

SETTLEMENT AGREEMENT

This Settlement Agreement (the “Agreement”) is made and effective as of May 1, 2018 (the “Effective Date”) by and between: (1) the Plaintiff State of Arizona *ex rel.* Mark Brnovich, the Attorney General (“State” or the “Plaintiff”), on the one hand; and (2) Defendants Volkswagen Group of America, Inc.; Volkswagen AG; Audi of America, LLC; and Audi AG (the “Volkswagen Defendants”); Porsche Cars North America, Inc.; and Dr. Ing. h.c. F. Porsche AG (the “Porsche Defendants”); and Martin Winterkorn (“Defendant Winterkorn”) (collectively, the “Defendants”), on the other. The State and the Defendants (collectively, the “Parties”), by and through their counsel, enter into this Agreement to resolve the claims asserted in *State of Arizona, ex rel. Mark Brnovich, Attorney General v. Volkswagen AG, et al.*, No. CV 2016-005112 (Superior Court, County of Maricopa, Arizona) (the “Action”).

RECITALS

WHEREAS, the State brought the Action against Defendants in the Superior Court of the State of Arizona in and for the County of Maricopa;

WHEREAS, the Complaint alleges the Defendants violated the Arizona Consumer Fraud Act, A.R.S. § 44-1521, *et seq.* (“ACFA”), with respect to certain diesel vehicles sold and/or operated within the State of Arizona, as further defined below, and the Complaint further asserts claims for civil penalties and other monetary and injunctive relief;

WHEREAS, the Parties have taken discovery, investigated the facts, and have analyzed the relevant legal issues regarding the claims and defenses asserted in the Action;

WHEREAS, the Parties engaged in extensive briefing on the question of whether certain advertisements constituted violations of the ACFA and the question of how to count violations of the ACFA;

WHEREAS, the Parties have each considered the costs, delays and legal uncertainties associated with the continued prosecution and defense of this litigation, and have reached an amicable agreement to settle and resolve the Action;

WHEREAS, the Parties agree that nothing in this Agreement shall constitute an admission of any wrongdoing or admission of any violations of law by any Party.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the adequacy and receipt of which the Parties hereby acknowledge, the Parties agree as follows:

Section 1 General Definitions

1.1 **“Claims Administrator”** shall mean a third party selected and retained by Plaintiff to conduct settlement administration activities pursuant to Appendix A, and all subparts thereto.

1.2 **“Claim Form”** shall mean the form included with the Consumer Letter sent to Eligible Consumers, a template of which is attached hereto as Exhibit 2, and which must be Timely Submitted to the Claims Administrator in order to properly request the pertinent consumer payment detailed below in Section 3.1(a).

1.3 **“Consumer Letter”** shall mean the settlement letter that must be mailed by the Claims Administrator to each Eligible Consumer, a template of which is attached hereto as Exhibit 1, in which (i) the up to \$1,000 designated consumer payment amount is communicated to the Eligible Consumer, (ii) the Eligible Consumer is informed that he or she must attest in the Claim Form that he or she satisfies the definition herein of Eligible Consumer, and (iii) the Eligible Consumer is informed that a necessary pre-condition to being paid a designated consumer payment amount is that he or she must sign the enclosed Claim Form and Timely Submit it to the Claims Administrator. The Consumer Letter will

also include a postage-paid, pre-addressed envelope in which Eligible Consumers can return their Claim Form.

1.4 “**Covered Conduct**” shall mean any and all acts or omissions with respect to the Subject Vehicles, whether known claims or Unknown Claims (as defined below), discovered claims or undiscovered claims, including all communications, advertisements or promotions occurring up to and including the Effective Date of this Agreement, relating to the marketing, advertising, distribution, selling and leasing of any Subject Vehicle as green, clean, or environmentally friendly (or similar such terms), and/or compliant with state or federal law (including any applicable emissions standards), including the marketing, advertisement or offering for sale or lease of any Subject Vehicles without disclosing the design, installation or presence of a Defeat Device.¹

1.5 “**Eligible Consumers**” shall mean person(s) who owned or leased a 2.0 Liter Subject Vehicle that was registered with the Arizona Department of Transportation

¹ The term “Defeat Device” means (a) “an auxiliary emission control device (AECD) that reduces the effectiveness of the emission control system under conditions which may reasonably be expected to be encountered in normal vehicle operation and use, unless: (1) Such conditions are substantially included in the Federal emission test procedure; (2) The need for the AECD is justified in terms of protecting the vehicle against damage or accident; (3) The AECD does not go beyond the requirements of engine starting; or (4) The AECD applies only for emergency vehicles[.]” 40 C.F.R. § 86.1803-01, or (b) “any part or component intended for use with, or as part of, any motor vehicle or motor vehicle engine, where a principal effect of the part or component is to bypass, defeat, or render inoperative any device or element of design installed on or in a motor vehicle or motor vehicle engine in compliance with [the Emission Standards for Moving Sources section of the Clean Air Act], and where the person knows or should know that such part or component is being offered for sale or installed for such use or put to such use,” 42 U.S.C. § 7522(a)(3)(B).

(“ADOT”) on September 18, 2015, or a 3.0 Liter Subject Vehicle that was registered with the ADOT on November 2, 2015. For purposes of this Agreement, if ownership of a 2.0 Liter Subject Vehicle was transferred within Arizona on September 18, 2015, the person(s) who first held ownership on September 18, 2015 is the Eligible Consumer, or, if only one person held ownership in Arizona on September 18, 2015 (*i.e.*, if ownership of the car passed out of state), the person who so held ownership in Arizona is the pertinent Eligible Consumer. Similarly, for purposes of this Agreement, if ownership of a 3.0 Liter Subject Vehicle was transferred within Arizona on November 2, 2015, the person(s) who first held ownership on November 2, 2015 is the Eligible Consumer, or, if only one person held ownership in Arizona on November 2, 2015 (*i.e.*, if ownership of the car passed out of state), the person who so held ownership in Arizona is the pertinent Eligible Consumer.

1.6 **“E-mail Notification”** shall mean an e-mail sent by the Claims Administrator to each Eligible Consumer for whom an e-mail address is available, notifying the consumer that the Consumer Letter has been sent, and providing contact information for the Claims Administrator in the event the Consumer Letter is not received.

1.7 **“Payment Letter”** shall mean a letter included with the check sent to each Eligible Consumer who properly returned to the Claims Administrator a Timely Submitted Claim Form, a template of which is attached hereto as Exhibit 3, and which should inform the Eligible Consumer recipient that they have 180 days within which to cash the pertinent check.

1.8 **“2.0 Liter Subject Vehicles”** shall mean each and every light duty diesel vehicle equipped with a 2.0-liter TDI engine that the Defendants or their respective

affiliates sold or offered for sale in, leased or offered for lease in, or introduced or delivered for introduction into commerce in the United States or its states or territories, or imported into the United States or its states or territories, of the following Models and Model Years:

2.0-Liter Diesel Models

Model Year	Vehicle Make and Model(s)
2009	VW Jetta, VW Jetta Sportwagen
2010	VW Golf, VW Jetta, VW Jetta Sportwagen, Audi A3
2011	VW Golf, VW Jetta, VW Jetta Sportwagen, Audi A3
2012	VW Golf, VW Jetta, VW Jetta Sportwagen, Audi A3, VW Passat
2013	VW Golf, VW Jetta, VW Jetta Sportwagen, Audi A3, VW Passat, VW Beetle, VW Beetle Convertible
2014	VW Golf, VW Jetta, VW Jetta Sportwagen, VW Passat, VW Beetle, VW Beetle Convertible
2015	VW Golf, VW Golf Sportwagen, VW Jetta, Audi A3, VW Passat, VW Beetle, VW Beetle Convertible

1.9 “**3.0 Liter Subject Vehicles**” shall mean each and every light duty diesel vehicle equipped with a 3.0-liter TDI engine that the Defendants or their respective affiliates sold or offered for sale in, leased or offered for lease in, or introduced or delivered for introduction into commerce in the United States or its states or territories, or imported into the United States or its states or territories, of the following Models and Model Years:

3.0-Liter Diesel Models

Model Year	Vehicle Make and Model(s)
2009	VW Touareg, Audi Q7
2010	VW Touareg, Audi Q7
2011	VW Touareg, Audi Q7
2012	VW Touareg, Audi Q7
2013	VW Touareg, Audi Q7, Porsche Cayenne Diesel
2014	VW Touareg, Audi Q7, Porsche Cayenne Diesel, Audi A6 Quattro, Audi A7 Quattro, Audi A8L, Audi Q5

2015	VW Touareg, Audi Q7, Porsche Cayenne Diesel, Audi A6 Quattro, Audi A7 Quattro, Audi A8L, Audi Q5
2016	VW Touareg, Porsche Cayenne Diesel, Audi A6 Quattro, Audi A7 Quattro, Audi A8L, Audi Q5

1.10 **“Subject Vehicles”** shall mean 2.0 Liter Subject Vehicles and 3.0 Liter Subject Vehicles, collectively.

1.11 **“Timely Submit” or “Timely Submitted”** shall mean an Eligible Consumer’s returned Claim Form bearing a postmark no later than 90 days from the date of the Consumer Letter the Eligible Consumer received.

Section 2 No Impact Upon Other Settlements

2.1 The Defendants have entered into other settlements, consent decrees, consent judgments, and agreements with other governmental and private parties with respect to the Subject Vehicles and the Covered Conduct. Nothing in this Agreement shall release, mitigate, or alter in any way the obligations assumed, or rights obtained, by the Defendants under those other settlements, consent decrees, consent judgments, or agreements, including to the extent such agreements obligate the Defendants to take action for the benefit of the State of Arizona or the residents therein. Furthermore, nothing in this Settlement Agreement shall release, mitigate, or alter in any way the effect of Arizona’s Certification for Beneficiary Status Under Environmental Mitigation Trust Agreement, filed November 17, 2017, including the “Waiver of Claims for Injunctive Relief under Environmental or Common Laws” set forth therein.

Section 3 Settlement Payment and Assurance of Voluntary Compliance

3.1 In full and complete satisfaction of all claims asserted in the Action, the Volkswagen Defendants agree to pay to the State forty million dollars (\$40,000,000.00) (the “Settlement Payment”) to be used in the manner set forth in subsections 3.1(a) *et seq.* The Volkswagen Defendants shall deliver the Settlement Payment via wire transfer to the Attorney Trust Account of Larson O’Brien LLP. To effectuate this transfer, within three (3) business days of the Effective Date, the State shall provide the Volkswagen Defendants with an IRS Form W-9 and wire instructions in the form attached as Exhibit 4 (“Transfer Documents”). The Volkswagen Defendants will transfer the Settlement Payment to the State within fifteen (15) business days of the later of the Effective Date or the receipt of the Transfer Documents.

(a) Up to \$10,593,000 will be paid for consumer restitution for the purposes set forth in A.R.S. § 44-1531.02(B). Payments made to Eligible Consumers pursuant to this subsection will be made in the amount of up to \$1,000 per Subject Vehicle. Given the number of Subject Vehicles, Plaintiff does not anticipate that the consumer payments will exceed \$10,593,000. However, if for some unanticipated reason the number of Subject Vehicles and number of returned Claim Forms is such that consumer payments would exceed \$10,593,000, the total amount of such consumer payments shall not exceed \$10,593,000 and instead the consumer payments provided for herein will be paid out on a pro-rata basis, in a manner to be determined by the Plaintiff, to the Eligible Consumers that timely returned Claim Forms pursuant to the claims process set forth in Appendix A. It is

the Parties' intention that these payments be considered restitution for any damages that any Eligible Consumer may have suffered related to the Subject Vehicles.

(b) The remaining \$29,407,000, less Plaintiff's counsel's fees and costs under its contract with the State as well as the costs of the Claims Administrator, will be deposited as follows: \$20,000,000 to be deposited in the State of Arizona's general fund for education, and the remaining monies into the revolving fund established pursuant to A.R.S. § 44-1531.01 to be used for purposes set forth in A.R.S. § 44-1531.01(C). Counsel for Plaintiff will receive an additional contingency fee payment consistent with the agreement between counsel and the Plaintiff from the payment(s) from any money that is unclaimed by consumers and that is remitted to the State. Any such contingency fee payments will be treated as additive on top of the existing \$29,407,000 paid pursuant to this subsection for purposes of calculation of the Plaintiffs' counsel's contingency fee percentage, consistent with the State's contract. The money not claimed by Eligible Consumers and remitted to the State, less counsel's contingency fee percentage, shall be deposited into the revolving fund established pursuant to A.R.S. § 44-1531.01 and used for the purposes set forth in A.R.S. § 44-1531.01(C). For the avoidance of doubt, Defendants had no involvement in the negotiation of, or the methodology for payment of, attorneys' fees and costs to the State's counsel. The provisions herein relating to attorneys' fees and costs were negotiated by the State and the State's counsel, not Defendants. Accordingly, any and all disputes regarding those fees and costs are solely for, and the responsibility of, the State and its counsel, not Defendants. The State's fee agreement with its counsel,

Contract No. #AG16-0040, dated March 10th, 2016, is available for public review at <https://www.azag.gov/rfp>.

3.2 The agreement resolves all claims asserted in the Action.

3.3 Upon (i) the Volkswagen Defendants making the Settlement Payment as described herein, and (ii) Arizona's full compliance with Section 5.1 below, the Volkswagen Defendants shall be fully divested of any interest in, or ownership of, the monies paid and all interest in the monies, and any subsequent interest or income derived therefrom shall inure entirely to the benefit of the Arizona Attorney General's Office pursuant to the terms herein.

Section 4 Mutual Releases

4.1 Immediately upon the Volkswagen Defendants making the Settlement Payment in the manner specified herein, the State hereby shall and hereby does fully, finally, irrevocably, and forever release, waive, discharge, relinquish, settle, and acquit the Defendants, their affiliates and any of the Defendants' or their affiliates' former, present or future owners, shareholders, directors, officers, employees, attorneys, parent companies, subsidiaries, predecessors, successors, dealers, agents, assigns and representatives (collectively, "Released Defendant Parties") from any and all claims arising out of or in any way related to the Covered Conduct (including, without limitation, consumer-related claims and claims under the ACFA; claims for penalties, fines or other monetary payments, including attorney costs or fees; claims for disgorgement of profits; claims for injunctive relief or restitution; claims brought in the State's sovereign enforcement capacity; claims brought as parens patriae on behalf of Arizona citizens); and demands, actions, or causes

of action, including Unknown Claims (as defined below), that it may have, purport to have, or may hereafter have against any Released Defendant Party arising out of or in any way related to the Covered Conduct (hereinafter, “Released Plaintiff Claims”).

4.2 Upon the release in Paragraph 5.1 becoming effective, the Defendants shall and hereby do fully, finally, irrevocably, and forever release, waive, discharge, relinquish, settle and acquit the State and its departments and former or current officers, representatives, or employees (the “Released Plaintiff Parties”) from any and all claims, demands, actions, or causes of action, including Unknown Claims (as defined below), that they may have, purport to have, or may hereafter have against any Released Plaintiff Party arising out of or in any way related to the Covered Conduct (hereinafter, “Released Defendant Claims”).

4.3 “Unknown Claims” means any and all Released Plaintiff Claims or Released Defendant Claims (together, “Released Claims”) that any of the Released Plaintiff Parties or Released Defendant Parties (together, “Released Persons”) do not know or suspect to exist in their favor at the time of the release arising out of or in any way related to the Covered Conduct, which if known by them might have affected their decisions with respect to the agreement that is approved by way of this Agreement. To ensure that the releases described in Section 4 are fully enforced in accordance with their terms, with respect to any and all Released Claims, the Parties stipulate and agree that upon the Effective Date, the Parties expressly waive, and each Released Person shall be deemed to have waived, any and all provisions, rights and benefits conferred by any law of any state or territory of

the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

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

The Parties acknowledge, and the Released Persons by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims was separately bargained for and was an essential element of this Agreement.

4.4 Notwithstanding any term of this Agreement, the Released Claims do not include actions to enforce this Settlement Agreement.

Section 5 Dismissal of the Litigation

5.1 Independent of the releases described in Section 4, within three (3) business days after the State receives the wire transfer constituting the Settlement Payment, the State will file a Stipulation of Dismissal with Prejudice of the Action and an Order of Dismissal with Prejudice in the Superior Court of the State of Arizona, Maricopa County, in the form attached as Exhibit 5.

Section 6 Miscellaneous

6.1 This is a fully integrated settlement agreement. This document contains the entire agreement of the Parties with respect to its subject matter, and all prior oral or written agreements, contracts, negotiations, representations and discussions, if any, pertaining to this matter are merged into this Agreement. No Party to this Agreement has made any oral

or written representation other than those set forth in this Agreement, and no Party has relied upon, or is entering into, this Agreement in reliance upon any representation other than those set forth in this Agreement. This Agreement may not be modified in any respect except by a written amendment signed by all Parties.

6.2 This Agreement shall bind and inure to the benefit of the Parties hereto, the Released Persons and their predecessors, successors, assigns, agents and attorneys. Each of the signatories of this Agreement represents and warrants that it, he, or she is authorized by it, his or her respective clients or principal to execute this Agreement and to bind the corresponding Party hereto. With respect to the Plaintiffs, the relevant signatories affirm that they have authority to execute this Agreement on behalf of the State and that this Agreement is a binding obligation enforceable against the State.

6.3 This Agreement shall be construed and interpreted in accordance with the substantive law of the State of Arizona without regard to its conflict of laws provision.

6.4 The Parties agree that, in the event that any dispute relating to this Agreement arises between the Parties, the Parties will first meet and confer in good faith in an attempt to resolve the dispute prior to litigation. In the event that the Parties cannot informally resolve the dispute, any Party may submit a dispute to Judge Daniel Weinstein and Jed Melnick for binding resolution with no right of further review.

6.5 Each Party acknowledges and agrees that this Agreement was negotiated at arms' length and shall not be construed against its drafter as each Party participated equally in its drafting.

6.6 Any notice hereunder to or among the Parties shall be in writing and delivered (i) by email or personal delivery, and (ii) confirmed by United States Certified Mail, return receipt requested, or by Federal Express (or other overnight carrier) with recipient signature. Any such notice shall be delivered as follows:

For Arizona:

Consumer Protection & Advocacy Section
Office of the Arizona Attorney General
2005 N. Central Avenue, Suite 100
Phoenix, Arizona 85004

Richard D. McCune, Esq.
McCUNE WRIGHT AREVALO, LLP
3281 E. Guasti Road, Suite 100
Ontario, CA 91761
Telephone: (909) 557-1250

Stephen G. Larson, Esq.
LARSON O'BRIEN LLP
555 S. Flower Street, Suite 4400
Los Angeles, CA 90071
Telephone: (213) 436-4888

For the Volkswagen Defendants:

As to Volkswagen AG and Audi AG:

Berliner Ring 2
38440 Wolfsburg, Germany
Attention: Group General Counsel
Counsel

As to Volkswagen Group of America, Inc.
and Audi of America, LLC:

2200 Ferdinand Porsche Dr.
Herndon, VA 20171
Attention: U.S. General Counsel

As to one or more of the Volkswagen
Defendants:

For the Porsche Defendants:

As to Dr. Ing. h.c. F. Porsche AG:

Dr. Ing. h.c. F. Porsche AG
Porscheplatz 1, D-70435 Stuttgart, Germany
Attention: GR/Rechtsabteilung/General

As to Porsche Cars North America, Inc.:

1 Porsche Dr.
Atlanta, GA 30354
Attention: Secretary
With copy by email to offsecy@porsche.us

As to one or more of the Porsche
Defendants:

Michael H. Steinberg
Sullivan & Cromwell LLP
1888 Century Park East
Suite 2100
Los Angeles, California 90024
steinbergm@sullcrom.com

Granta Y. Nakayama
Joseph A. Eisert
King & Spalding LLP
1700 Pennsylvania Ave., N.W., Suite 200
Washington, DC 20006
gnakayama@kslaw.com
jeisert@kslaw.com

William B. Monahan
Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10004
monahanw@sullcrom.com

As to Defendant Winterkorn:

Gregory P. Joseph
Joseph Hage Aaronson LLC
485 Lexington Avenue, 30th Floor
New York, NY 10017
gjoseph@jha.com
Telephone: (212) 407-1210

Any Party may change its address for such notices by notice given in accordance with this paragraph.

6.7 The Parties agree that this Agreement does not enforce the laws of other countries, including the emissions laws or regulations of any jurisdiction outside the United States. Nothing in this Agreement is intended to apply to, or affect, the Defendants' obligations under the laws or regulations of any jurisdiction outside the United States. At the same time, the laws and regulations of other countries shall not affect the Defendants' obligations under this Agreement.

6.8 Except for the rights of the Released Persons with respect to the Released Claims: (i) this Agreement shall not be construed to create rights in, or grant any cause of action to, any third party not party to this Agreement, and (ii) no third party shall be entitled

to enforce any aspect of this Agreement or claim any legal or equitable injury for a violation of this Agreement.

6.9 Paragraph and section headings contained herein are inserted solely as reference aids for the ease and convenience of the reader. They shall not be deemed to define or limit the scope or substance of the provisions they introduce, nor shall they be used in construing the intent or effect of such provisions or any other aspect of this Agreement.

6.10 The Parties agree that this Agreement may be executed in identical counterparts by the Parties, and when each Party has signed and delivered at least one (1) such counterpart to the other Party, each counterpart shall be deemed an original and taken together shall constitute one and the same agreement that shall be binding and effective as to all Parties. A facsimile signature or signatures transmitted in PDF by electronic mail will be binding and enforceable to the same extent as an original signature.

6.11 The Parties agree that each Party shall bear its own costs and expenses, including without limitation all attorneys' fees.

APPROVED:

COUNSEL FOR PLAINTIFF STATE OF
ARIZONA, *ex rel.* MARK BRNOVICH,
ATTORNEY GENERAL

Dated: May 1, 2018

By: 

Richard D. McCune
McCUNE WRIGHT AREVALO, LLP
3281 E. Guasti Road, Suite 100
Ontario, CA 91761
Telephone: (909) 557-1250
Email: rdm@mccunewright.com

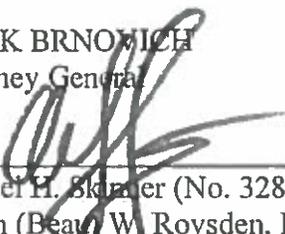
Dated: May 1, 2018

By: 

Stephen G. Larson
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Los Angeles, CA 90071
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Email: slarson@larsonobrienlaw.com

Dated: May 1, 2018

MARK BRNOVICH
Attorney General

By: 
Oramer H. Skinner (No. 32891)
Brunn (Beat) W. Roysden, III (No. 28698)
Evan G. Daniels (No. 30624)
Assistant Attorneys General

COUNSEL FOR DEFENDANTS
VOLKSWAGEN GROUP OF AMERICA,
INC., VOLKSWAGEN AG, AUDI OF
AMERICA, LLC, AND AUDI AG

Dated: May 1, 2018

By: Michael Steinberg / MPM

Robert J. Giuffra, Jr.
William B. Monahan
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125 Broad Street
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COUNSEL FOR DEFENDANTS
PORSCHE CARS NORTH AMERICA,
INC. AND DR. ING. H.C. F. PORSCHE
AG

Dated: May 1, 2018

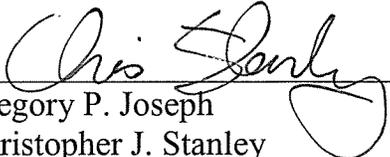
By: _____

A handwritten signature in blue ink, appearing to be 'Granta Y. Nakayama', written over a horizontal line.

Granta Y. Nakayama
Joseph A. Eisert
KING & SPALDING, LLP
1700 Pennsylvania Avenue N.W.
Washington, DC 20006
Telephone: (202) 626-2919
Email: jeisert@kslaw.com

COUNSEL FOR DEFENDANT MARTIN
WINTERKORN

Dated: May 1, 2018

By:  _____

Gregory P. Joseph
Christopher J. Stanley

Peter R. Jerdee

JOSEPH HAGE AARONSON, LLC

485 Lexington Avenue, 30th Floor

New York, NY 10017

Telephone: (212) 407-1200

Email: gjoseph@JHA.com

Email: cstanley@jha.com

Email: pjerdee@jha.com

APPENDIX A

Retention and Operation of Claims Administrator and Claims Process

1.1 The Plaintiff shall promptly take steps to procure a Claims Administrator upon the entry of dismissal of this Action by the Court. The Claims Administrator so procured shall be responsible for the following settlement administration activities:

(a) Taking possession and custodial control of the settlement sum that is set aside for payments to consumers pursuant to Section 3.1(a) of the Agreement;

(b) Obtaining a list of Eligible Consumers from the appropriate state agencies departments and other relevant third parties, as well as current address information for Eligible Consumers.

(c) Sending out Consumer Letters to Eligible Consumers by First-Class U.S. Mail, explaining that Eligible Consumers are eligible to receive up to \$1,000 in connection with the resolution of this matter, in addition to any sums such consumers already may have received or may be entitled to receive in connection with the Subject Vehicles as a result of other legal actions or resolution of claims;

(d) Sending out E-mail Notification to those Eligible Consumers for whom e-mail addresses can be obtained, explaining that Eligible Consumers are eligible to receive up to \$1,000 in connection with the resolution of this matter, in addition to any sums such consumers may have already received or may be entitled to receive in connection with the Subject Vehicles as a result of other legal actions or resolution of claims;

(e) Compiling and verifying the Claim Forms returned by Eligible Consumers;

(f) Sending a check, consistent with Section 3.1(a) of the Agreement, along with a Payment Letter, to each Eligible Consumer who has properly returned a Timely Submitted Claim Form;

(g) After the pertinent time for cashing all issued checks has expired (pursuant to the instructions in each Payment Letter), or upon notification by the State, through the Office of the Arizona Attorney General, that its reasonable efforts to reach all Eligible Consumers have been completed, whichever comes later, the Claims Administrator will send any remaining custodial funds to the Plaintiff, to be deposited into the revolving fund established pursuant to A.R.S. § 44-1531.01 and used for the purposes set forth in A.R.S. § 44-1531.01(C).

1.2 The State retains the right to investigate whether any returned Claim Forms were not in fact from Eligible Consumers and to deny consumer payments accordingly if it concludes, in its exercise of good faith based upon the facts presented, that a Claim Form is not from an Eligible Consumer.

1.3 In any future or still-pending lawsuit initiated by an Eligible Consumer against any Defendant(s) concerning the Covered Conduct, such Defendant(s) shall be entitled to assert a damages offset in the amount of any payment offered or provided to that Eligible Consumer pursuant to this Agreement

1.4 Upon reasonable request, the Claims Administrator shall provide the Volkswagen Defendants or Porsche Defendants with (a) the names of Eligible Consumers

to whom a Consumer Letter was mailed, (b) the names of Eligible Consumers who received payment pursuant to this Agreement, and (c) the names of persons whose Claim Forms were denied pursuant to Section 1.2 of this Appendix to the Agreement. The Claims Administrator may provide this information subject to the applicable Protective Order in the Action.

1.5 It is the intention of the Parties that Plaintiff will assume full control of the Claims Process described in this Agreement, and that Defendants shall have no obligations with respect to the Claims Process. Neither Plaintiff nor any third party shall be entitled to assert claims against Defendants arising out of the Claims Process described in this Agreement.

EXHIBIT 1

[ARIZONA ATTORNEY GENERAL LETTERHEAD]

[DATE]

Dear [Eligible Consumer],

We are pleased to notify you that the Arizona Attorney General's Office, on the one hand, and certain Volkswagen, Audi, and Porsche entities, as well as an individual associated with those entities (collectively, "VW"),¹ on the other, have reached a settlement in a lawsuit filed by the Attorney General's Office against VW. The settlement relates to the marketing, advertising, selling, and leasing of certain Volkswagen, Audi, and Porsche "clean diesel" vehicles for model years 2009-2016.

Records indicate that you may be an "Eligible Consumer" under the settlement. This means you may have owned or leased an affected 2.0-liter "clean diesel" vehicle that was registered with the Arizona Department of Transportation on September 18, 2015, or an affected 3.0-liter "clean diesel" vehicle that was registered with the Arizona Department of Transportation on November 2, 2015. Specifically, records indicate that you may have owned or leased a (FILL IN MODEL YEAR, MAKE, AND VIN) on the relevant date.

Before I go further, I need to note that if you are represented by an attorney with regard to an issue with Volkswagen, Audi, or Porsche, you should give this letter to your attorney and discuss this matter with him or her.

If you are an Eligible Consumer and you sign and return the enclosed Claims Form, you will receive a payment of up to \$1,000 under the settlement with my office. This payment is separate from any previous payment or payments you may have received from any other settlement relating to the Volkswagen, Audi, and Porsche "clean diesel" vehicles. Signing the Claims Form does not release any claims you may still have against VW or change any amount owed to you under a currently-existing settlement agreement, but VW may assert an offset of any money you are offered through this settlement in any pending or future litigation by you against VW. You may choose not to sign and return the enclosed Claims Form, but in that case, you will not receive a payment under this settlement.

To receive a payment under the settlement, you **must** sign and return the attached Consumer Release to [CLAIMS ADMINISTRATOR] at the address below. **Please note that in signing the Claims Form, you attest that you satisfy the definition of an Eligible Consumer under the settlement.** Your signed Claims Form must be received by [CLAIMS ADMINISTRATOR] by no later than [CONSUMER RELEASE DEADLINE].

For more information, please contact [CLAIMS ADMINISTRATOR AND CONTACT DETAILS, INCLUDING PHONE NUMBER.]

¹ "VW" means Volkswagen AG, Volkswagen Group of America, Inc., Audi AG, Audi of America, LLC, Dr. Ing. h.c. F. Porsche AG, Porsche Cars North America, Inc., and Martin Winterkorn.

Sincerely,

[ATTORNEY GENERAL SIGNATURE]

EXHIBIT 2



CLAIM FORM
OFFICE OF THE ATTORNEY GENERAL

(PLEASE TYPE OR PRINT)

Volkswagen Settlement – Consumer Claim Form

Step 1: Consumer Information

Individual Information

Please complete the following information for the registered owner(s), current lessee(s), former owner(s) or former lessee(s) of the potentially eligible vehicle. If the potentially eligible vehicle has multiple registered owners or lessees, please provide information for additional owners or lessees below and, if necessary, on a separate sheet. Please use each individual's full legal name.

Is the vehicle registered to (*check one*): Private Owner(s) or Lessee(s)
 Business Organization

Business Organization Name(s) (if applicable):

Full Name:

Last

First

(Spouse's name if applicable)

Street
Address:

City:

State:

Zip Code:

Daytime
Phone: ()

Mobile
Phone: ()

Email
Address:

Registered Address

Please provide the address that matches the registration for the potentially eligible vehicle. If your address is different than the vehicle's registered address or you no longer own or lease the vehicle, fill out the mailing address in the "Mailing Address" section below.

Street					
City		State		Zip Code	

Mailing Address

Complete this section only if your mailing address differs from the registered address supplied above.

Street					
City		State/Province		Zip/Postal Code	
Country	(Select one.) <input type="checkbox"/> CANADA <input type="checkbox"/> U.S.				

Step 2: Vehicle Information

Vehicle Identification Number (VIN)

The VIN can be found on the dashboard of the vehicle and is 17 characters long.

VIN (Please provide all 17 digits of the eligible vehicle's VIN):

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Declaration

I declare, under penalty of perjury under the laws of the State of Arizona, that the information in this Claim Form is true and accurate to the best of my knowledge.

Signature

Date

The completed form must be received by this office no later than the end of the business day on **<DATE>**. Please return your completed form:

[CLAIMS ADMINISTRATOR]

Via mail:

Via facsimile: [CLAIMS ADMINISTRATOR]

Via email: [CLAIMS ADMINISTRATOR]

EXHIBIT 3

[ARIZONA ATTORNEY GENERAL LETTERHEAD]

[DATE]

Dear [Eligible Consumer],

In May 2018, a settlement was reached between my office and certain Volkswagen, Audi, and Porsche entities and an individual associated with those entities (collectively “VW”)¹ related to the marketing, advertising, selling, and leasing of certain Volkswagen, Audi, and Porsche “clean diesel” vehicles for model years 2009-2016. Records indicate that you may have owned or leased one of these vehicles -- a (FILL IN MODEL YEAR, MAKE, AND VIN) -- on the relevant date.

You submitted a Claims Form in connection with this settlement. After review of your Claims Form to confirm eligibility, my office is pleased to provide the enclosed check, which reflects [AMOUNT] payment as restitution. This payment is in addition to any other amounts you may have received from other settlements relating to the “clean diesel” vehicles.

Cashing this check does not release any claims you may still have against VW, but VW may assert the amount offered to you in this check as an offset in any pending or future litigation by you against VW, whether you cash it or not. No tax forms will be sent to you as a result of your receipt of this payment. Please cash the check on or before [DATE]. If you have questions about this settlement, please go to:

- [WEBSITE]
- Call the Settlement Administrator toll free at [NUMBER]

As I previously noted, if you are represented by an attorney with regard to an issue with Volkswagen, Audi, or Porsche, you should give this letter to your attorney and discuss this matter with him or her before taking any further action.

Sincerely,

[ATTORNEY GENERAL SIGNATURE]

¹ “VW” means Volkswagen AG, Volkswagen Group of America, Inc., Audi AG, Audi of America, LLC, Dr. Ing. h.c. F. Porsche AG, Porsche Cars North America, Inc., and Martin Winterkorn.

EXHIBIT 4

[STATE LETTERHEAD]

[DATE]

TO: Volkswagen Group of America, Inc.
(addressees listed on following page)

RE: Wire Instructions – VWGoA Settlement Agreement

Ladies and Gentlemen:

Reference is made to the Settlement Agreement, entered into on or about May 1, 2018, by Volkswagen AG, Audi AG, Volkswagen Group of America, Inc. (d/b/a Volkswagen of America, Inc. or Audi of America, Inc.), Audi of America, L.L.C., Dr. Ing. h.c. F. Porsche AG, Porsche Cars North America, Inc. and Martin Winterkorn with the state of Arizona.

Please find below wire instructions for the disbursement of funds pursuant to the Settlement Agreement.

Funds to be Transferred (USD):	\$
Beneficiary Name:	
Beneficiary Account Number:	
Bank Name:	
Bank Routing Information: (ABA # or SWIFT Code)	
Memo:	

If you have any questions regarding these wire instructions, please contact [NAME] at [TELEPHONE] or [EMAIL].

I certify that I am a representative of the State of Arizona authorized to deliver these instructions and that the information provided above is true and correct.

Sincerely,

Signature

Print Name and Title

The preceding wire instructions should be delivered to the following persons:

Name: Volkswagen Group of America, Inc.
Address: 2200 Ferdinand Porsche Drive
Herndon, Virginia 20171

Attn: Office of the General Counsel
Telephone: 703-364-7290
Facsimile: 703-364-7080
E-mail: kevin.duke@vw.com

Name: Sullivan & Cromwell LLP
Address: 125 Broad Street
New York, New York 10004

Attn: David M.J. Rein, Esq.
Telephone: 212-558-3035
Facsimile: 212-291-9120
E-mail: reind@sullcrom.com

Name: Sullivan & Cromwell LLP
Address: 125 Broad Street
New York, New York 10004

Attn: William B. Monahan, Esq.
Telephone: 212-558-7375
Facsimile: 212-291-9414
E-mail: monahanw@sullcrom.com

EXHIBIT 5

1 RICHARD D. McCUNE (Cal. State Bar No. 132124)

2 (Admitted Pro Hac Vice)

3 DAVID C. WRIGHT (Cal. State Bar No. 177468)

4 (Admitted Pro Hac Vice)

5 McCUNE WRIGHT AREVALO, LLP

6 3281 E. Guasti Road, Suite 100

7 Ontario, CA 91761

8 Telephone: (909) 557-1250

9 Facsimile: (909) 557-1275

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12 STEPHEN G. LARSON (Cal. State Bar No. 145225)

13 (Admitted Pro Hac Vice)

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17 Los Angeles, CA 90071

18 Telephone: (213) 436-4888

19 Facsimile: (213) 623-2000

20 Email: slarson@larsonobrienlaw.com

21 Email: mmeister@larsonobrienlaw.com

22 Attorneys for Plaintiff

23 SUPERIOR COURT OF THE STATE OF ARIZONA

24 IN AND FOR THE COUNTY OF MARICOPA

25 STATE OF ARIZONA, *ex rel.* MARK
26 BRNOVICH, Attorney General,

27 Plaintiff,

28 v.

29 VOLKSWAGEN AG; VOLKSWAGEN
30 GROUP OF AMERICA, INC.; AUDI AG;
31 AUDI OF AMERICA, LLC; DR. ING.
32 H.C. F. PORSCHE AG; PORSCHE CARS
33 NORTH AMERICA, INC.; and MARTIN
34 WINTERKORN,

35 Defendants.

Case No: CV2016-005112

**STIPULATION OF DISMISSAL
WITH PREJUDICE**

Judge Assigned: Hon. Randall H. Warner

1 Plaintiff State of Arizona, *ex rel* Mark Brnovich, Attorney General; and Defendants
2 Volkswagen AG; Volkswagen Group of America, Inc.; Audi of America, LLC; Audi AG;
3
4 Porsche Cars North America, Inc.; Dr. Ing. h.c. F. Porsche AG; and Martin Winterkorn
5 (collectively, the “Parties”) agree and stipulate as follows: This matter should be dismissed with
6 prejudice, with the Parties bearing their own fees, costs and expenses.

7
8 SO STIPULATED.

9 COUNSEL FOR PLAINTIFF STATE OF
10 ARIZONA, *ex rel.* MARK BRNOVICH,
11 ATTORNEY GENERAL

12 Dated: May _____, 2018

13 By: _____
14 Richard D. McCune
15 David C. Wright
16 McCUNE WRIGHT AREVALO, LLP
17 3281 E. Guasti Road, Suite 100
18 Ontario, CA 91761
19 Telephone: (909) 557-1250
20 Facsimile: (909) 557-1275
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22 Email: dcw@mccunewright.com

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24 Melissa A. Meister
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COUNSEL FOR DEFENDANTS
VOLKSWAGEN AG, VOLKSWAGEN
GROUP OF AMERICA, INC., AUDI AG,
AND AUDI OF AMERICA, LLC

Dated: May _____, 2018

By: _____
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COUNSEL FOR DEFENDANTS PORSCHE
CARS NORTH AMERICA, INC.
AND DR. ING. H.C. F. PORSCHE AG

Dated: May _____, 2018

By: _____

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COUNSEL FOR DEFENDANT MARTIN
WINTERKORN

Dated: May _____, 2018

By: _____

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3 DAVID C. WRIGHT (Cal. State Bar No. 177468)

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21 Email: mmeister@larsonobrienlaw.com

22 Attorneys for Plaintiff

23 SUPERIOR COURT OF THE STATE OF ARIZONA

24 IN AND FOR THE COUNTY OF MARICOPA

25 STATE OF ARIZONA, *ex rel.* MARK
26 BRNOVICH, Attorney General,

27 Plaintiff,

28 v.

29 VOLKSWAGEN AG; VOLKSWAGEN
30 GROUP OF AMERICA, INC.; AUDI AG;
31 AUDI OF AMERICA, LLC; DR. ING.
32 H.C. F. PORSCHE AG; PORSCHE CARS
33 NORTH AMERICA, INC.; and MARTIN
34 WINTERKORN,

35 Defendants.

Case No: CV2016-005112

**ORDER GRANTING STIPULATION
OF DISMISSAL WITH PREJUDICE**

Judge Assigned: Hon. Randall H. Warner

1 Upon consideration of the parties' Joint Stipulation of Dismissal with Prejudice,
2 IT IS HEREBY ORDERED, that the above-captioned matter is dismissed with
3 prejudice.

4
5 DATED: _____

6 Hon. Randall H. Warner
7 Judge of the Superior Court
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