following two Settlement Sub-Classes and all of their successors in interest and transferees, immediate and remote, but not Defendant and persons or entities related to or affiliated with Defendant (collectively the "Settlement Class"):

Consumer Settlement Sub-Class: All persons who currently own or previously owned a Cartier watch and who had their Cartier watch repaired or serviced in the United States at a Defendant-owned Cartier boutique or directly by Defendant at any time between January 1, 2003 and the date of Preliminary Approval of the Settlement.

Watchmaker Settlement Sub-Class: All watchmakers or watch repairers in the United States operating as of the date of Preliminary Approval which are not authorized Cartier dealers or authorized Cartier repair shops as of the date of Preliminary Approval.

Class Counsel. The Court has designated as Settlement Class Counsel in the Action, Pearson, Simon, Soter, Warshaw & Penny, LLP, 44 Montgomery Street, Suite 1200, San Francisco, California 94104, (415) 433-9000 and Meyers Nave Riback Silver & Wilson, 575 Market Street, Suite 2600, San Francisco, California 94105, (415) 421-3711. Settlement Class Counsel are available to answer any questions from members of the Settlement Class concerning any matter contained in this Notice. You will not be charged personally for these lawyers, but rather they will ask the Court to approve payment of attorneys' fees by Defendant to them as part of the settlement.

Class Representatives. Plaintiffs Mike Mertaban, Dennis Warner, and Charles Cleves serve as the representatives of the Watchmaker Settlement Sub-Class. Plaintiff Liz Hart serves as the representative of the Consumer Settlement Sub-Class.

III. REASONS FOR THE SETTLEMENT

All parties recognize the time and expense that would be incurred by further litigation in this matter and the uncertainties inherent in such litigation. The settling Plaintiffs and Defendant have concluded that the interests of the parties would best be served by a settlement of the litigation herein.

Defendant acknowledges that Plaintiffs have alleged that Defendant has engaged in an unlawful tying arrangement under federal antitrust law through its alleged policy of conditioning the purchase of Cartier watch parts on the purchase of Cartier watch repair service, and that Plaintiffs have alleged that the alleged tying arrangement has resulted in harm to both watchmakers and to prior and current owners of Cartier watches. Defendant acknowledges that its decision to confer the benefits on consumers and watchmakers described below was caused by the initiation and prosecution of Plaintiffs' lawsuit.

There has been no admission or finding of facts or liability by or against any Party and nothing herein should be construed as such. Defendant denies having committed or having attempted to commit any violation of law or breach of duty or otherwise having acted improperly in any respect.

IV. THE PROPOSED SETTLEMENT

A. Benefits to Consumers

1. Each member of the Consumer Settlement Sub-Class will receive one \$100 credit for each Qualifying Paid Repair Service (defined in ¶ 2 below) he or she received. These credits may be used only for the purchase of a Cartier product at a Defendant-owned Cartier boutique. These credits shall be fully transferable but are void if not used within two years of Final Court Approval of the Proposed Settlement. The date of expiration will be printed on each credit. These credits cannot be aggregated. Only one credit can be used for any product. Each credit may be used only once. No unused amounts will be refunded or carried forward as a credit.

2. A "Qualifying Paid Repair Service" means each paid repair of a Cartier watch owned by a member of the Consumer Settlement Sub-Class at a Defendant-owned Cartier boutique or directly by Defendant in the United States between January 1, 2003 and the date of Preliminary Approval. Qualifying Paid Repair Service does not include estimates, gratuitous repairs or other repairs for which the customer was not charged, warranty repairs, or battery replacements and/or bracelet replacement or repairs. Defendant has records of how many Qualifying Paid Repair Services each member of the Consumer Settlement Sub-Class has had.

3. Each member of the Consumer Settlement Sub-Class shall be automatically entitled to their credit(s) without submitting any claim form. You do not need to do anything to obtain your credit(s). Defendant will mail these credits to the address in Defendant's records for each member of the Consumer Settlement Sub-Class by First Class United States Mail as soon as reasonably possible after the Court grants final approval of the Settlement. If you are a member of the Consumer Settlement Sub-Class and this Notice was originally mailed to you at an incorrect address, please call, toll-free, 1-800-918-1029, or send an email with your old address and your current address to watchrepairsettlement@gardencitygroup.com.

B. Benefits to Watchmakers

1. Each member of the Watchmaker Settlement Sub-Class will be entitled to apply to Richemont to become an authorized Cartier repair shop. If you are a member of the Watchmaker Settlement Sub-Class and have not done so already, you may request an application by sending an email to watchrepairsettlement@gardencitygroup.com or by calling, toll free, 1-800-918-1029. Richemont will evaluate applicants based on an agreed upon Evaluation Form, which can also be requested by sending an email to watchrepairsettlement@gardencitygroup.com or by calling, toll-free, 1-800-918-1029. Richemont retains sole discretion to determine which applications will be accepted. Richemont's decision on whether to approve an application will be final unless there is evidence that, in applying the criteria set forth in the Evaluation Form, Richemont breached the covenant of good faith and fair dealing, in which case the Court may become involved.

2. Applications must be submitted within six months of the date that the Court gives final approval to the settlement. Each member of the Watchmaker Settlement Sub-Class who applies to Richemont within six months of final approval, and is accepted to become an authorized Cartier repair shop, will be entitled to:

a. Receive from Richemont free of charge a set of the Cartier-specific tooling that all authorized Cartier repair shops presently must maintain to perform repairs on Cartier watches. The total initial cost of this tooling would otherwise be approximately \$2,000.

b. A 50% discount off the list prices for all Cartier parts that are purchased for that repair shop's own use during the two year period after becoming an authorized Cartier repair shop. The total maximum discount that a newly authorized repair shop shall receive during this two year period is \$750.

C. Release and Dismissal of Claims

In exchange for the benefits of the Proposed Settlement, all class members who choose to participate in the Proposed Settlement by not exercising their right to opt-out of the Proposed Settlement, as described in Section VI(C) below, will give up their rights to pursue certain claims against Defendant and its related entities. In particular, all class members who do not opt-out will release all claims, rights, actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, controversies, agreements, contracts, variances, trespasses, damages, judgments, extensions, executions, and demands whatsoever (including, without limitation, any claims, whether direct, derivative, representative, or in any other capacity, arising under federal, state, local, foreign, statutory or common law or any law, rule or regulation, or in equity), whether known or Unknown, from the beginning of the world to the date of this Stipulation of Settlement, against any of the Released Parties (as defined in ¶ 1.17 of the Stipulation of Settlement), belonging to Plaintiffs or any or all members of the Final Settlement Class or their present or past heirs, executors, estates, administrators, predecessors, successors, assigns, parents, subsidiaries, associates, affiliates, employers, employees, agents, consultants, insurers, directors, managing directors, officers, partners, principals, members, attorneys, accountants, financial and other advisors, investment bankers, underwriters, lenders, or any other representatives of any of these persons and entities, whether or not they object to the settlement or receive any benefit hereunder, that were asserted or could have been asserted in the Second Amended Complaint relating in any way to any conduct of the Released Parties concerning the distribution or sale of Cartier watch parts, Cartier watch repairs or Cartier watch service. Released claims do not include any of the following: (1) breach of contract claims; (2) breach of warranty claims; (3) product defect claims; and (4) claims that arise from the availability of Cartier watch parts, Cartier watch repairs, or Cartier watch service outside of the United States.

V. ATTORNEYS' FEES

Settlement Class Counsel intend to apply to the Court for an award of attorneys' fees and costs in the amount of \$2 million, which is based on the percentage method authorized by *In re Activision Securities Litigation*, 723 F.Supp. 1373 (N.D. Cal. 1989). As of the date of this notice, the attorneys have incurred approximately \$921,458.50 in attorneys' fees and approximately \$104,367.67 in out-of-pocket expenses. The request for the award of \$2 million will be inclusive of all costs and inclusive of \$10,000 in special awards (\$5,000 each) for the Consumer Settlement Sub-Class Representative and a Watchmaker Settlement Sub-Class Representative. Settlement Class Counsel contend that they have earned such fees due to the benefit that Settlement Class Counsel believe the filing and prosecution of the Action conferred on the members of the Settlement Class. Defendant will cause to be paid such amounts as the Court awards up to \$2,000,000, and these amounts will not come from monies that would otherwise have been paid to Settlement Class members.

VI. OPTIONS FOR CLASS MEMBERS

A. Remaining in the Settlement Class

If you qualify as a class member and do nothing, you will be included in the Settlement Class and will be bound by the terms and conditions of the Proposed Settlement. If you are a member of the Consumer Settlement Sub-Class and wish to remain in the settlement, you do not need to do anything. The store credit(s) to which you are entitled will automatically be mailed to you. If you are a member of the Watchmaker Settlement Sub-Class and wish to remain in the settlement, you are entitled to apply to become an authorized Cartier repair shop pursuant to the procedures set forth above in Section IV(B) once the Proposed Settlement is finally approved.

As set forth more fully in Section IV(C) above, members of the Settlement Class who do not exclude themselves from the Proposed Settlement will not be able to pursue any other lawsuit against Richemont concerning the claims covered by the Proposed Settlement.

B. Objecting to or Commenting on the Proposed Settlement

Written Comments or Objections. If you are a member of the Settlement Class and choose not to exclude yourself from the Proposed Settlement, but have comments about, or disagree with, any aspect of the Proposed Settlement, including the requested attorneys' fees or expense reimbursement, you may express your views to the Court through a written response to the Proposed Settlement. The written response should include your name, address, telephone number, and a brief explanation of your reasons for objection. The document must be signed to ensure the Court's review. The response must be postmarked no later than March 17, 2008 and mailed to:

Clerk of Court

United States District Court for the Northern District of California
450 Golden Gate Avenue
San Francisco, California 94102

And

Settlement Administrator

Watch Repair Settlement
c/o The Garden City Group, Inc.
P.O. Box 9196
Dublin, OH 43017-4196

The response must clearly state that it relates to *Fleury, et al. v. Richemont North America, Inc.*, Case No: C-05-4525 EMC.

If you object to or comment on the Proposed Settlement, you are still a member of the Settlement Class. An objection or comment should be made if you wish to remain a class member, but disagree with some aspect of the Proposed Settlement.

Attendance is not required at the Settlement Hearing, even if you properly mailed a written response. The Court will consider all timely responses at the Settlement Hearing. If you wish to appear and be heard at the Settlement Hearing, you may do so by following the procedures in the following paragraph.

Appearance at Settlement Hearing. If you are a member of the Settlement Class and choose not to exclude yourself from the Proposed Settlement, but wish to appear at the Settlement Hearing, you may appear at the Settlement Hearing in person or by counsel and be heard in opposition to the fairness, reasonableness and adequacy of the Proposed Settlement, or any aspect thereof. However, no member of the Settlement Class shall be heard in opposition to the Settlement and no paper or brief submitted by any such person shall be received or considered by the Court unless no later than fourteen (14) days before the Settlement Hearing, that person has filed with the Clerk of this Court: (a) written notice of his, her or its intention to appear; (b) proof that he, she or it is a member of the Settlement Class; (c) a written statement of the position he, she or it will assert; (d) the reasons for his, her or its position; and (e) all papers he, she or it intends to present to the Court in support of his, her or its position.

In addition, such person must also file with the Clerk of this Court no later than fourteen (14) days before the Settlement Hearing a proof of service of such notice and papers upon each of the following:

PEARSON, SIMON, SOTER, WARSHAW &
PENNY, LLP
Bruce L. Simon
44 Montgomery Street
Suite 1200
San Francisco, CA 94104
Telephone: (415) 433-9000

MEYERS NAVE RIBACK SILVER &
WILSON
Geoffrey Spellberg
575 Market Street
Suite 2600
San Francisco, CA 94105
Telephone: (415) 421-3711

LINKLATERS LLP
Amanda J. Gallagher
Thomas A. McGrath III
1345 Avenue of the Americas
New York, NY 10105
Telephone: (212) 903-9000

DAVIS POLK & WARDWELL
Edward N. Moss
450 Lexington Avenue
New York, NY 10017
Telephone: (212) 450-4000

Any person who fails to object in the manner provided above shall be deemed to have waived the right to object (including any right of appeal) and shall be forever barred from raising such objections in this or any other action or proceeding.

C. Excluding Yourself from the Settlement

If you do not want to be in the Settlement Class and you want to keep the right to sue Defendant on your own about the alleged conduct at issue in this lawsuit, you must take steps to get out of the class. This is called excluding yourself or opting-out. By excluding yourself, you keep the right to file your own lawsuit or join another lawsuit against Defendant about the alleged conduct at issue in this lawsuit. But if you exclude yourself, you will not obtain the benefits of the Proposed Settlement. If you exclude yourself from the Consumer Settlement Sub-Class, you will not receive a store credit for each Qualifying Paid Repair Service you have had, and if you exclude yourself from the Watchmaker Settlement Sub-Class, you will not be permitted to apply to become an authorized Cartier repair shop or to receive any discounts. If you exclude yourself from the Proposed Settlement, you will not be entitled to object to the Proposed Settlement or appear at the Settlement Hearing.

To exclude yourself, you must send a letter signed by you that includes all of the following:

- Your name, address and telephone number;
- The name and number of the lawsuit: *Fleury, et al. v. Richemont North America, Inc.*, Case No: C-05-4525 EMC;
- If you have hired your own lawyer, the name, address and telephone number of your lawyer; and
- A statement that you want to be excluded from the Class.

Your exclusion letter must be mailed first class, postmarked on or before March 17, 2008, to:

Watch Repair Settlement
c/o The Garden City Group, Inc.
P.O. Box 9196
Dublin, OH 43017-4196

VII. SETTLEMENT HEARING

The Settlement Hearing will be held on May 7, 2008, at 2:30 p.m. in the courtroom of the Honorable Edward M. Chen, Magistrate Judge of the United States District Court for the Northern District of California, 450 Golden Gate Avenue, San Francisco, California 94102, Courtroom C, 15th Floor, for the purpose of determining: (i) whether the Proposed Settlement of the Action on the terms and conditions provided for in the Stipulation is fair, reasonable, adequate and should be finally approved by the Court; (ii) whether the Settlement Class should be finally certified and whether the Settlement Class Representatives and Settlement Class Counsel have adequately represented the interests of the Settlement Class with respect to the Action and the claims asserted therein; (iii) whether the judgment should be entered pursuant to the Stipulation, among other things, dismissing the Action with prejudice; and (iv) other matters

relating to the Proposed Settlement. The Court may adjourn the Settlement Hearing or any adjournment thereof without further notice to members of the Settlement Class other than by announcement at the Hearing or any adjournment thereof. The Court reserves the right to approve the Settlement at or after the Settlement Hearing with such modification as may be consented to by the Parties to the Stipulation and without further notice to the Settlement Class.

VIII. ORDER AND FINAL JUDGMENT

If, after Notice and the Settlement Hearing provided for herein, the Court approves this Settlement, the Court will enter an Order and Final Judgment which will, among other things:

- a. find the Proposed Settlement of the Action on the terms and conditions provided for in the Stipulation of Settlement to be fair, reasonable, adequate and finally approve it;
- b. certify the Settlement Class for the purposes of settlement only and find that the Settlement Class Representatives and Settlement Class Counsel have adequately represented the interests of the Settlement Class with respect to the Action and the claims asserted therein;
- c. enter judgment pursuant to the Stipulation of Settlement, among other things, dismissing the Action with prejudice; and
- d. bar Plaintiffs and all members of the Final Settlement Class from asserting, commencing, prosecuting or continuing, either directly, indirectly, individually, representatively, or in any other capacity, any claim based, in whole or part, upon any of the Released Claims against any of the Released Parties.

IX. EXAMINATION OF PAPERS

This Notice contains only a summary of the terms of the Proposed Settlement. For a more detailed statement of the matters involved in these proceedings, you may refer to the Stipulation of Settlement and the other papers on file with the Court in the Action. The Stipulation of Settlement is available for review at www.WatchRepairSettlement.com or by calling, toll-free, 1-800-918-1029.

IF YOU HAVE ANY QUESTIONS, PLEASE MAKE ALL INQUIRIES TO:

Bruce L. Simon, Esq.
Pearson, Simon, Soter, Warshaw & Penny, LLP
44 Montgomery Street
Suite 1200
San Francisco, CA 94104

PLEASE DO NOT WRITE OR CALL THE COURT DIRECTLY.

Dated: November 28, 2007

DISTRIBUTED BY ORDER OF
THE UNITED STATES DISTRICT
COURT FOR THE NORTHERN
DISTRICT OF CALIFORNIA