

WILMERHALE

September 30, 2016

Robert S. Mueller III

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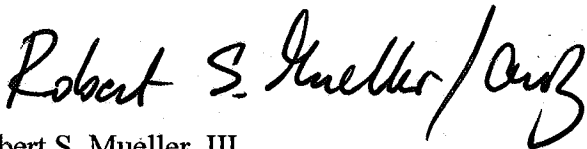
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Re: Declaration of Settlement Master Robert S. Mueller, III on Settlement of Claims Regarding
2.0-Liter Vehicles

Dear Counsel:

Enclosed is a declaration for use by the parties.

Yours truly,



Robert S. Mueller, III

Enclosure

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

IN RE: VOLKSWAGEN "CLEAN DIESEL"
MARKETING, SALES PRACTICES, AND
PRODUCTS LIABILITY LITIGATION

Case No: MDL No. 2672 CRB (JSC)

**DECLARATION OF SETTLEMENT
MASTER ROBERT S. MUELLER,
III ON SETTLEMENT* OF CLAIMS
REGARDING 2.0-LITER
VEHICLES**

Robert S. Mueller, III, declares the following:

1. I am a partner in the law firm Wilmer, Cutler, Pickering, Hale and Dorr. I previously served as Director of the Federal Bureau of Investigation, United States Attorney for the Northern District of California, and Assistant Attorney General in charge of the Criminal Division of the Department of Justice. I have personal knowledge of the matters stated below.

2. On January 19, 2016, the Court appointed me as Settlement Master "to facilitate settlement discussions among all parties to this multi-district litigation [(MDL)] as soon as is feasible." *See* Pretrial Order No. 6: Appointment of Robert S. Mueller III as Settlement Master. Dkt. 973, filed 01/19/2016. I executed this responsibility with the assistance of lawyers from my law firm. The Order granted the authority "to schedule . . . settlement discussions; to decide who shall participate in the discussions, including what party representatives are needed; and to choose where and how the discussions are to occur." *Id.* The Order permitted us to communicate with the Court, but otherwise required settlement discussions to remain confidential. Without breaching or waiving the confidentiality ordered by this Court and that

* The proposed settlement actually consists of three settlements: a Consumer Class Action Settlement Agreement; a Partial Consent Decree filed by the Department of Justice; and a Partial Stipulated Order filed by the Federal Trade Commission.

must attend multi-party settlement discussions, this declaration describes the serious, informed, and arm's length nature of the negotiations.

3. To assist with the settlement discussions, the parties provided us with information about the litigation, diesel engine and emissions technology, and the underlying claims. We reviewed relevant court filings and became familiar with the nature of the claims through written materials and discussions with the parties.

4. Efforts to explore the potential for a settlement began almost immediately. For example, shortly after the appointment of the Plaintiff's Steering Committee (PSC), we met with Lead Counsel, the PSC, and counsel for Volkswagen. For over five months, from late January 2016 through the filing of the parties' proposed settlement documents with this Court on June 28, 2016, we communicated on a continuous basis with the representatives of the MDL parties – originally Volkswagen, the Department of Justice, the Environmental Protection Agency and the California Air Resources Board, and the PSC; subsequently, upon the filing of its Complaint, the Federal Trade Commission; and ultimately the California Attorney General. We also met with the MDL parties, alone and in various combinations, in a series of often lengthy briefings, meetings, and negotiation sessions.

5. The settlement negotiation process included omnibus sessions, meetings with fewer than all parties on particular topics or issues, drafting sessions, and meetings or discussions with a single party or expert, in order to discern all parties' views and priorities, to develop and resolve all issues, and to reach a cooperative public/private resolution. This settlement process involved at least 40 meetings and in-person conferences at various locations, including San Francisco, New York City, and Washington, DC, over a five-month period. A number of these sessions lasted many hours, both early and late, and weekends were not excluded.

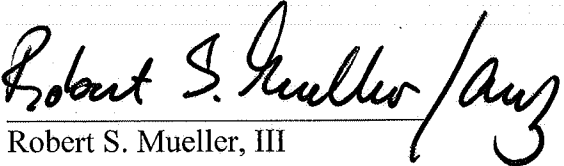
6. In addition, we are aware that the parties expended considerable time in discussing, drafting, circulating, and revising the various documents that make up the 2.0 Liter resolution before this Court for consideration and approval.

7. This settlement process was iterative and had multiple moving parts and shifting dynamics because it had to address the needs and interests of consumers and state and federal government entities. The parties had overlapping claims and authority; multiple parties sought economic, injunctive, and environmental relief; no single party could, as a jurisdictional or practical matter, obtain and enforce all the relief sought; and the parties had different priorities and perspectives. This reality, and the nature and scope of the goal to address 500,000 cars, complicated and intensified the settlement process, as did the effort to file and coordinate all government and consumer materials in a single comprehensive resolution in one court.

8. During the course of the settlement process, we observed extensive preparation, the frank exchange of views, spirited debate, vehement disagreement, thoughtful discussion, attention to detail, and the sharing of extensive data and analyses among all participants. We observed neither bad faith nor collusive behavior from anyone, nor anything less than focused attention and energy toward the resolution of the problems presented in this case. In short and in sum, the 2.0 Liter resolution before this Court for consideration and approval is the product of good faith, multi-dimensional negotiations among the parties.

9. For the reasons set forth above, we believe the negotiations were serious, informed, and conducted at arm's length.

I declare the foregoing is true and correct. Executed in Washington, D.C., on September 30, 2016.


Robert S. Mueller, III