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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

Before The Honorable Charles R. Breyer, Judge

IN RE: VOLKSWAGEN "CLEAN)
DIESEL" MARKETING, SALES) NO. MD 15-02672 CRB
PRACTICES, AND PRODUCTS)
LIABILITY LITIGATION,)
_____)

San Francisco, California
Tuesday, May 24, 2016

TRANSCRIPT OF PROCEEDINGS

APPEARANCES:

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1 **APPEARANCES :**

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For Defendant Porsche Cars North America:

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21 Multiple other counsel also present, both in person and via
22 telephone through CourtConnect, as reflected in the minutes

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1 Tuesday - May 24, 2016

8:00 a.m.

2 P R O C E E D I N G S

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4 **THE CLERK:** Please be seated. Calling Case
5 MDL 15-2672, In Re: Volkswagen "Clean Diesel" Marketing Sales
6 Practices and Products Liability Litigation. Appearances,
7 counsel.

8 **MS. CABRASER:** Good morning, Your Honor.
9 Elizabeth Cabraser, on behalf of the Plaintiffs' Steering
10 Committee, for the plaintiffs.

11 **THE COURT:** Good morning.

12 **MR. VAN EATON:** Good morning, Your Honor.
13 Josh Van Eaton, for the United States Government, Government
14 coördinating counsel, with my colleague, Beth Engel.

15 **THE COURT:** Good morning.

16 **MR. COHEN:** Good morning, Your Honor.
17 Jonathan Cohen, for the Federal Trade Commission. With me this
18 morning is my colleague, Michelle Schaefer.

19 **THE COURT:** Good morning. Welcome.

20 **MR. GIUFFRA:** Good morning, Your Honor.
21 Robert Giuffra, with Sullivan Cromwell, for Volkswagen. And
22 I'm here with my partner, Mike Steinberg, and Jeff Chase, also
23 co-liaison counsel. Thank you, Your Honor.

24 **MS. DAWSON:** Good morning, Your Honor. Cari Dawson,
25 Alston & Bird, liaison counsel for the Porsche defendants.

1 **THE COURT:** Good morning.

2 **MR. SLATER:** Matthew Slater of Cleary Gottlieb, on
3 behalf of Robert Bosch GmbH and Robert Bosch LLC.

4 **THE COURT:** Okay. Thank you. Well, good morning,
5 ladies and gentlemen. As you know, we are on the telephone, as
6 well, on CourtCall. So a number of people, I'm quite sure,
7 have called in and are participating. At least, they are
8 capable of listening to this proceeding by telephone.

9 And I'd also like to acknowledge Director Mueller, the
10 Settlement Master, who has been so instrumental in the progress
11 of this case.

12 At our last status conference last month on April 21st,
13 the parties reported that they had reached an agreement in
14 principle as to what to do about the more than 480,000
15 2-liter-engine cars on the road and the associated
16 environmental consequences resulting from the excess emissions
17 from these vehicles.

18 I set a deadline of June 21st for the United States to
19 file with the Court any consent decree memorializing its
20 agreement with Volkswagen; the Federal Trade Commission to file
21 a consent order, as well as the same deadline for the
22 Plaintiffs' Steering Committee to file a motion for a
23 preliminary approval of the consumer class-action settlement
24 regarding the 2-liter engine cars.

25 I am pleased this morning to announce that the Settlement

1 Master and the parties -- Volkswagen, the Plaintiffs' Steering
2 Committee, the Department of Justice on behalf of the
3 Environmental Protection Agency and the California Air
4 Resources Board, in conjunction with the California Attorney;
5 General's Office and the Federal Trade Commission -- have
6 reported that in the month since we last met, they have made
7 substantial progress in their intensive daily efforts to
8 finalize the agreements, and, most importantly, are on track to
9 meet the Court's deadline.

10 Once these settlement papers are filed, the Court will
11 make them publicly available on the Court's website. The
12 Court's website will also direct the public to where they can
13 find accurate information about the proposed settlements. The
14 parties intend for class-member car owners to be able to
15 determine the specific settlement proposal available to each
16 class member by visiting a settlement website long before the
17 class member has to make a decision about the settlement
18 proposal.

19 Before the Court considers whether to finally approve the
20 proposed settlements, the class members -- that is, the car
21 owners -- will receive direct-mail notice of their rights and
22 options under the settlement, and the public will have an
23 opportunity to comment on the United States' proposed consent
24 decree.

25 As reported to me by the Special Master, the proposed

1 settlements are designed to accomplish three major objectives
2 in a comprehensive manner.

3 First, the settlements address noncompliant 2-liter-engine
4 cars currently on the road. By Volkswagen offering to buy back
5 or to terminate the lease for each vehicle, or, at no cost to
6 the consumer, and subject to Government approval after further
7 testing, by the consumer choosing to have Volkswagen modify the
8 vehicles to reduce the emissions in accordance with the
9 requirements set by EPA and CARB.

10 Second, in addition -- and I want to emphasize this. In
11 addition to the buy-back or modification, the settlement pays
12 substantial monetary compensation to the proposed class of
13 2-liter-engine owners and lessees.

14 Third, the settlement requires Volkswagen to pay money
15 into a fund that will support environmental remediation. In
16 addition, Volkswagen will be required to commit other funds to
17 promote green automotive technology.

18 None of these settlement benefits will be reduced by the
19 payment of attorneys' fees and costs.

20 With respect to the 3-liter-engine cars, the parties,
21 through the Settlement Master, have reported to the Court that
22 the resolution of what to do with these vehicles began later
23 than for the 2-liter-engine cars. Engineering studies and
24 testing for these cars are ongoing, and the parties are moving
25 as quickly as possible to resolve these issues. I have been

1 assured that the parties are working diligently on resolving
2 the 3-liter-engine cars' issues.

3 Because of the sensitivity of the ongoing settlement
4 discussions, the Court's confidentiality orders remain in place
5 until the formal settlement papers are filed on June 21st. I
6 am ordering all the parties -- Volkswagen, the Plaintiffs'
7 Steering Committee, the Department of Justice, the
8 Environmental Protection Agency, and the Federal Trade
9 Commission -- to maintain this confidentiality, and not to
10 elaborate on the information the Court just disclosed in their
11 discussions with the public, the press, and the class members.

12 As you all know, the Court must approve the information
13 that is provided to class members about the settlement through
14 a court-approved class-action notice, and through other
15 information and announcements that will be posted on the
16 Court's website. And the Court's website is accessible to
17 everyone: To people who are members of the class, to people
18 who are not members of the class, to the press. Any interested
19 person in these proceedings will have access to the Court's
20 website. And the Court's website will disclose the
21 settlement -- the proposed settlement, and any information that
22 would be relevant to a consumer. That consumer will have
23 access to the Court's website.

24 To summarize, the parties are on track to publicly file
25 the proposed settlements on June 21st.

1 As previously announced, the Court will hold a preliminary
2 approval hearing of the consumer class-action settlement on
3 July 26 at 8:00 a.m.

4 In the meantime, the Court will also hold a further status
5 conference at 8:00 a.m. on June 30th.

6 Finally, the Court must note that, while it has not and
7 will not make a judgment on the proposed settlements until the
8 appropriate time, it is grateful for the enormous effort of all
9 parties, including the governmental agencies -- their efforts
10 to obtain a global resolution of the issues raised by these
11 cases. I have been advised by the Settlement Master that all
12 of you have devoted substantial efforts, weekends, nights, and
13 days, and perhaps at sacrifice to your family. Right,
14 Mr. Giuffra?

15 **MR. GIUFFRA:** (Indicating.)

16 **THE COURT:** And I just want you to know that this
17 Court is extremely grateful for those efforts. And I think
18 they have borne fruit. We will see that on June 21st. And I
19 want to thank you once again. We're in recess.

20 (At 8:12 a.m. the proceedings were adjourned.)
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1 I certify that the foregoing is a correct transcript from the
2 record of proceedings in the above-entitled matter.

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5 _____ May 24, 2016

6 Signature of Court Reporter/Transcriber Date

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Lydia Zinn