

SETTLEMENT AGREEMENT

This Class Action Settlement Agreement (“Agreement”) is entered into between Plaintiffs Ali Asghari, Daniel Tran, Yung Kim, Ara Dersarkissian, and Katrina Noble, on behalf of themselves and members of the class of individuals defined in this Agreement (“Plaintiffs” or “Representative Plaintiffs”), on the one hand, and Defendants Volkswagen Group of America, Inc., Audi AG and Volkswagen AG (collectively, “Defendants”), on the other hand (Plaintiffs and Defendants are collectively referred to herein as the “Parties”), to fully and finally settle, resolve and dismiss with prejudice all claims and litigation that were or could have been brought, relating to alleged improper or excessive Oil Consumption of Settlement Class Vehicles, in the action captioned: *Ali Asghari, et al. v. Volkswagen Group of America, Inc., et al.*, Case No. 2:13-cv-02529 (MMM)(VBK), U.S. Distr. Ct., C.D. Cal. (the “Action”).

RECITALS

WHEREAS, Plaintiffs Ali Asghari, Daniel Tran, Yung Kim, Ara Dersarkissian, and Katrina Noble (“Plaintiffs” or “Representative Plaintiffs”) have filed the above-referenced Action as a putative class action against Defendants, claiming that due to alleged engine defects, the Settlement Class Vehicles consume improper or excessive amounts of engine oil.

WHEREAS, the Plaintiffs seek damages and injunctive relief, and assert that the Litigation should proceed as a class action;

WHEREAS, Defendants deny Plaintiffs’ allegations and claims. Defendants maintain that the Settlement Class Vehicles do not consume improper or excessive amounts of engine oil; that the Settlement Class Vehicles are not defective, that no applicable warranties were breached nor applicable statutes violated, that the Settlement Class Vehicles were properly designed,

manufactured, distributed, marketed, advertised, warranted and sold, and that Defendants have not engaged in any wrongdoing;

WHEREAS, the Parties, following discovery, investigation and careful analysis of their respective claims and defenses, and with full understanding of the risks, expense and uncertainty of continued litigation, desire to compromise and settle all issues and claims that were or could have been brought in the Action by or on behalf of Plaintiffs and members of the Settlement Class with respect to improper or excessive oil consumption of the Settlement Class Vehicles;

WHEREAS, the Parties agree that neither this Settlement Agreement nor the underlying settlement shall constitute or be construed as any admission of liability or wrongdoing on the part of Defendants or any Released Party, which is expressly denied, or that the Plaintiffs' claims or similar claims are or would be suitable for class treatment if the Action proceeded through litigation and trial;

WHEREAS, this Settlement Agreement is the result of arm's length negotiations between the Parties, and is fair, adequate and reasonable and was entered into with the assistance of, and following a mediation conducted by, (Ret.) Justice Harold Wiener;

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth below, the Parties hereby agree as follows:

I. DEFINITIONS

A. "Claim" or "Claim for Reimbursement"

"Claim" or "Claim for Reimbursement" shall mean the timely submission of the required form and proof in which a Settlement Class Member seeks to claim reimbursement available under this Settlement Agreement.

B. "Claim Administrator"

The "Claim Administrator" shall mean Rust Consulting, Inc.

C. "Claim Form"

"Claim Form" refers to the form used to request reimbursement under this Agreement, substantially in the form attached hereto as Exhibit 1.

D. "Court"

"Court" refers to the United States District Court for the Central District of California.

E. "Settlement Class" or "Settlement Class Members"

"Settlement Class" or "Settlement Class Members" refers to: "All persons and entities who purchased or leased a Settlement Class Vehicle, as defined in Section I.G. of this Agreement, in the United States of America."

Excluded from the Settlement Class are (a) anyone claiming personal injury, property damage and/or subrogation; (b) all Judges who have presided over the Actions and their spouses; (c) all current employees, officers, directors, agents and representatives of Defendants, and their family members; (d) any affiliate, parent or subsidiary of Defendants and any entity in which Defendants have a controlling interest; (e) anyone acting as a used car dealer; (f) anyone who purchased a Settlement Class Vehicle for the purpose of resale; (g) anyone who purchased a Settlement Class Vehicle with salvaged title and/or any insurance company who acquired a Settlement Class Vehicle as a result of a total loss; (h) any insurer of a Settlement Class Vehicle; (i) issuers of extended vehicle warranties and service contracts; (j) any Settlement Class Member who, prior to the date of this Agreement, settled with and released Defendants or any Released Parties from any Released Claims, and (k) any Settlement Class Member that files a timely and proper Request for Exclusion from the Settlement Class.

F. "Lead Class Counsel" or "Lead Settlement Class Counsel"

"Lead Class Counsel" or "Lead Settlement Class Counsel" are Strategic Legal Practices APC and Capstone Law, APC.

G. "Settlement Class Vehicle"

"Settlement Class Vehicles" means any 2009 model year Audi A4 vehicle, 2010 model year Audi A4 and Audi A5 vehicle, and 2011 model year Audi A4, Audi A5 and Audi Q5 vehicle, originally equipped with a factory-installed 2.0 liter TFSI longitudinal engine bearing Audi internal engine code CAEB ("CAEB Engine"), imported and distributed by Defendant Volkswagen Group of America, Inc. for sale or lease in the United States of America or Puerto Rico.

H. "Effective Date"

"Effective Date" means the first date after (1) the Court enters a Final Order and Judgment approving the Settlement Agreement, substantially in the form attached hereto as Exhibit 2, and (2) all appellate rights with respect to said Final Order and Judgment, other than those related solely to any award of attorneys' fees, costs or incentive payments, have expired or been exhausted in such a manner as to affirm the Final Order and Judgment.

I. "CAEB Engine"

"CAEB Engine" is the 2.0 liter TFSI longitudinal engine bearing Audi internal engine code CAEB, with which the Settlement Class Vehicles were factory equipped.

J. "Oil Consumption"

"Oil Consumption" refers to the alleged condition of excessive consumption of engine oil by the Settlement Class Vehicles, including the manner, extent, volume, frequency and rate in which the Settlement Class Vehicles and their engines utilize and consume engine oil.

K. “Service Adjustment”

“Service Adjustment” shall mean the following service by an authorized Audi dealer with respect to Settlement Class Vehicles: (1) replacement of the crankcase pressure regulating valve, front crankshaft seal and front crankshaft bolt and (2) updating the Engine Control Module (ECM) software to match the new part(s) referred to in (1) above, consistent with any applicable Audi Technical Service Bulletin that is in effect at the time the Service Adjustment is performed.

L. “Notice Date”

"Notice Date" means the date by which Defendants shall mail notice of this Settlement to the Settlement Class. The Notice Date shall be on or within 100 (one hundred) days after the Court enters a Preliminary Approval Order, substantially in the form attached hereto as Exhibit 3.

M. "Proof of Repair Expense"

"Proof of Repair Expense" shall take the form of an original or legible copy of a receipt, invoice or other record, or some combination thereof, identifying the date of repair, the make and model of the vehicle, the vehicle identification number of the Settlement Class Vehicle, the mileage of the vehicle at the time of repair, the facility that performed the repair, a description of the work performed, including a breakdown of parts and labor costs, and proof of the sum of money paid by (or on behalf of) the Settlement Class Member, for a repair or replacement for which reimbursement is available under the terms of this Settlement.

N. “Released Claims” or “Settled Claims”

“Released Claims” or “Settled Claims” means any and all claims, causes of action, demands, debts, suits, liabilities, obligations, damages, actions, rights of action, remedies of any kind and/or causes of action of every nature and description, whether known or unknown, asserted or unasserted, foreseen or unforeseen, regardless of any legal theory, existing now or

arising in the future, by Plaintiffs and any and all Settlement Class Members based on Oil Consumption of Settlement Class Vehicles including the engines and their components as relating to Oil Consumption, whether arising under statute, rule, regulation, common law or equity, and including, but not limited to, any and all claims, causes of action, rights or entitlements under any federal, state, local or other statute, law, rule and/or regulation, any consumer protection, consumer fraud, unfair business practices or deceptive trade practices laws, any legal or equitable theories, any claims or causes of action in tort, contract, products liability, negligence, fraud, misrepresentation, concealment, consumer protection, restitution, quasi contract, unjust enrichment, express warranty, implied warranty, secret warranty and/or any injuries, losses, damages or remedies of any kind, in law or in equity, under common law, statute, rule or regulation, including, but not limited to, compensatory damages, economic losses or damages, exemplary damages, punitive damages, statutory damages, restitution, or any other legal or equitable relief. This release expressly exempts claims for personal injuries and property damage (other than damage to the Settlement Class Vehicle related to Oil Consumption).

O. “Released Parties”

“Released Parties” shall mean Volkswagen Group of America, Inc., Audi AG, Volkswagen AG, all designers, manufacturers, assemblers, distributors, importers, marketers, advertisers, testers, inspectors, sellers, suppliers, component suppliers, lessors, warrantors, dealers, repairers and servicers of Settlement Class Vehicles and each of their component parts and systems, all dealers, lessors and retailers of Settlement Class Vehicles, and all of the aforementioned persons’ or entities’ past and present directors, officers, shareholders, principals, partners, employees, agents, servants, assigns, representatives, attorneys, insurers, trustees, vendors, contractors, heirs, executors, administrators, successor companies, parent companies, subsidiary companies, affiliated companies, divisions, trustees, vendors and representatives.

P. “In-Service Date”

“In-Service Date” shall mean the date on which a Settlement Class Vehicle was delivered to either the original purchaser or the original lessee; or if the vehicle was first placed in service as a “demonstrator” or “company” car, on the date such vehicle was first placed in service.

Q. “Class Counsel” or “Plaintiffs’ Counsel”

“Class Counsel” or “Plaintiffs’ Counsel” shall mean Strategic Legal Practices APC, Capstone Law, APC, Diversity Law Group, P.C., Law Office of Choi & Associates, Eco Tech Law Group, P.C. and the Law Office of Hovanes Margarian

II. SETTLEMENT CONSIDERATION

In consideration for the full and complete Release of all Released Claims against all Released Parties, and the dismissal of the Action with prejudice, Defendants agree to provide the following consideration to the Settlement Class:

A. Reimbursement For Service Adjustment Performed By An Authorized Audi Dealer Prior To Notice Date.

1. Subject to the proof and conditions required in Section II.A.2. below, a Settlement Class Member, who has not already been reimbursed by Defendants or a third-party, will be entitled to reimbursement of one hundred percent (100%) of the cost (parts and labor) that he or she has previously paid for a Service Adjustment (as defined in Section I.K. of this Agreement) performed on a Settlement Class Vehicle by an authorized Audi dealer prior to the Notice Date. Reimbursements are contingent upon the Court’s final approval of this Settlement Agreement.

If part of the Service Adjustment was performed by an authorized Audi dealer, a Settlement Class Member will be entitled to reimbursement under this Section for the costs expended (and not already reimbursed) for the part(s) of the Service Adjustment that was/were performed, provided that it related to Oil Consumption.

A Settlement Class Member will not be eligible for reimbursement under this Section if the vehicle's service documentation indicates that the Service Adjustment was due to lack of or insufficient engine maintenance or failure to comply with the oil and oil filter maintenance requirements and time/mileage schedule of the vehicle's Warranty Maintenance Booklet and Owners' Manual.

2. The following proof must be submitted, and conditions satisfied, in order for a Settlement Class Member to be eligible for a reimbursement under Section II.A.1. of this Agreement:

(a) A Claim is mailed to the Claim Administrator, post-marked no later than one hundred fifty (150) days after the Notice Date.

(b) The Claim contains a properly completed Claim Form.

(c) If the claimant is not a person to whom the Claim Form was addressed, and/or the vehicle with respect to which a Claim is made is not the vehicle identified by VIN number on the mailed Claim Form, the Claim contains proof that the claimant is a Settlement Class Member.

(d) The Claim contains the proper Proof of Repair Expense demonstrating the Settlement Class Member's right to receive a one hundred percent (100%) reimbursement under the terms of this Settlement Agreement.

(e) The Settlement Class Member has not previously been reimbursed for his or her expenses as is provided by the Settlement.

(f) The Service Adjustment was not performed as a result of engine damage due to abuse, alteration or modification, a collision or crash, vandalism and/or other impact.

B. Service Adjustment for Current Owners or Lessees within Eighteen (18) Months after the Notice Date.

Effective on the Notice Date, all Settlement Class Members who are current owners or lessees of Settlement Class Vehicles which did not previously receive a Service Adjustment (as defined in Section I.K. of this Agreement), and who can submit documentary proof (in the form of service or maintenance records and/or invoices) of compliance with the oil and oil filter maintenance requirements and schedule¹ set forth in his/her vehicle's Warranty and Maintenance Booklet and Owner's Manual, may have the Service Adjustment performed on their Settlement Class Vehicles, free of charge, by an authorized Audi dealer.

Settlement Class Members who wish to have the Service Adjustment performed must contact an authorized Audi dealer to make an appointment, but the appointment must be made no later than eighteen (18) months after the Notice Date. Appointments for the Service Adjustment which may exceed the eighteen (18) months must be performed within ninety (90) days to ensure the proper claim processing through the service dealer, as long as the appointment is made within eighteen (18) months after the Notice Date.

A Service Adjustment performed pursuant to this Section during the notice period precludes Settlement Class Members from opting out of the Settlement Class.

¹ With a permissible variance of ten percent (10%) of each required oil and oil filter maintenance mileage interval.

This Section and its benefits will not apply to Settlement Class Vehicles whose engines have been damaged as a result of abuse, alteration or modification, a collision or crash, vandalism and/or other impact.

C. Warranty Extension for Current Owners or Lessees

Effective on the Notice Date, Volkswagen Group of America, Inc. will extend its New Vehicle Limited Warranties applicable to the Settlement Class Vehicles to cover engine repairs needed to correct engine Oil Consumption, by an authorized Audi dealer, during a period of either (i) eight (8) years or eighty thousand (80,000) miles (whichever occurs first) from the In-Service Date of the Settlement Class Vehicle, or (ii) one (1) year or 12,000 miles (whichever occurs first) from the date the Service Adjustment referred to in Section II.B. above is performed, whichever date occurs later, provided that the Settlement Class member submits documentary proof (in the form of service or maintenance records and/or invoices) of compliance with the oil and oil filter maintenance requirements and schedule² set forth in his/her Settlement Class Vehicle's Warranty and Maintenance Booklet and Owner's Manual (hereinafter, the "Extended Warranty").

The extended warranty will cover any oil consumption tests performed by Audi dealers in connection with the Extended Warranty.

Repairs performed pursuant to this section during the notice period preclude Settlement Class Members from opting out of the Settlement Class.

The Extended Warranty is subject to the same terms and conditions set forth in the Settlement Class Vehicle's New Vehicle Limited Warranty and Warranty Information Booklet,

² With a permissible variance of ten percent (10%) of each required oil and oil filter maintenance mileage interval.

except that repairs under this subsection of the Agreement are permissible pursuant to the terms and time and mileage limitations herein. Damages resulting from abuse, alteration or modification, a collision or crash, vandalism and/or other impact shall be excluded and not covered by the Extended Warranty.

D. Costs of Administration and Notice

Defendants shall be responsible for the costs of class notice and settlement administration. In no event shall Class Counsel be responsible for any costs associated with class notice or settlement administration. The parties retain the right to audit and review the claims handling by the Claim Administrator, and the Claim Administrator shall report to both parties jointly.

III. CLAIMS ADMINISTRATION

A. Administration

1. For each approved reimbursement payment, the Claim Administrator, on behalf of Defendants, shall mail to the Settlement Class Member, at the address listed on the Claim Form, a reimbursement check for one hundred percent (100%) of the unreimbursed permissible expense paid by (or on behalf of) the Settlement Class Member, to be sent within seventy-five (75) days of the date of receipt of the Claim, or within sixty (60) days of the Effective Date, whichever is later.

2. For any Claim that qualifies for less than the full amount of the one hundred percent (100%) reimbursement sought by the Settlement Class Member, the Claim Administrator shall, within the period set forth in section III.A.1. above, mail to the Settlement

Class Member, at the address listed on the Claim Form, a "Claim Decision and Option Selection Form" (substantially in the form attached hereto as Exhibit 4) stating:

- (a) whether a full or partial reimbursement has been awarded;
- (b) the amount of the proposed reimbursement;
- (c) whether rejection of the reimbursement sought was based on:
 - (i) lack of or insufficient Proof of Repair Expense and/or other required proof;
 - (ii) error in the Claim Form; or
 - (iii) any other applicable reason impacting payment of the full amount of the one hundred percent (100%) reimbursement sought by the Settlement Class member.
- (d) the Settlement Class Member's right to a Second Review of the Claim Administrator's decision; and
- (e) the Settlement Class Member's right to attempt to cure the deficiency, except for a deficiency related to a belatedly postmarked Claim Form.

3. Any Settlement Class Member who receives a Claim Decision and Option Selection Form under section III.A.2, notifying him or her of his or her right to Second Review, may:

- (a) Attempt to cure the deficiency stated by mailing the information and/or documentation identified as lacking in the Claim, postmarked within thirty (30) days of receipt of the letter. Within seventy- five (75) days of receiving a cure attempt under this paragraph, or within sixty (60) days of the Effective Date, whichever is later, the Claim Administrator will either pay the full amount of the one hundred percent (100%) reimbursement if the cure information and/or documentation satisfies the criteria for said reimbursement under

this Agreement or will notify the Settlement Class Member by mail that the Claim has been finally denied and advising of the right to a Second Review;

(b) Initiate a Second Review of the Claim Administrator's decision by completing and mailing the Claim Decision and Option Selection Form, postmarked within thirty (30) days of receipt of the letter (or within thirty (30) days of receipt of written denial following a cure attempt under section III.A.3.(a)); or

(c) Accept the reimbursement offered, which acceptance will be presumed if no completed Claim Decision and Option Selection Form or cure attempt is received by the Claim Administrator within forty-five (45) days of receipt of the letter.

4. If a Settlement Class Member accepts the reimbursement offer under section III.A.3.(c), the Claim Administrator shall mail the Settlement Class Member a reimbursement check within seventy-five (75) days of the Effective Date or within forty-five (45) days after receipt of said acceptance by the Claim Administrator (either by the Claim Administrator's receipt of the completed Claim Decision and Option Selection Form from the Settlement Class Member accepting the reimbursement offered, or by the expiration of the above-referenced period of time in which acceptance will be presumed), whichever occurs later.

B. Second Review

1. A Settlement Class Member that initiates a Second Review can:
 - (a) rely solely on the documents submitted with the Claim; and
 - (b) submit a written statement in advance of the Claim Administrator's Second Review.
2. In each Second Review, the Claim Administrator shall review the decision with regard to the reimbursement, including the criteria required under this Settlement Agreement.

3. The Second Review will be made by a senior level employee of the Claim Administrator who is a different employee from the one that made the initial determination. His/her Second Review will be independent of the initial review, and will not involve consultation with the employee who made the initial determination.

4. The reviewer will review the Claim Administrator's initial determination and independently determine, based upon the claim and proof submitted by the Settlement Class Member, whether the initial determination should be adjusted. The reviewer will have the authority to increase the reimbursement amount originally offered up to the full amount of the one hundred percent (100%) reimbursement sought, if the Settlement Class Member's claim meets the requirements under this Agreement for justifying that amount. Under no circumstance shall the second reviewer decrease the reimbursement amount previously offered.

5. The Second Review determination will be mailed to the Settlement Class Member within forty-five (45) days of the date in which the request for a Second review, with any supporting documentation, was received by the Claim Administrator, or within sixty (60) days of the Effective Date, whichever is later. The Second Review determination will state the reason(s) why the initial determination was either modified or not changed. The Claim Administrator's decision shall be final and not appealable.

6. Lead Class Counsel will have the right to reasonably monitor the claims administration process and ensure that the Claim Administrator is acting in accordance with the Settlement Agreement.

7. Within sixty (60) days of notice to the parties of the Second Review decision or within seventy-five (75) days of the Effective Date, whichever occurs later, the Claim

Administrator shall, if a reimbursement is awarded, mail a check in the amount of the reimbursement award to the Settlement Class Member at the address listed on the Claim Form.

8. Defendants shall bear all costs of the Second Review

IV. NOTICE

1. **To Attorney General:** In compliance with the Attorney General notification provision of the Class Action Fairness Act, 28 U.S.C. § 1715, Defendants shall provide notice of this proposed Settlement to the Attorney General of the United States, and the Attorneys General of each state in which a Settlement Class Member resides.

2. **To The Settlement Class:** Defendants will retain the Claim Administrator which shall be responsible for the following Settlement Class Notice program:

- (a) Within one hundred (100) days after entry of the Preliminary Approval Order discussed in Section VIII of this Agreement, the Claim Administrator shall cause individual notice, substantially in the form attached hereto as Exhibit 5, together with the Claim Form and Request for Exclusion Form, to be mailed, by first class mail, to the current or last known addresses of all reasonably identifiable Settlement Class Members. Defendants may format the Class Notice in such a way as to minimize the cost of the mailing, so long as Settlement Class Members can reasonably read it and Lead Class Counsel approves all changes and formatting. The Claim Administrator shall be responsible for dissemination of the Class Notice.

- (b) For purposes of identifying Settlement Class Members, the Claim Administrator shall obtain from R.L. Polk & Co. the names and current or last known addresses

of Settlement Class Vehicle owners and lessees which can reasonably be obtained, and the Vehicle Identification Numbers (VINs) of Settlement Class Vehicles.

(c) Prior to mailing the Class Notice, an address search through the United States Postal Service's National Change of Address database will be conducted to update the address information for Settlement Class Vehicle owners and lessees. For each individual Class Notice that is returned as undeliverable, the Claim Administrator shall re-mail all Class Notices where a forwarding address has been provided. For the remaining undeliverable notice packets where no forwarding address is provided, the Claim Administrator shall perform an advanced address search (e.g. a skip trace) and re-mail any undeliverable to the extent any new and current addresses are located.

(d) The Claim Administrator shall diligently, and/or as reasonably requested by Lead Class Counsel or Defendants' counsel, report to Lead Class Counsel and Defendants' counsel the number of individual Class Notices originally mailed to Settlement Class Members, the number of individual Class Notices initially returned as undeliverable, the number of additional individual Class Notices mailed after receipt of a forwarding address, and the number of those additional individual Class Notices returned as undeliverable.

(e) The Claim Administrator shall, upon request, provide Lead Class Counsel and Defendants' counsel with the names and addresses of all Settlement Class Members to whom the Claim Administrator sent a Class Notice pursuant to this section.

(f) Within one hundred (100) days after entry of the Preliminary Approval Order, the Claim Administrator shall cause a one-time publication of summary notice, substantially in the form attached hereto as Exhibit 6, to appear in the first section of the National Edition of USA Today. Defendants shall bear the cost of the summary notice.

- (g) The Claim Administrator shall implement a Settlement website containing
 - (i) instructions on how to submit a Claim for reimbursement;
 - (ii) instructions on how to contact the Claim Administrator, Defendants and Lead Class Counsel for assistance;
 - (iii) a copy of the Claim Form, Class Notice and this Settlement Agreement; and
 - (iv) any other relevant information agreed upon by counsel for the Parties.

3. No later than ten (10) days before the Fairness Hearing, the Claim Administrator shall provide an affidavit to Lead Class Counsel and Defendants' counsel, attesting that the Class Notice was disseminated in a manner consistent with the terms of this Agreement or those required by the Court.

V. RESPONSE TO NOTICE

1. Objection to Settlement

Any Settlement Class Member who intends to object to the fairness of this Settlement Agreement must, by the date specified in the Preliminary Approval Order and recited in the Class Notice, file any such objection via the Court's electronic filing system, and if not filed via the Court's electronic system, must mail the objection to the Court, and serve by first-class mail copies of the objection upon: Payam Shahian, Strategic Legal Practices, APC, Suite 700, 1875 Century Park East, Los Angeles, California 90067 on behalf of Class Counsel, and Jeffrey L. Chase, Herzfeld & Rubin, P.C., 125 Broad Street, New York, New York 10004 on behalf of Defendants, and the Claim Administrator, Rust Consulting, Inc. at P.O. Box 2865, Faribault, Minnesota 55021-8665.

Any objecting Settlement Class Member must include with his or her objection:

- (a) the objector's full name, address, and telephone number,

(b) the model, model year and vehicle identification number of the Settlement Class Vehicle, along with proof that the objector has owned or leased the Settlement Class Vehicle (i.e., a true copy of a vehicle title, registration, or license receipt);

(c) a written statement of all grounds for the objection accompanied by any legal support for such objection; and

(d) copies of any papers, briefs, or other documents upon which the objection is based and are pertinent to the objection;

In addition, any Settlement Class Member objecting to the settlement shall provide a list of all other objections submitted by the objector, or the objector's counsel, to any class action settlements submitted in any court in the United States in the previous five years, including the full case name with jurisdiction in which it was filed and the docket number. If the Settlement Class Member or his, her or its counsel has not objected to any other class action settlement in the United States in the previous five years, he or she shall affirmatively so state in the objection.

Moreover, subject to the approval of the Court, any objecting Settlement Class Member may appear, in person by counsel, at the final fairness hearing to explain why the proposed settlement should not be approved as fair, reasonable, and adequate, or to object to any petitions for Class Counsel Fees and Expenses or incentive awards. The objecting Settlement Class Member must file with the Clerk of the Court and serve upon all counsel designated in the Notice a notice of intention to appear at the fairness hearing by the objection deadline. The notice of intention to appear must include copies of any papers, exhibits, or other evidence and identity of witnesses that the objecting Settlement Class Member (or the objecting Settlement Class Member's counsel) will present to the Court in connection with the fairness hearing. Any Settlement Class Member who does not provide a notice of intention to appear in accordance

with the deadlines and other specifications set forth in the Notice, or who has not filed an objection in accordance with the deadlines and other specifications set forth in the Settlement Agreement and the Notice, may be deemed to have waived any objections to the settlement and any adjudication or review of the Settlement, by appeal or otherwise.

2. Request for Exclusion from the Settlement

Any Settlement Class Member who wishes to be excluded from the Settlement Class must submit a request for exclusion ("Request for Exclusion"), substantially in the form attached hereto as Exhibit 7, to the Claim Administrator at the address specified in the Class Notice by the date specified in the Preliminary Approval Order and recited in the Class Notice. To be effective, the Request for Exclusion must be sent to the specified address and:

- (a) include the Settlement Class Member's full name, address and telephone number;
- (b) identify the model, model year and vehicle identification number of the Settlement Class Vehicle; and
- (c) specifically and unambiguously state his or her desire to be excluded from the Settlement Class.

Any Settlement Class Member who obtains a Service Adjustment pursuant to the terms of this settlement agreement after the receipt of the Notice gives up the right to exclude him or herself from this settlement.

Any request or exclusion must be postmarked on or before the deadline set by the Court, which date shall be approximately forty-five (45) days after the date of the mailing of Notice to Settlement Class Members. Any Settlement Class Member, who fails to submit a timely and

complete Request for Exclusion sent to the proper address, shall be subject to and bound by this Settlement Agreement, the Release and every order or judgment entered relating to this Settlement Agreement.

The Claim Administrator will receive purported Requests for Exclusion and will follow guidelines developed jointly by Lead Class Counsel and the Defendants' counsel for determining whether they meet the requirements of a Request for Exclusion. Any communications from Settlement Class Members (whether styled as an exclusion request, an objection or a comment) as to which it is not readily apparent whether the Settlement Class Member meant to exclude himself or herself from the Settlement Class will be evaluated jointly by counsel for the parties, who will make a good faith evaluation, if possible. Any uncertainties about whether a Settlement Class Member is requesting exclusion from the Settlement Class will be submitted to the Court for resolution. The Claim Administrator will maintain a database of all Requests for Exclusion, and will send the original written communications memorializing those Requests for Exclusion to Lead Class Counsel and Defendants' counsel. The Claim Administrator shall report the names and addresses of all such persons and entities requesting exclusion to the Court, Lead Class Counsel and Defendant's Counsel within seven (7) days prior to the Final Hearing, and the list of persons and entities deemed by the Court to have excluded themselves from the Settlement Class will be attached as an exhibit to the Final Order and Judgment.

VI. WITHDRAWAL FROM SETTLEMENT

Plaintiffs or Defendants shall have the option to withdraw from this Settlement Agreement, and to render it null and void, if any of the following occurs:

1. Any objection to the proposed settlement is sustained and such objection results in changes to this Agreement that the withdrawing party deems in good faith to be material (*e.g.*, because it substantially increases the costs of the Settlement, or deprives the withdrawing party of a material benefit of the Settlement; a mere delay of the approval and/or implementation of the Settlement including a delay due to an appeal procedure, if any, shall not be deemed material);

2. The preliminary or final approval of this Settlement Agreement is not obtained without modification, and any modification required by the Court for approval is not agreed to by both parties, and the withdrawing party deems any required modification in good faith to be material (*e.g.*, because it increases the cost of the Settlement, or deprives the withdrawing party of a benefit of the Settlement); a mere delay of the approval and/or implementation of the Settlement including a delay due to an appeal procedure, if any, shall not be deemed material);

3. Entry of the Final Order and Judgment described in this Agreement is vacated by the Court or reversed or substantially modified by an appellate court, except that a reversal or modification of an order awarding reasonable attorneys' fees and costs and expenses, if any, shall not be a basis for withdrawal; or

4. The Defendants shall, in addition, have the option to withdraw from this Settlement Agreement, and to render it null and void, if more than ten percent (10%) of the persons and entities identified as being members of the Settlement Class exclude themselves from the Settlement Class.

To withdraw from this Settlement Agreement under this paragraph, the withdrawing party must provide written notice to the other party's counsel and to the Court within ten (10) business days of receipt of any order or notice of the Court modifying, adding or altering any of the material terms or conditions of this agreement. In the event either party withdraws from the

Settlement, this Settlement Agreement shall be null and void, shall have no further force and effect with respect to any party in the Action, and shall not be offered in evidence or used in the Action or any other litigation for any purpose, including the existence, certification or maintenance of any purported class. In the event of such withdrawal, this Settlement Agreement and all negotiations, proceedings, documents prepared and statements made in connection herewith shall be inadmissible as evidence and without prejudice to the Defendants and Plaintiffs, and shall not be deemed or construed to be an admission or confession by any party of any fact, matter or proposition of law, and shall not be used in any manner for any purpose, and all parties to the Action shall stand in the same position as if this Settlement Agreement had not been negotiated, made or filed with the Court. Upon withdrawal, either party may elect to move the Court to vacate any and all orders entered pursuant to the provisions of this Settlement Agreement.

A change in law, or change of interpretation of present law, that affects this Settlement shall not be grounds for withdrawal from the Settlement.

VII. ADMINISTRATIVE OBLIGATIONS

A. In connection with the administration of the Settlement, the Claim Administrator shall maintain a record of all contacts from Settlement Class Members regarding the Settlement, any claims submitted pursuant to the Settlement and any responses thereto. The Claim Administrator, on a monthly basis, shall provide to Lead Class Counsel and Defendants' counsel summary information concerning the number of claims made, number of claims validated, number of returned claims for incompleteness, and total amount of payouts on claims made such that Lead Class Counsel and Defendants' counsel may inspect and monitor the claims process.

B. Except as otherwise stated in this Agreement, all expenses incurred in administering this Settlement Agreement, including, without limitation, the cost of the Class Notice, and the cost of distributing and administering the benefits of the Settlement Agreement, shall be paid by Defendants.

VIII. SETTLEMENT APPROVAL PROCESS

A. Preliminary Approval of Settlement

Promptly after the execution of this Agreement, Lead Class Counsel shall present this Agreement to the Court, along with a motion requesting that the Court issue a Preliminary Approval Order substantially in the form attached as Exhibit 3.

B. Final Approval of Settlement

If this Agreement is preliminarily approved by the Court, Lead Class Counsel shall present a motion requesting that the Court issue a Final Order and Judgment directing the entry of judgment pursuant to Fed. R. Civ. P. 54(b) substantially in the form attached as Exhibit 2.

C. Payment of Plaintiffs' Counsel's Attorneys' Fees/Expenses and Incentive Awards

The parties agree that Class Counsel may apply to the Court for an award of reasonable attorneys' fees up to, but not to exceed, the total combined sum of \$2,300,000 (two million three hundred thousand dollars), and expenses, inclusive of costs, incurred up to, but not to exceed, the total combined sum of \$100,000 (one-hundred thousand dollars) (hereinafter collectively, "fees and expenses"), Defendants will not oppose Class Counsel's application for attorneys' fees and expenses up to and not exceeding the above amounts, and Class Counsel may not be awarded,

and shall not accept, any amount for attorneys' fees and expenses in excess of the above amounts. Each party shall have the right of appeal to the extent the award is inconsistent with this Agreement.

Plaintiffs believe that Defendants should pay service awards to the individual named Plaintiffs in the Action, each of whom have served as putative class representative in the Action. Upon finalization of this Settlement Agreement, the parties have agreed that Defendants will not oppose Plaintiffs' request, made as part of the Fee and Expense Application, that Defendants pay service awards of \$2,500 (two thousand five hundred dollars) to each of the named Plaintiffs Ali Asghari, Daniel Tran, Yung Kim, Ara Dersarkissian and Katrina Noble , who have served as putative class representatives in the Action.

The attorneys' fees and expenses and settlement class representative incentive awards shall be paid by wire transfer, check or other mutually agreeable fashion to the designated Class Counsel payee ("Class Counsel payee") within thirty (30) days of the Effective Date or of the first date after all appellate rights with respect to the attorney fees and expenses and settlement class representative incentive awards have expired or been fully resolved, whichever occurs later. Said payment to the Class Counsel payee shall fully satisfy and discharge all obligations of Defendants with respect to payment of the attorneys' fees and expenses and settlement class representative incentive awards.

The Class Counsel payee will be selected by Lead Class Counsel within ten (10) days after the date the Final Approval Order is entered. The Class Counsel payee shall distribute attorneys' fees and expenses awarded by the Court between and among Class Counsel as Class Counsel mutually agree amongst themselves.

The procedure for and the grant or denial or allowance or disallowance by the Court of the Fee and Expense Application are not part of the Settlement, and are to be considered by the Court separately from the Court's consideration of the fairness, reasonableness and adequacy of the Settlement. Any order or proceedings relating solely to the Fee and Expense Application, or any appeal from any order related thereto or reversal or modification thereof, will not operate to terminate or cancel this Agreement, or affect or delay the Effective Date of this Agreement. Payment of attorneys' fees and expenses and the settlement class representatives' incentive awards will not reduce the benefit being made available to the Settlement Class Members, and the Settlement Class Members will not be required to pay any portion of the settlement class representatives' incentive awards or attorneys' fees and expenses.

D. Release of Plaintiffs' and Settlement Class Members' Claims

(a) Upon the Effective Date, the Plaintiffs and each Settlement Class Member shall be deemed to have, and by operation of the Final Order and Judgment shall have, fully and completely released, acquitted and discharged the Released Parties from all Released Claims.

(b) Upon the Effective Date, with respect to the Released Claims, the Plaintiffs and Settlement Class Members expressly waive and relinquish, to the fullest extent permitted by law, the provisions, rights, and benefits of §1542 of the California Civil Code, which provides: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

(c) Upon the Effective Date, the Action will be deemed dismissed with prejudice.

IX. MISCELLANEOUS PROVISIONS

A. Effect of Exhibits

The exhibits to this Agreement are an integral part of the Settlement and are expressly incorporated and made a part of this Agreement.

B. No Admission of Liability

Neither the fact of, nor any provision contained in this Agreement, nor any action taken hereunder, shall constitute, or be construed as, any admission of the validity of any claim or any fact alleged in the Action or of any wrongdoing, fault, violation of law or liability of any kind on the part of Defendants and the Released Parties, or any admissions by Defendants and the Released Parties of any claim or allegation made in any action or proceeding against them. The Parties understand and agree that neither this Agreement, nor the negotiations that preceded it, shall be offered or be admissible in evidence against Defendants, the Released Parties, the Plaintiffs or the Settlement Class Members, or cited or referred to in the Action or any action or proceeding, except in an action or proceeding brought to enforce the terms of this Agreement.

C. Entire Agreement

This Agreement represents the entire agreement and understanding among the parties and supersedes all prior proposals, negotiations, agreements and understandings relating to the subject matter of this Agreement. The parties acknowledge, stipulate, and agree that no covenant, obligation, condition, representation, warranty, inducement, negotiation or understanding concerning any part or all of the subject matter of this Agreement has been made or relied on except as expressly set forth in this Agreement. No modification or waiver of any provisions of this Agreement shall in any event be effective unless the same shall be in writing and signed by the person or party against whom enforcement of the Agreement is sought.

D. Arm's-Length Negotiations and Good Faith

The parties have negotiated all of the terms and conditions of this Agreement at arm's length. The Parties agree that during the course of this Litigation, the Parties and their respective counsel have acted in good faith. All terms, conditions and exhibits in their exact form are material and necessary to this Agreement and have been relied upon by the parties in entering into this Agreement. The parties agree to act in good faith during the claims administration process.

E. Continuing Jurisdiction

The parties agree that the Court may retain continuing and exclusive jurisdiction over them, including all Settlement Class Members, for the purpose of the administration and enforcement of this Agreement.

F. Binding Effect of Settlement Agreement

This Agreement shall be binding upon and inure to the benefit of the parties and their representatives, attorneys, heirs, successors and assigns.

G. Extensions of Time

The parties may agree upon a reasonable extension of time for deadlines and dates reflected in this Agreement, without further notice (subject to Court approval as to Court dates).

H. Service of Notice

Whenever, under the terms of this Agreement, a person is required to provide service or written notice to Defendants' counsel or Class Counsel, such service or notice shall be directed to the individuals and addresses specified below, unless those individuals or their successors give notice to the other parties in writing, of a successor individual or address:

As to Plaintiffs: Payam Shahian, Esq.
Strategic Legal Practices, APC
1875 Century Park East, Suite 700
Los Angeles, California 90067

As to Defendants: Jeffrey L. Chase, Esq.
Herzfeld & Rubin, P.C.
125 Broad Street
New York, New York 10004

I. Authority to Execute Settlement Agreement

Each counsel or other person executing this Agreement or any of its exhibits on behalf of any party hereto warrants that such person has the authority to do so.

J. Return of Confidential Materials

All documents and information designated as “confidential” and produced or exchanged in the Action, shall be returned or destroyed in accordance with the terms of the Confidentiality Stipulation and Order entered in the Action dated May 28, 2013 and June 11, 2013, respectively.

K. No Assignment

The Parties represent and warrant that they have not assigned or transferred, or purported to assign or transfer, to any person or entity, any claim or any portion thereof or interest therein, including, but not limited to, any interest in the litigation or any related action.

L. No Third-Party Beneficiaries

This Agreement shall not be construed to create rights in, or to grant remedies to, or delegate any duty, obligation or undertaking established herein to any third party (other than Settlement Class Members themselves) as a beneficiary of this Agreement.

M. Construction

The determination of the terms and conditions of this Agreement has been by mutual agreement of the Parties. Each Party participated jointly in the drafting of this Agreement and, therefore, the terms and conditions of this Agreement are not intended to be, and shall not be, construed against any Party by virtue of draftsmanship.

N. Captions

The captions or headings of the sections and paragraphs of this Agreement have been inserted for convenience of reference only and shall have no effect upon the construction or interpretation of any part of this Agreement.

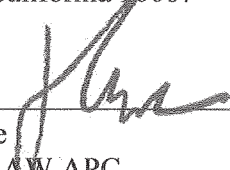
IN WITNESS HEREOF, the parties have caused this Agreement to be executed, by their duly authorized attorneys, as of the date(s) indicated on the lines below.

ON BEHALF OF PLAINTIFFS:

Dated: June June, 26 2014



Payam Shahian
STRATEGIC LEGAL PRACTICES
APC
1875 Century Park East, Suite 700
Los Angeles, California 90067



Jordan L. Lurie
CAPSTONE LAW APC
1840 Century Park East, Suite 450
Los Angeles, CA 90067



Dara Tabesh
ECOTECH LAW GROUP, P.C.
333 First Street, Suite C
San Francisco, CA 94105

Ecotech DT

Dated: June

13

2014



Larry Lee
DIVERSITY LAW GROUP, APC
550 S. Hope Street, Suite 2655
Los Angeles, California 90071

Edward W. Choi
LAW OFFICES OF CHOI &
ASSOCIATES
3435 Wilshire Boulevard
Suite 2410
Los Angeles, California 90010-2006

Dated: June

2014

Hovanes Margarian
LAW OFFICES OF HOVANES
MARGARIAN
13425 Ventura Blvd., Suite 303
Sherman Oaks, CA 91423

Dated: June

2014

Ali Asghari

Dated: June

2014

Daniel Tran

Dated: June

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Yung Kim

Dated: June 13 2014

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Ali Asghari

Dated: June _____ 2014

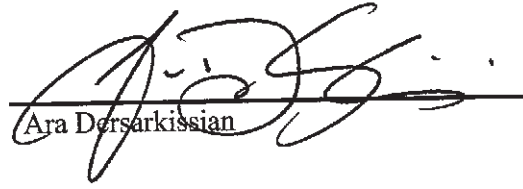
Daniel Tran

Dated: June _____ 2014

Yung Kim

Dated: June

23 2014


Ara Dersarkissian

Dated: June

_____ 2014

Katrina Noble

ON BEHALF OF DEFENDANTS:

Dated: June

_____ 2014

Jeffrey L. Chase
HERZFELD & RUBIN, P.C.
125 Broad Street
New York, New York 10004

Dated: June

_____ 2014

Anthony M. Cooke, Esq.
Assistant General Counsel
Product and Regulatory Matters
Volkswagen Group of America, Inc.

Dated: June

_____ 2014

Jeffrey L. Chase
HERZFELD & RUBIN, P.C.
On behalf of Audi AG and
Volkswagen AG

Dated: June _____ 2014

Ara Dersarkissian

Dated: June 19 2014

Katrina Noble
Katrina Noble

ON BEHALF OF DEFENDANTS:

Dated: June _____ 2014

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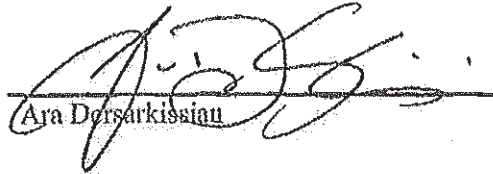
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Dated: June 23 2014



Ara Dersarkissian

Dated: June _____ 2014

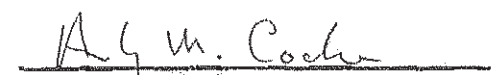
Katrina Noble

ON BEHALF OF DEFENDANTS:

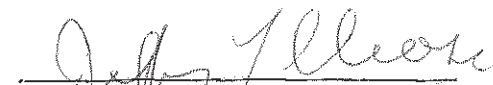
Dated: ~~June~~ July 14 2014


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HERZFELD & RUBIN, P.C.
125 Broad Street
New York, New York 10004

Dated: ~~June~~ July 14 2014


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Assistant General Counsel
Product and Regulatory Matters
Volkswagen Group of America, Inc.

Dated: ~~June~~ July 14 2014


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