UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

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

This Order Relates To:
United States v. Volkswagen AG, et al.,
Case No. 16-cv-00295 (N.D. Cal.)

California v. Volkswagen AG, et al.,
Case No. 16-cv-3620 (N.D. Cal.)
_____/

MDL No. 2672 CRB (JSC)

ORDER GRANTING THE UNITED STATES' MOTION TO ENTER SECOND PARTIAL CONSENT DECREE

In the fall of 2015, Volkswagen publicly admitted it had secretly installed a defeat device—software designed to cheat emissions tests and deceive federal and state regulators—in certain Volkswagen-, Porsche-, and Audi-branded 2.0-liter and 3.0-liter TDI diesel engine vehicles. Litigation quickly ensued, and hundreds of actions were consolidated and assigned to this Court as a multidistrict litigation ("MDL"). One of those lawsuits is an action by the United States Department of Justice ("United States"), on behalf of the U.S. Environmental Protection Agency ("EPA"), for violations of the Clean Air Act. Another is an action by the People of California, by and through the California Air Resources Board ("CARB") and the State Attorney General, for violations of California's environmental and unfair competition laws.

In October 2016, the Court approved and entered the First Partial Consent Decree, which partially resolved the United States' and California's claims concerning Volkswagen's 2.0-liter diesel engine vehicles. (Dkt. No. 2103.) Now before the Court is the United States' motion for entry of the Second Partial Consent Decree, which California has joined. (Dkt. Nos. 3083, 3085.) Together with a previously approved Third Partial Consent Decree—which addresses Defendants'

liability under the Clean Air Act for civil penalties and injunctive relief—the proposed Second Partial Consent Decree (1) fully resolves the United States' remaining claims for injunctive relief with respect to Volkswagen's 3.0-liter diesel engine vehicles, and (2) partially resolves California's claims for injunctive relief with respect to the 3.0-liter vehicles. (*See* Dkt. No. 3083 at 8-9.) The Court held a hearing on the matter on May 11, 2017. For the reasons set forth below, the Court **GRANTS** the United States' motion and enters the Second Partial Consent Decree.

BACKGROUND

I. Factual Background

Over the course of six years, Volkswagen sold nearly 600,000 Volkswagen-, Audi-, and Porsche-branded TDI "clean diesel" vehicles in the United States, which it marketed as being environmentally friendly, fuel efficient, and high performing. Unbeknownst to consumers and regulatory authorities, Volkswagen installed in these cars a defeat device that allowed the vehicles to evade EPA and CARB emissions requirements. Only by installing the defeat device was Volkswagen able to obtain Certificates of Conformity from EPA and Executive Orders from CARB for its 2.0- and 3.0-liter diesel engine vehicles. In fact, these vehicles release nitrogen oxides (NOx) at a factor of up to 40 times permitted limits.

II. Procedural History

In January 2016, the United States sued Volkswagen AG ("VW AG"); Volkswagen Group of America, Inc. ("VWGoA"); Volkswagen Group of America Chattanooga Operations, LLC ("VW Chattanooga"); Audi AG; Porsche AG; and Porsche Cars North America, Inc. ("PCNA") (collectively, "Defendants") for violations of Section 203 of the Clean Air Act, 42 U.S.C. § 7522. As alleged in its complaint, and in an amended complaint filed on October 7, 2016, Defendants violated multiple subparagraphs of Section 203 by using a defeat device in their 2.0- and 3.0-liter diesel engine vehicles; namely, Defendants (1) imported and sold uncertified vehicles in violation of 42 U.S.C. § 7522(a)(1); (2) manufactured, sold, or installed a defeat device in violation of 42 U.S.C. § 7522(a)(3)(B); (3) tampered by rendering inoperative certified pollution control systems in violation of 42 U.S.C. § 7522(a)(3)(A); and (4) failed to report information required by EPA in violation of 42 U.S.C. § 7522 (a)(2)(A). (*See* Dkt. No. 2009-3 ¶¶ 176-209.) The United States

seeks civil penalties and injunctive relief. (*See id.* ¶¶ a-f.)

In June 2016, California also filed a complaint against Defendants, alleging they illegally installed a defeat device in approximately 71,000 2.0-liter and 16,000 3.0-liter vehicles introduced in California. (Case No. 16-cv-3620, Dkt. 1 ¶¶ 2-3.) The Clean Air Act authorizes CARB, as a co-regulator, "to adopt and enforce standards and other requirements relating to the control of emissions from . . . vehicles or engines," 42 U.S.C. § 7543(2)(A), and California's complaint includes an array of claims for violations of State emissions and consumer-protection laws. (*See id.* ¶¶ 127-246.) California also seeks civil penalties and injunctive relief. (*See id.* ¶¶ 247-62.)

Soon after the United States filed its complaint, the United States, California, and Volkswagen began intensive settlement negotiations under the guidance of Robert S. Mueller III, the Court-appointed Settlement Master and former Director of the Federal Bureau of Investigation. The parties ultimately resolved claims related to the 2.0-liter vehicles, and on October 25, 2016, the Court granted the United States' motion to enter the First Partial Consent Decree (Dkt. No. 2103), which California had joined (Dkt. No. 1974). The First Partial Consent Decree requires Volkswagen to remove from the road or modify at least 85% of the subject 2.0-liter vehicles registered across the United States and in California by June 30, 2019. (Dkt. No. 2103 at 3; *see also* Dkt. No. 1973-1 ¶ 3.) Volkswagen further has agreed to invest $2 billion over ten years in projects that support the increased use of zero emission vehicles, and to pay $2.7 billion into an Environmental Mitigation Trust to fund projects to reduce emissions of NOx caused by the subject vehicles. (Dkt. No. 2103 at 4.)

Following entry of the First Partial Consent Decree, the United States, California, and Volkswagen transitioned to negotiating a settlement of claims related the 3.0-liter vehicles. (Dkt. No. 3089 at 3.) The parties quickly reached an agreement in principle, and on December 20, 2016, the United States lodged its proposed Second Partial Consent Decree. (Dkt. No. 2520-1.) In accordance with 28 C.F.R. § 50.7(b), the United States held a public comment period between December 29, 2016 and February 14, 2017, s*ee* 81 Fed. Reg. 96046-01 (Dec. 29, 2016); 82 Fed. Reg. 9076-02 (Feb. 2, 2017), during which it received 104 unique public comments. (*See* Dkt. No. 3083-2.) On March 24, 2017, after the public comment period, the United States moved for

entry of the proposed Second Partial Consent Decree (Dkt. No. 3083), which California joined (Dkt. No. 3085).

On January 11, 2017, the United States also lodged a proposed Third Partial Consent Decree. (Dkt. No. 2758.) In that Decree, Volkswagen committed to pay a $1.45 billion civil penalty under the Clean Air Act, and to implement a number of company-wide corporate reforms to ensure future compliance with the Act. (Dkt. No. 3024 at 5-6.) During a public comment period, the United States received no comments on the Third Partial Consent Decree (*id.* at 5), and the Court entered the Decree on April 13, 2017 (Dkt. No. 3155). California and Defendants have also entered into two separate, California only, consent decrees that further resolve the State's claims. The Court entered the first of these California-only decrees on September 1, 2016 (Dkt. No. 1801), and the second today (Dkt. No. 3226). The California-only decrees preserve California's claims for environmental penalties related to both the 2.0- and 3.0-liter vehicles, which the parties continue to negotiate. (See Dkt. Nos. 1974 at 2; 2519 at 2.)

III. Consent Decree Terms

The proposed Second Partial Consent Decree (the "Decree") requires Defendants (1) to modify or remove from the roads at least 85% of Generation One 3.0-liter TDI diesel engine vehicles, nationally and in California, by November 30, 2019; (2) to do the same for Generation Two 3.0-liter TDI diesel engine vehicles, but by May 31, 2020; and (3) to make an additional $225 million contribution to the Environmental Mitigation Trust to remediate excess NOx emitted by the 3.0-liter vehicles. (*See* Dkt. No. 2520-1 at 17, 68.) If Defendants fail to meet these targets, the Decree requires them to make additional contributions to the Environmental Mitigation Trust, ranging from $5.5 million to $21 million, for every percentage point short of the national 85% recall rate, and from $900,000 to $5.5 million for every percentage point short of the California rate. (*See id.* at 83-84.) To accomplish these repair and removal objectives, Defendants must offer certain recall and vehicle modification options, which mirror options made available as part of the 3.0-liter Class Settlement that the Court approved today in a separate order. (Dkt. No. 3229.)

A. Generation One (Model Years 2009-2012)

1. Buyback and Lease Termination

The proposed Decree requires Defendants to offer Buyback and Lease Termination options for all Generation One Eligible Vehicles. The Decree sets a minimum level of monetary compensation that Defendants must offer to consumers in exchange for their vehicles, defined as Retail Replacement Value (RRV). (Dkt. No. 2520-1 at 91.) The RRV formula is consistent with the valuation formula used in the 3.0-liter Class Settlement, although the Decree does not require Owner Restitution as part of the Buyback. (*Compare* Dkt. No. 2894-1 at 3-7 (3.0-liter Class Settlement Buyback), *with* Dkt. No. 2520-1 at 91-93 (Second Partial Consent Decree Buyback).) The Decree also does not provide for a trade-in option like the one under the 3.0-liter Class Settlement (*see* Dkt. No. 2894-1 at 4), but does not prohibit Defendants from offering an Eligible Owner or Eligible Lessee a trade-in option, so long as Defendants do not offer such a program in lieu of the Buyback option (Dkt. No. 2520-1 ¶ 11.1).[1]

2. Approved Emissions Modification

If approved by EPA and CARB, Defendants must also offer Eligible Owners and Eligible Lessees of a Generation One vehicle an Emissions Modification. (*See* Dkt. No. 2520-1 at 68, 77.) Appendix B of the Consent Decree establishes the process Volkswagen must follow to submit a proposed Emissions Modification to EPA and CARB for approval, as well as the technical standards each proposed modification must meet. (*See* Dkt. No. 2520-1 at 103-45.) If approved, EPA and CARB estimate that an Emissions Modification will reduce NOx emissions from the vast majority of Generation One vehicles by approximately 80 percent compared to the vehicles' original condition. (Dkt. No. 3083 at 17.)

B. Generation Two (Model Years 2013-2016)

The proposed Decree treats Generation Two vehicles differently than Generation One

[1] That the 3.0-liter Class Settlement enhances but does not detract from the Decree is more generally confirmed by the Parallel Agreements clause of the Decree, which provides that "[b]y fulfilling buyback, lease termination, and claims administration obligations of the future FTC Order, Class Action Settlement, or other order of the Court ("Parallel Agreement"), Defendants may satisfy . . . all Buyback and Lease Termination requirements of . . . this Consent Decree." (Dkt. No. 2520-1 at 98 ¶ 3.2.)

vehicles, in that it allows Defendants to propose an Emissions Compliant Recall that would bring Generation Two vehicles into compliance with their original certified emissions standards. (Dkt. No. 2520-1 at 68.) The Decree sets firm submission deadlines for a proposed Emissions Modification for each sub-group of Generation Two vehicles and, as with Generation One Emissions Modifications, Appendix B of the Decree establishes the precise testing, standards, and metrics that Defendants must achieve in order to receive approval of an Emissions Compliant Recall from EPA and CARB. (*See id.* at 112-36.) If Defendants are unable to obtain such approval for any sub-group of Generation Two vehicles, the Decree requires Defendants to offer Eligible Owners and Eligible Lessees the same Buyback, Lease Termination and, if available, Reduced Emissions Modification options provided to their Generation One counterparts. (*See id.* at 68, 79-81.)

LEGAL STANDARD

Courts may approve a proposed consent decree when it is "fundamentally fair, adequate and reasonable" and "conform[s] to applicable laws." *United States v. Oregon*, 913 F.2d 576, 580 (9th Cir. 1990). Courts consider consent decrees in light of the public policy favoring settlement. *Sierra Club v. McCarthy*, No. 13-cv-03953-SI, 2015 WL 889142, at *5 (N.D. Cal. Mar. 2, 2015) (citing *United States v. Comunidades Unidas Contra La Contaminacion*, 204 F.3d 275, 280 (1st Cir. 2000)). "This policy is strengthened when a government agency charged with protecting the public interest 'has pulled the laboring oar in constructing the proposed settlement.'" *United States v. Montrose Chem. Corp. of Cal.*, 50 F.3d 741, 746 (9th Cir. 1995) (quoting *United States v. Cannons Eng'g Corp.*, 899 F.2d 79, 84 (1st Cir. 1990)). But when a consent decree affects the public interest, courts have a heightened responsibility to protect those interests so as to safeguard those who did not participate in the negotiations of the decree. *Oregon*, 913 F.2d at 581. That said, the consent decree need not "be 'in the public's *best* interest' if it is otherwise reasonable." *Id.* (emphasis in original) (quoting *S.E.C. v. Randolph*, 736 F.2d 525, 529 (9th Cir. 1984)).

In applying the "fair, adequate and reasonable" standard, courts examine both procedural and substantive fairness. *See United States v. Coeur d'Alenes Co.*, 767 F.3d 873, 877 (9th Cir. 2014); *Cannons Eng'g Corp.*, 899 F.2d at 86. Procedural fairness requires arm's length settlement

negotiations, *In re Tutu Water Wells CERCLA Litig.*, 326 F.3d 201, 207 (3d Cir. 2003), and a "negotiation process [that] was fair and full of adversarial vigor," *United States v. Google Inc.*, No. 12-cv-04177-SI, 2012 WL 5833994, at *2 (N.D. Cal. Nov. 16, 2012) (internal quotation marks omitted). "[O]nce the court is satisfied that the decree was the product of good faith, arm's length negotiations, a negotiated decree is presumptively valid and the objecting party has a heavy burden of demonstrating that the decree is unreasonable." *Oregon*, 913 F.2d at 581 (internal quotation marks and citation omitted).

Substantive fairness requires courts to "find that the agreement is based upon, and roughly correlated with, some acceptable measure of comparative fault, apportioning liability among the settling parties according to rational (if necessarily imprecise) estimates of how much harm each potentially responsible party has done." *Arizona v. City of Tucson*, 761 F.3d 1005, 1012 (9th Cir. 2014). Courts do not ask "whether the settlement is one which the court itself might have fashioned, or considers as ideal[.]" *Cannons Eng'g Corp.*, 899 F.2d at 84. "Rather, the court's approval is nothing more than an amalgam of delicate balancing, gross approximations and rough justice." *Oregon*, 913 F.2d at 581 (internal quotation marks omitted). The consent decree need only "represent[] a reasonable factual and legal determination." *Id.* (internal quotation marks omitted).

DISCUSSION

IV. Procedural Fairness

After the Court approved the First Partial Consent Decree on October 25, 2016, the United States, California, and Volkswagen met on a regular basis over the course of three months in a series of meetings and negotiation sessions. (*See* Dkt. No. 3089 ¶ 4.) The negotiation process involved meetings and in-person conferences at various locations, including San Francisco, New York, and Washington D.C. (*Id.* ¶ 5.) And the Court-appointed Settlement Master, Director Mueller, states that the negotiations involved "the frank exchange of views, spirited debate, vehement disagreement, thoughtful discussion, attention to detail, and the sharing of extensive data and analyses among participants." (*Id.* ¶ 8.)

As the negotiating history demonstrates, the Consent Decree is the result of non-collusive,

adversarial negotiations, which supports a finding of procedural fairness. *See, e.g.*, *Sierra Club*, 2015 WL 889142, at *12 (concluding proposed consent decree was procedurally fair where the decree was the result of "adversarial negotiations conducted over approximately six months"); *United States v. Chevron U.S.A., Inc.*, 380 F. Supp. 2d 1104, 1112 (N.D. Cal. 2005) ("[T]he process of negotiations was non-collusive and therefore procedurally fair." (citing *United States v. Colorado*, 937 F.2d 505, 509 (10th Cir. 1991))). That the negotiations were conducted under the Settlement Master's supervision further suggests an absence of collusion. *See In re Bluetooth Headset Prod. Liab. Litig.*, 654 F.3d 935, 948 (9th Cir. 2011) (while a neutral mediator's presence "is not on its own dispositive of whether the end product is a fair, adequate, and reasonable settlement agreement" it is nevertheless "a factor weighing in favor of a finding of non-collusiveness"). The Parties were also sufficiently informed to evaluate their claims and any offers of compromise. Accordingly, the Court concludes that the Consent Decree is procedurally fair.

V. Substantive Fairness

A consent decree is substantively fair when the "party . . . bear[s] the cost of the harm for which it is legally responsible." *Cannons Eng'g Corp.*, 899 F.2d at 87. To make this determination, "the district court [must] be fully informed regarding the costs and benefits of the decree." *Chevron*, 380 F. Supp. 2d at 1113.

Having reviewed the terms of the Consent Decree, the Court finds it is substantively fair. The central objective of the proposed Decree is to modify or remove from the roads the nearly 90,000 3.0-liter vehicles that currently do not meet emissions standards. To further this objective, the Decree sets firm requirements: Defendants must modify or remove from the roads at least 85% of the 3.0-liter vehicles at issue by set dates—November 30, 2019 for Generation One vehicles and by May 31, 2020 for Generation Two vehicles—or else make additional payments to the Environmental Mitigation Trust, ranging from $5.5 million to $21 million for every percentage point short of the national 85% recall rate, and from $900,000 to $5.5 million for every percentage point short of the California rate. (Dkt. No. 2520-1 at 83-84.) If the 85% mark is achieved, NOx emissions will be significantly reduced in furtherance of the Clean Air Act's goal of "protect[ing]

and enhance[ing] the quality of the Nation's air resources so as to promote the public health and welfare and the productive capacity of its population." 42 U.S.C. § 7401(b)(1). If the 85% mark is not achieved, Volkswagen will face costly penalties in the form of additional payments to the Trust, which will become increasingly severe the further below the 85% threshold Volkswagen falls. This penalty mechanism operates as a strong incentive for Defendants to work quickly and diligently to implement the subject Buyback, Emissions Modifications, and Emissions Compliant Recall.

The Consent Decree's requirements are also tailored to the two different generations of 3.0-liter vehicles at issue. Because Generation One vehicles cannot be brought into compliance with their originally certified emissions standards within a reasonable timeframe (Dkt. No. 3083 at 15), the Decree requires Defendants to offer two options to Generation One owners and lessees: the Buyback or Lease Termination and the Emissions Modification. The Buyback and Lease Termination option will immediately remove polluting cars from the roads. The Emissions Modification, if approved, is expected to reduce NOx emissions by approximately 80 percent for most Generation One vehicles. (*See* Dkt. No. 3083 at 17.) Neither option is perfect, as the Buyback may lead to the scrapping of vehicles, offsetting some of the environmental gains, and the Emissions Modification will not bring vehicles into compliance with original emissions certifications. Both options, however, will reduce NOx emissions from their current, unlawful, levels, which is certainly preferable to taking no action or waiting for Volkswagen to develop a modification that fully brings the subject vehicles into compliance. Further, the Consent Decree requires Volkswagen to make an additional $225 million contribution to the Environmental Mitigation Trust, which EPA believes "is sufficient to fund projects to fully mitigate the total, lifetime excess NOx emissions from the 3.0 Liter vehicles." (Dkt. No. 3083 at 19.) The options required by the Decree for Generation One vehicles thus represent a "delicate balancing" of interests that is reasonable and expected for a consent decree. *Oregon*, 913 F.2d at 581.[2]

[2] Several of the comments received during the period for public comment expressed dissatisfaction with the proposed compensation amounts under the Buyback. The Decree, however, must be read in conjunction with the 3.0-liter Class Settlement, which—as the Court concluded in its order granting final approval of the Settlement (Dkt. No. 3229)—provides more than adequate

Unlike Generation One vehicles, technical experts from Volkswagen, EPA, and CARB believe Defendants can bring Generation Two vehicles into compliance with their original emissions certifications. (Dkt. No. 3083 at 18.) The proposed Decree permits Defendants to attempt to do so in a timely fashion. (*See* Dkt. No. 2520-1 at 112-36 (setting forth submission deadlines and testing metrics that Defendants much achieve in order to obtain approval of an Emissions Compliant Recall).) Of the 104 comments received during the public comment period, 89 were from current or former owners or lessees of Generation Two vehicles, who object to the lack of an immediate buyback option for Generation Two vehicles. Commenters contend that Generation Two owners and lessees are being singled out and treated differently from Generation One owners and lessees, as well as consumers who fell within the scope of the 2.0-liter settlements.

Given that Generation Two vehicles likely can be fixed, offering an immediate buyback option would be counterproductive to the environmental goals of this litigation. A buyback would unnecessarily waste assets that have already been committed to creating, manufacturing, selling, and buying vehicles that may be brought into compliance with EPA and CARB emissions standards. The United States agrees, noting that "there are significant environmental benefits that come from returning the vehicles to their original certified exhaust emission standard and avoiding the potential scrapping of tens of thousands of vehicles." (Dkt. No. 3083 at 22.) If Defendants are unable to implement an Emissions Compliant Recall, the Decree provides Generation Two owners and lessees with the same Buyback and Emissions Modification options as those available to Generation One vehicles. This approach balances competing environmental and consumer interests in a reasonable way.

The proposed Consent Decree requires Defendants to take action to mitigate all past and future excess NOx pollution caused by their 3.0-liter diesel engine vehicles. The actions required by the Decree are reasonable and advance the goals of the Clean Air Act. As a result, the Court concludes that the Decree is substantively fair.

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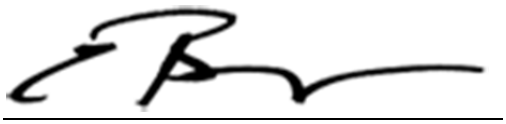
compensation for Class Members electing the Buyback.

CONCLUSION

Having reviewed the proposed Second Partial Consent Decree, the Court GRANTS the United States' motion. The Consent Decree is a reasonable settlement that is the result of non-collusive and adversarial negotiations, and the Decree takes a multifaceted approach to mitigating the harm caused by the 3.0-liter diesel engine vehicles and to reduce future NOx emissions.

IT IS SO ORDERED.

Dated: May 17, 2017



CHARLES R. BREYER
United States District Judge

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) **SECOND PARTIAL CONSENT DECREE** Hon. Charles R. Breyer

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WHEREAS, Plaintiff United States of America, on behalf of the United States Environmental Protection Agency, filed a complaint in this action on January 4, 2016 (as amended on October 7, 2016), against Volkswagen AG, Volkswagen Group of America, Inc., Volkswagen Group of America Chattanooga Operations, LLC, Audi AG, Dr. Ing. h.c. F. Porsche AG, and Porsche Cars North America, Inc. (together, "Defendants") alleging that Defendants violated Sections 203(a)(1), (2), (3)(A), and (3)(B) of the Clean Air Act, 42 U.S.C. §§ 7522(a)(1), (2), (3)(A), and (3)(B), with regard to approximately 500,000 model year 2009 to 2015 motor vehicles containing 2.0 liter diesel engines (more specifically defined elsewhere as "2.0 Liter Subject Vehicles") and approximately 80,000 model year 2009 to 2016 motor vehicles containing 3.0 liter diesel engines (more specifically defined elsewhere as "3.0 Liter Subject Vehicles"), for a total of approximately 580,000 motor vehicles (collectively, "Subject Vehicles");

WHEREAS, the U.S. Complaint alleges that each Subject Vehicle contains, as part of the engine control module ("ECM"), certain computer algorithms that cause the emissions control system of those vehicles to perform differently during normal vehicle operation and use than during emissions testing. The U.S. Complaint alleges that these computer algorithms are prohibited defeat devices under the Act, and that during normal vehicle operation and use, the Subject Vehicles emit levels of oxides of nitrogen ("NOx") significantly in excess of the EPA-compliant levels. The U.S. Complaint alleges and asserts four claims for relief related to the presence of the defeat devices in the Subject Vehicles;

WHEREAS, the People of the State of California, by and through the California Air Resources Board ("CARB") and Kamala D. Harris, Attorney General of the State of California, filed a complaint on June 27, 2016, against Defendants alleging that Defendants violated Cal.

Health & Safety Code §§ 43016, 43017, 43151, 43152, 43153, 43205, 43211, and 43212; Cal. Code Regs. tit. 13, §§ 1903, 1961, 1961.2, 1965, 1968.2, and 2037, and 40 C.F.R. Sections incorporated by reference in those California regulations; Cal. Bus. & Prof. Code §§ 17200 *et seq.*, 17500 *et seq.*, and 17580.5; Cal. Civ. Code § 3494; and 12 U.S.C. § 5536 *et seq.*, with regard to approximately 71,000 model year 2009 to 2015 motor vehicles containing 2.0 liter diesel engines and approximately 16,000 model year 2009 to 2016 motor vehicles containing 3.0 liter diesel engines, for a total of approximately 87,000 motor vehicles in California. The California Complaint alleges, in relevant part, that the motor vehicles contain prohibited defeat devices and have resulted in, and continue to result in, increased NOx emissions from each such vehicle significantly in excess of CARB requirements, that these vehicles have resulted in the creation of a public nuisance, and that Defendants engaged in related conduct that violated unfair competition, false advertising, and consumer protection laws;

WHEREAS, on June 28, 2016, the United States lodged a Partial Consent Decree, Dkt. No. 1605-1 ("First Partial Consent Decree"), concerning the 2.0 Liter Subject Vehicles, which was entered into by the United States, California, and certain Defendants (Volkswagen AG, Audi AG, Volkswagen Group of America, Inc., and Volkswagen Group of America Chattanooga Operations, LLC). The First Partial Consent Decree was entered by this Court on October 25, 2016. Dkt. No. 2103;

WHEREAS, the United States and California enter into this Second Partial Consent Decree with Defendants (collectively, the "Parties") to address the 3.0 Liter Subject Vehicles on the road and the associated environmental consequences resulting from the past and future excess emissions from the 3.0 Liter Subject Vehicles;

WHEREAS, Defendants admit that software in the 3.0 Liter Subject Vehicles enables the vehicles' ECMs to detect when the vehicles are being driven on the road, rather than undergoing Federal Test Procedures, and that this software renders certain emission control systems in the vehicles inoperative when the ECM detects the vehicles are not undergoing Federal Test Procedures, resulting in emissions that exceed EPA-compliant and CARB-compliant levels when the vehicles are driven on the road;

WHEREAS, Defendants admit that this software was not disclosed in the Certificate of Conformity and Executive Order applications for the 3.0 Liter Subject Vehicles, and, as a result, the design specifications of the 3.0 Liter Subject Vehicles, as manufactured, differ materially from the design specifications described in the Certificate of Conformity and Executive Order applications;

WHEREAS, except as expressly provided in this Consent Decree, nothing in this Consent Decree shall constitute an admission of any fact or law by any Party except for the purpose of enforcing the terms or conditions set forth herein;

WHEREAS, the Parties agree that:

1. The 3.0 Liter Subject Vehicles on the road emit NOx at levels above the standards to which they were certified to EPA and CARB pursuant to the Clean Air Act and the California Health and Safety Code, and a prompt remedy to address the noncompliance is needed;

2. At the present time, there are no practical engineering solutions that would, without negative impact to vehicle functions and unacceptable delay, bring the Generation 1.x 3.0 Liter Subject Vehicles into compliance with the exhaust emission standards and the on-board diagnostics requirements to which Defendants certified the vehicles to EPA and CARB. Defendants expect there to be a practical engineering solution to bring the Generation 2.x 3.0

Liter Subject Vehicles into compliance with the exhaust emission standards to which Defendants certified the vehicles to EPA and CARB;

3. Accordingly, as one element of the remedy to address the Clean Air Act and California Health and Safety Code violations, Defendants are required to perform two vehicle recalls as follows:

a. First, for Generation 1.x 3.0 Liter Subject Vehicles, Defendants must offer the Buyback or the Lease Termination, for 100% of the Generation 1.x vehicles under terms described in Appendix A of this Consent Decree (Buyback, Lease Termination, Vehicle Modification, and Emissions Compliant Recall Program). In addition, if approved by EPA/CARB, Defendants may, in accordance with the requirements specified in Appendix B of this Consent Decree (Vehicle Recall and Emissions Modification Program for 3.0 Liter Subject Vehicles), modify such vehicles to substantially reduce their NO_X emissions in accordance with standards established by EPA/CARB in this Consent Decree.

b. Second, for Generation 2.x 3.0 Liter Subject Vehicles, if proposed by Defendants and approved by EPA/CARB, Defendants must offer an Emissions Compliant Recall as set forth in Appendix A to bring these vehicles into compliance with their Certified Exhaust Emission Standards in accordance with the requirements specified in Appendix B. If Defendants are unable to effect a recall that meets Certified Exhaust Emission Standards for a particular Test Group or Groups of Generation 2.x 3.0 Liter Subject Vehicles within the timeframe and in accordance with the other requirements specified in Appendix B, Defendants must offer the Buyback or Lease Termination, under terms described in Appendix

A, for 100% of such vehicles and may, if proposed by Defendants and approved by EPA/CARB, consistent with the provisions in Appendix B, modify such vehicles to substantially reduce their NOx emissions in accordance with standards established by EPA/CARB in this Consent Decree.

c. In the event Defendants do not achieve the 85% recall rates required by Appendix A, Defendants must pay additional funds into the Mitigation Trust;

4. The practical engineering solutions provided by Appendix B, should Defendants propose such emissions modifications consistent with the provisions of Appendix B, would substantially reduce NOx emissions from the 3.0 Liter Subject Vehicles and improve their on-board diagnostics, would avoid undue waste and potential environmental harm that would be associated with removing the 3.0 Liter Subject Vehicles from service, and would allow Eligible Owners and Eligible Lessees to retain their Eligible Vehicles;

5. Members of the public who are Eligible Owners or Eligible Lessees of Eligible Vehicles will benefit from the relief provided by this Consent Decree;

6. As described below, Defendants will pay a total of $225,000,000 to fund Eligible Mitigation Actions that will reduce emissions of NOx where the 3.0 Liter Subject Vehicles were, are, or will be operated. The funding for the Eligible Mitigation Actions required by this Consent Decree is intended to fully mitigate the total, lifetime excess NOx emissions from the 3.0 Liter Subject Vehicles;

WHEREAS, the Parties recognize, and the Court by entering this Consent Decree finds, that this Consent Decree has been negotiated by the Parties in good faith and will avoid litigation among the Parties regarding certain relief with respect to the 3.0 Liter Subject Vehicles for the

claims alleged in the Complaints, and that this Consent Decree is fair, reasonable, and in the public interest; and

WHEREAS, the Parties recognize, and the Court by entering this Consent Decree finds, that the United States and California are not enforcing the laws of other countries, including the emissions laws or regulations of any jurisdiction outside the United States. Nothing in this Consent Decree is intended to apply to, or affect, 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 Consent Decree.

NOW, THEREFORE, before the taking of any testimony, without the adjudication of any issue of fact or law, and with the consent of the Parties, **IT IS HEREBY ADJUDGED, ORDERED, AND DECREED** as follows:

I. JURISDICTION AND VENUE

1. The Court has jurisdiction over the subject matter of this action, pursuant to 28 U.S.C. §§ 1331, 1345, and 1355, and Sections 203, 204, and 205 of the Act, 42 U.S.C. §§ 7522, 7523, and 7524, and over the Parties. Venue lies in this District pursuant to 28 U.S.C. § 1407 and the MDL Panel's Transfer Order, dated December 8, 2015, and filed in this MDL action as Dkt. # 1. The Court has supplemental jurisdiction over the California State law claims pursuant to 28 U.S.C. § 1367. For purposes of this Decree, Defendants consent to the Court's jurisdiction over this Consent Decree, over any action to enforce this Consent Decree, and over Defendants, and consent to venue in this judicial district. Defendants reserve the right to challenge and oppose any claims to jurisdiction that do not arise from the Court's jurisdiction over this Consent Decree or an action to enforce this Consent Decree.

2. For purposes of this Consent Decree, Defendants agree that the U.S. Complaint states claims upon which relief may be granted pursuant to Sections 203, 204, and 205 of the Act, 42 U.S.C. §§ 7522, 7523, and 7524, and that the California Complaint states claims upon which relief may be granted pursuant to Cal. Health & Safety Code §§ 43016, 43017, 43151, 43152, 43153, 43205, 43211, and 43212; Cal. Code Regs. tit. 13, §§ 1903, 1961, 1961.2, 1965, 1968.2, and 2037, and 40 C.F.R. Sections incorporated by reference in those California regulations; Cal. Bus. & Prof. Code §§ 17200 *et seq.*, 17500 *et seq.*, and 17580.5; Cal. Civ. Code § 3494; and 12 U.S.C. § 5536 *et seq.*

II. APPLICABILITY

3. The obligations of this Consent Decree apply to and are binding upon the United States and California, and upon Defendants and any of Defendants' successors, assigns, or other entities or persons otherwise bound by law.

4. With respect to the obligation to perform, pay all costs and warranties associated with, and be liable for all violations of, the emissions modification, lease termination and buyback provisions herein, the Porsche Defendants shall be liable only for the Porsche 3.0 Liter Subject Vehicles. The non-Porsche Defendants shall be jointly and severally liable for these obligations with respect to all 3.0 Liter Subject Vehicles, including the Porsche 3.0 Liter Subject Vehicles. All Defendants shall be jointly and several liable to comply with all other requirements of this Consent Decree, including the Mitigation Trust Payments (Paragraph 17) and the Consequences of Failing to Meet Recall Targets (Appendix A, Paragraph 10.3). In the event of the insolvency of any Defendant or the failure by any Defendant to implement any requirement of this Consent Decree, the remaining Defendants shall complete all such requirements except as set forth in this Paragraph.

5. Any legal successor or assign of any Defendant shall assume that Defendant's liability and remain jointly and severally liable for the payment and other performance obligations hereunder for which that Defendant is jointly and severally liable. Defendants shall include an agreement to so remain liable in the terms of any sale, acquisition, merger, or other transaction changing the ownership or control of any of the Defendants, and no change in the ownership or control of any Defendant shall affect the obligations hereunder of any Defendant without modification of the Decree in accordance with Section XVI.

6. Defendants shall provide a copy of this Consent Decree to the members of their respective Board of Management and/or Board of Directors and their executives whose duties might reasonably include compliance with any provision of this Decree. Defendants shall condition any contract providing for work required under this Consent Decree to be performed in conformity with the terms thereof. Defendants shall also ensure that any contractors, agents, and employees whose duties might reasonably include compliance with any provision of the Decree are made aware of those requirements of the Decree relevant to their performance.

7. In any action to enforce this Consent Decree, Defendants shall not raise as a defense the failure by any of its officers, directors, employees, agents, or contractors to take any actions necessary to comply with the provisions of this Consent Decree.

III. DEFINITIONS

8. Terms used in this Consent Decree that are defined in the Act or in regulations promulgated pursuant to the Act shall have the meanings assigned to them in the Act or such regulations, unless otherwise provided in this Decree. Terms that are defined in an Appendix to this Consent Decree have the meaning assigned to them in that Appendix. Whenever the terms set forth below are used in this Consent Decree, the following definitions apply:

"2.0 Liter Subject Vehicles" means each and every light duty diesel vehicle equipped with a 2.0 liter TDI engine that Defendants sold or offered for sale in, or introduced or delivered for introduction into commerce in the United States or its Territories, or imported into the United States or its Territories, and that is or was purported to have been covered by the following EPA Test Groups:

Model Year	**EPA Test Group**	**Vehicle Make and Model(s)**
2009	9VWXV02.035N	VW Jetta, VW Jetta Sportwagen
2009	9VWXV02.0U5N	VW Jetta, VW Jetta Sportwagen
2010	AVWXV02.0U5N	VW Golf, VW Jetta, VW Jetta Sportwagen, Audi A3
2011	BVWXV02.0U5N	VW Golf, VW Jetta, VW Jetta Sportwagen, Audi A3
2012	CVWXV02.0U5N	VW Golf, VW Jetta, VW Jetta Sportwagen, Audi A3
2012	CVWXV02.0U4S	VW Passat
2013	DVWXV02.0U5N	VW Beetle, VW Beetle Convertible, VW Golf, VW Jetta, VW Jetta Sportwagen, Audi A3
2013	DVWXV02.0U4S	VW Passat
2014	EVWXV02.0U5N	VW Beetle, VW Beetle Convertible, VW Golf, VW Jetta, VW Jetta Sportwagen
2014	EVWXV02.0U4S	VW Passat
2015	FVGAV02.0VAL	VW Beetle, VW Beetle Convertible, VW Golf, VW Golf Sportwagen, VW Jetta, VW Passat, Audi A3

"3.0 Liter Subject Vehicles" means each and every model year 2009 to 2016 light duty diesel vehicle equipped with a 3.0 liter TDI engine that Defendants sold or offered for sale in, or introduced or delivered for introduction into, commerce in the United States or its Territories, or imported into the United States or its Territories, and that is or was purported to have been covered by the following test groups:

Model Year	EPA Test Group(s)	Vehicle Make and Model(s)	Generation
2009	9ADXT03.03LD	VW Touareg, Audi Q7	1.1
2010	AADXT03.03LD	VW Touareg, Audi Q7	1.1
2011	BADXT03.02UG BADXT03.03UG	VW Touareg, Audi Q7	1.2
2012	CADXT03.02UG CADXT03.03UG	VW Touareg Audi Q7	1.2
2013	DADXT03.02UG DADXT03.03UG DPRXT03.0CDD	VW Touareg Audi Q7 Porsche Cayenne Diesel	2.1 SUV
2014	EADXT03.02UG EADXT03.03UG EPRXT03.0CDD	VW Touareg Audi Q7 Porsche Cayenne Diesel	2.1 SUV
2014	EADXJ03.04UG	Audi: A6 quattro, A7 quattro, A8, A8L, Q5	2 PC
2015	FVGAT03.0NU3	Audi: Q7, A6 quattro, A7 quattro, A8, A8L, Q5	2.1 SUV
2015	FVGAT03.0NU2 FPRXT03.0CDD	VW Touareg Porsche Cayenne Diesel	2.2 SUV
2015	FVGAJ03.0NU4	Audi: A6 quattro, A7 quattro, A8, A8L, Q5	2 PC
2016	GVGAT03.0NU2 GPRXT03.0CDD	VW Touareg Porsche Cayenne Diesel	2.2 SUV
2016	GVGAJ03.0NU4	Audi: A6 quattro, A7 quattro, A8, A8L, Q5	2 PC

"Approved Emissions Modification" has the meaning set forth in Appendix B;

"Buyback" has the meaning set forth in Appendix A;

"CA AG" means the California Attorney General's Office and any of its successor departments or agencies;

"California" means the People of the State of California, acting by and through the California Attorney General and the California Air Resources Board;

"California Complaint" means the complaint filed by California in this action;

"CARB" means the California Air Resources Board and any of its successor departments or agencies;

"Certified Exhaust Emissions Standards" has the meaning set forth in Appendix A;

"Clean Air Act" or "Act" means 42 U.S.C. §§ 7401-7671q;

"Complaints" means the U.S. Complaint and the California Complaint;

"Consent Decree" or "Decree" or "Second Partial Consent Decree" means this partial consent decree and all Appendices attached hereto (listed in Section XXII);

"Day" means a calendar day unless expressly stated to be a business day. In computing any period of time under this Consent Decree, where the last day would fall on a Saturday, Sunday, or federal or California holiday, the period shall run until the close of business of the next business day;

"Defendants" means the persons or entities named in the U.S. Complaint and California Complaint, specifically, Volkswagen AG, Volkswagen Group of America, Inc., Volkswagen Group of America Chattanooga Operations, LLC, Audi AG, Dr. Ing. h.c. F. Porsche AG, and Porsche Cars North America, Inc.;

"Effective Date" has the meaning set forth in Section XIV;

"Eligible Lessee" has the meaning set forth in Appendix A;

"Eligible Mitigation Actions" has the meaning set forth in Appendix D to the First Partial Consent Decree;

"Eligible Owner" has the meaning set forth in Appendix A;

"Eligible Vehicle" has the meaning set forth in Appendix A;

"Emissions Compliant Recall" has the meaning set forth in Appendix A;

"EPA" means the United States Environmental Protection Agency and any of its successor departments or agencies;

"First Partial Consent Decree" means the Partial Consent Decree entered in this action by the Court on October 25, 2016;

"First California Partial Consent Decree" means the Partial Consent Decree between the California Attorney General and Defendants entered by the Court on September 1, 2016;

"Generation" means the different versions of emission control technology installed in various configurations of 3.0 Liter Subject Vehicles. The Generation of each 3.0 Liter Subject Vehicle is specified in the chart set forth in the definition of 3.0 Liter Subject Vehicles;

"Generation 1.x 3.0 Liter Eligible Vehicle" and "Generation 2.x 3.0 Liter Eligible Vehicle" have the meanings set forth in Appendix A. The Generations are specified in the chart set forth in the definition of 3.0 Liter Subject Vehicles;

"Initial 3.0 Liter Mitigation Allocation Appendix" or "Mitigation Appendix" is the appendix setting forth the initial allocation of Mitigation Trust funds for the 3.0 Liter Subject Vehicles;

"Lease Termination" has the meaning set forth in Appendix A;

"Materials" means Submissions and other documents, certifications, plans, reports, notifications, data, or other information that is required to be submitted pursuant to this Decree;

"Mitigation Trust" or "Trust" means the trust established or to be established pursuant to Section IV. and Appendix D of the First Partial Consent Decree;

"Mitigation Trust Payment" means any payment required to be paid into the Trust Account;

"Paragraph" means a portion of this Decree identified by an Arabic numeral;

"Parties" means the United States, California, and Defendants;

"Porsche Defendants" means Dr. Ing. h.c. F. Porsche AG, and Porsche Cars North America, Inc.;

"Porsche 3.0 Liter Subject Vehicles" means the Porsche vehicles specified in the chart set forth in the definition of 3.0 Liter Subject Vehicles;

"Retail Replacement Value" has the meaning set forth in Appendix A;

"Section" means a portion of this Decree identified by a Roman numeral;

"Submission" means any plan, report, guidance, or other item that is required to be submitted for approval pursuant to this Consent Decree;

"Test Group" has the meaning set forth in Appendix B;

"Trust Account" has the meaning set forth in the Trust Agreement;

"Trust Agreement" means a trust agreement in the form set forth in Appendix D to the First Partial Consent Decree, to be entered into by the Defendants and the Trustee selected pursuant to Paragraph 15 of the First Partial Consent Decree;

"Trustee" means the trustee selected for the Mitigation Trust in accordance with Paragraph 15 of the First Partial Consent Decree;

"United States" means the United States of America, acting on behalf of EPA, except when used in subparagraph 75.h, when it shall mean the United States of America; and

"U.S. Complaint" means the complaint filed by the United States in this action on January 4, 2016 (as amended on October 7, 2016).

IV. PARTIAL INJUNCTIVE RELIEF

Buyback, Lease Termination, Vehicle Modification, and Emissions Compliant Recall Program (Appendix A) and Vehicle Recall and Emissions Modification Program for 3.0 Liter Vehicles (Appendix B)

9. Defendants shall implement the Buyback, Lease Termination, Vehicle Modification, and Emissions Compliant Recall Program in accordance with the requirements set forth in Appendix A, together with the Vehicle Recall and Emissions Modification Program for 3.0 Liter Subject Vehicles in accordance with the requirements set forth in Appendix B.

10. Generation 1.x 3.0 Liter Subject Vehicles. As required by Appendix A, by no later than November 30, 2019, Defendants shall remove from commerce in the United States and/or perform an Approved Emissions Modification (in accordance with Appendix B) on at least 85% of the Generation 1.x 3.0 Liter Subject Vehicles.

11. Generation 2.x 3.0 Liter Subject Vehicles. As required by Appendix A, by no later than May 31, 2020, Defendants shall perform an Emissions Compliant Recall (or, if no Emissions Compliant Recall is achieved, remove from commerce in the United States and/or perform an Approved Emissions Modification) on at least 85% of all Generation 2.x 3.0 Liter Subject Vehicles.

12. Defendants must offer each and every Eligible Owner and Eligible Lessee of a 3.0 Liter Eligible Vehicle for which the offer of the Buyback is required pursuant to Appendix A, the option of the Buyback of the Eligible Vehicle at a price no less than Retail Replacement Value, or the Lease Termination in accordance with the terms specified in Appendix A.

13. In the event Defendants do not achieve these 85% recall rates, Defendants shall

pay additional funds into the Mitigation Trust as set forth in Appendix A.

14. If Defendants implement an Emissions Compliant Recall or a vehicle recall and Approved Emissions Modification for any 3.0 Liter Subject Vehicle, approval and implementation of that modification shall be governed by Appendices A and B.

15. Defendants shall not sell or cause to be sold, or lease or cause to be leased, any 3.0 Liter Subject Vehicle, except as provided in Appendices A and B. Defendants shall not modify or cause to be modified any emission control system or emissions aftertreatment or any other software or hardware that affects the emission control system on any 3.0 Liter Subject Vehicle except in compliance with Appendices A and B.

16. Except as otherwise provided in Appendices A and B, Defendants may not export from the United States to another country any 3.0 Liter Subject Vehicle.

Mitigation of Excess Emissions and Mitigation Trust (First Partial Consent Decree, Appendix D)

17. Payment of Mitigation Funds.

a. Mitigation Trust Payment. Not later than 30 Days after the Effective Date, Defendants shall deposit $225,000,000 in Mitigation Trust Payments into the Trust Account to be used to fund Eligible Mitigation Actions to achieve reductions of NOx emissions in accordance with the Trust Agreement.

b. Mitigation Trust Payments under Appendices A and B. All Mitigation Trust Payments required by Appendices A and B shall be deposited into the Trust Account.

c. Notice of Trust Payments. Defendants shall notify the Trustee and the United States and CARB by mail and email in accordance with the requirements of Section XIII (Notices) on the Day any such Mitigation Trust

Payments are made.

d. Court Registry. If any payments required under this Paragraph 17 become due before the Trust Account is established, Defendants shall deposit such payments with the Court in accordance with Fed. R. Civ. P. 67. Defendants shall execute such documents and support such actions as necessary to facilitate the deposit of payments with the Court. For purposes of Fed. R. Civ. P. 67, this Consent Decree constitutes an order permitting such deposits and authorizing the Clerk of Court for the Northern District of California: (1) to accept an electronic funds transfer payment from Defendants of any payments required under this Paragraph 17; and (2) to hold such funds in the Clerk's Registry, including interest earned thereon, pending the further order of this Court. For purposes of 28 U.S.C. § 2042, this Consent Decree constitutes an order permitting the Trustee, upon filing a designation and identification of Trust Account as required by Appendix D to the First Partial Consent Decree, to withdraw all such funds, including all accrued interest, for immediate and concurrent deposit into the Trust Account. In the event that the United States determines that the funds cannot be deposited in accordance with Fed. R. Civ. P. 67, and unless otherwise agreed in writing by the Parties, the Defendants shall hold the funds in an interest-bearing escrow account, for deposit (together with all accrued interest) into the Trust Account when established.

18. Modification of Appendix D (Form of Environmental Mitigation Trust Agreement) and Appendix D-3 (Certification for Beneficiary Status under Environmental Mitigation Trust Agreement) to the First Partial Consent Decree. Upon the Effective Date of the

Second Partial Consent Decree, the Parties agree to make non-material modifications to Appendix D and Appendix D-3 of the First Partial Consent Decree as follows to enable the Mitigation Payments from this Consent Decree to be placed in the Mitigation Trust created pursuant to the First Partial Consent Decree: (1) all references to 2.0 Liter Subject Vehicles will also include 3.0 Liter Subject Vehicles; (2) all references to Appendix D-1 will also include the Mitigation Appendix; (3) most references to Consent Decree will include both the First and Second Partial Consent Decrees; and (4) most references to Settling Defendants will also include Defendants.

19. Mitigation Appendix. The Mitigation Appendix, attached to this Second Partial Consent Decree, sets forth an initial allocation of Mitigation Trust funds for the 3.0 Liter Subject Vehicles for entities that may seek to become a Beneficiary under the Trust Agreement.

20. Modification of Trust Agreement and its Appendices. After the Trust is established pursuant to Paragraph 17 of the First Partial Consent Decree, the Trust may be modified only in accordance with Paragraph 19 of the First Partial Consent Decree.

V. APPROVAL OF SUBMISSIONS AND EPA/CARB DECISIONS

21. For purposes of this Consent Decree, unless otherwise specified in this Consent Decree:

a. with respect to any Submission, other obligation, or force majeure claim of Defendants concerning Appendix B, EPA and CARB, or the United States and California as applicable, will issue a joint decision concerning the Submission, other obligation, or force majeure claim; and

b. with respect to any other Submission, obligation, or force majeure claim of Defendants under the Consent Decree, the position of EPA or the United

States, after consultation with CARB or California, as applicable, shall control.

22. For purposes of this Section, Section VII (Stipulated Penalties and Other Mitigation Trust Payments), Section VIII (Force Majeure), and Section IX (Dispute Resolution), in accordance with the decision-making authorities set forth in Paragraph 21, references to "EPA/CARB" mean EPA and CARB jointly, or EPA or CARB, as applicable; references to "the United States/California" mean the United States and California jointly, or the United States or California, as applicable; and references to the United States/CARB mean the United States/CARB jointly, or the United States or CARB, as applicable.

23. Any specific procedures or specifications for the review of Submissions set forth in the Appendices shall govern, as applicable, the review of any Submission submitted pursuant to such Appendix. Except as otherwise specified in the Appendices, after review of any Submission, EPA/CARB shall in writing: (a) approve the Submission; (b) approve the Submission upon specified conditions; (c) approve part of the Submission and disapprove the remainder; or (d) disapprove the Submission. In the event of disapproval, in full or in part, of any portion of the Submission, if not already provided with the disapproval, upon the request of Defendants, EPA/CARB will provide in writing the reasons for such disapproval.

24. If the Submission is approved pursuant to Paragraph 23, Defendants shall take all actions required by the Submission in accordance with the schedules and requirements of the Submission, as approved. If the Submission is conditionally approved or approved only in part pursuant to subparagraph 23(b) or (c), Defendants shall, upon written direction from EPA/CARB, take all actions required by the Submission that EPA/CARB determine(s) are technically severable from any disapproved portions.

25. If the Submission is disapproved in whole or in part pursuant to subparagraph

23(c) or (d), Defendants shall, within 30 Days or such other time as provided by an Appendix or as the Parties agree to in writing, correct all deficiencies and resubmit the Submission, or disapproved portion thereof, for approval, in accordance with Paragraphs 23 and 24. If the resubmission is approved in whole or in part, Defendants shall proceed in accordance with Paragraph 24.

26. If a resubmitted Submission, or portion thereof, is disapproved in whole or in part, EPA/CARB may again require Defendants to correct any deficiencies, in accordance with Paragraphs 24 and 25, or EPA/CARB may itself/themselves correct any deficiencies.

27. Defendants may elect to invoke the dispute resolution procedures set forth in Section IX (Dispute Resolution) concerning any decision of EPA/CARB to disapprove, approve on specified conditions, or modify a Submission. If Defendants elect to invoke dispute resolution, they shall do so within 30 Days (or such other time as the Parties agree to in writing) after receipt of the applicable decision.

28. Any stipulated penalties applicable to the original Submission, as provided in Section VII (Stipulated Penalties and Other Mitigation Trust Payments), shall accrue during the 30-Day period or other specified period pursuant to Paragraph 25. Such stipulated penalties shall not be payable unless the resubmission of the Submission is untimely or is disapproved in whole or in part; provided that, if the original Submission was so deficient as to constitute a material breach of Defendants' obligations under this Decree in making that Submission, the stipulated penalties applicable to the original Submission shall be due and payable notwithstanding any subsequent resubmission.

VI. REPORTING AND CERTIFICATION REQUIREMENTS

29. Timing of Reports. Unless otherwise specified in this Consent Decree, or the

Parties otherwise agree in writing:

a. To the extent quarterly reporting is required by this Decree, Defendants shall submit each report one month after the end of the calendar quarter, and the report shall cover the prior calendar quarter. That is, reports shall be submitted on April 30, July 31, October 31, and January 31 for the prior respective calendar quarter (*i.e.*, the report submitted on April 30 covers January 1 through March 31), as further specified, and covering the items specified, elsewhere in the Consent Decree.

b. To the extent semi-annual or annual reporting is required, Defendants shall submit each report one month after the end of the applicable prior 6-month or annual calendar period, *i.e.*, April 30, July 31, October 31, or January 31, as applicable, and as further specified, and covering the items specified, elsewhere in the Consent Decree.

30. Defendants may assert that information submitted under this Consent Decree is protected as Confidential Business Information ("CBI") as set out in 40 C.F.R. pt. 2 or Cal. Code Regs. tit. 17, §§ 91000 to 91022.

31. Reporting of Violations

a. Except to the extent the Appendices specify different timeframes or notice recipients, if Defendants reasonably believe they have violated, or that they may violate, any requirement of this Consent Decree, Defendants shall notify EPA, CARB, and CA AG of such violation and its likely duration, in a written report submitted within 10 business days after the Day Defendants first reasonably believe that a violation has occurred or may occur, with an explanation of the

violation's likely cause and of the remedial steps taken, or to be taken, to prevent or minimize such violation. If Defendants believe the cause of a violation cannot be fully explained at the time the report is due, Defendants shall so state in the report. Defendants shall investigate the cause of the violation and shall then submit an amendment to the report, including a full explanation of the cause of the violation, within 30 Days after the Day on which Defendants reasonably believe they have determined the cause of the violation. Nothing in this Paragraph or the following Paragraph relieves Defendants of their obligation to provide the notice required by Section VIII (Force Majeure).

b. Semi-Annual Report of Violations. On January 31 and July 31 of each year, Defendants shall submit a summary to the United States and California of any violations of the Decree that occurred during the preceding six months (or potentially shorter period for the first semi-annual report), and that are required to be reported pursuant to subparagraph 31.a, including the date of the violation, the date the notice of violation was sent, and a brief description of the violation.

32. Whenever Defendants reasonably believe that any violation of this Consent Decree or any other event affecting Defendants' performance under this Decree may pose an immediate threat to the public health or welfare or the environment, Defendants shall notify EPA and California by email as soon as practicable, but no later than 24 hours after Defendants first reasonably believe the violation or event has occurred. This procedure is in addition to the requirements set forth in Paragraph 31.

33. All plans, reports, and other information required to be posted to a public website by this Consent Decree shall be accessible on the public website that Defendants use to

administer the Claims Program pursuant to Appendix A-1 (or the analogous website used by Defendants pursuant to a Parallel Agreement under Appendix A-1), and a link to such website shall be displayed on www.vw.com, www.audiusa.com, and www.porsche.com.

34. Each report or other item that is required by an Appendix to be certified pursuant to this Paragraph shall be signed by an officer or director of Defendants and shall include the following sworn certification, which may instead be certified as provided in 28 U.S.C. § 1746:

> I certify under penalty of perjury under the laws of the United States and California that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, correct, and complete. I have no personal knowledge, information or belief that the information submitted is other than true, correct, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

35. Defendants agree that the certification required by Paragraph 34 is subject to 18 U.S.C. §§ 1001(a) and 1621, and California Penal Code §§ 115, 118, and 132.

36. The certification requirement in Paragraph 34 does not apply to emergency or similar notifications where compliance would be impractical.

37. The reporting requirements of this Consent Decree do not relieve Defendants of any reporting obligations required by the Act or implementing regulations, or by any other federal, state, or local law, regulation, permit, or other requirement.

38. Any information provided pursuant to this Consent Decree may be used by the United States or California in any proceeding to enforce the provisions of this Consent Decree and as otherwise permitted by law.

VII. STIPULATED PENALTIES AND ADDITIONAL MITIGATION TRUST PAYMENTS

39. Defendants shall be liable for stipulated penalties and additional Mitigation Trust Payments (collectively, "stipulated payments") to the United States and California for violations of this Consent Decree as specified in this Section and the Appendices, unless excused under Section VIII (Force Majeure). A violation includes failing to perform any obligation required by the terms of this Decree, including any work plan or schedule approved under this Decree, according to all applicable requirements of this Decree and within the specified time schedules established by or approved under this Decree.

40. Partial Injunctive Relief Requirements: Appendices A and B. The stipulated payments and other remedies for violations of requirements of Appendices A and B are set forth in those Appendices.

41. Partial Injunctive Relief Requirements: Section IV, Paragraph 17 (Payment of Mitigation Funds). The following additional Mitigation Trust Payments shall accrue for each day that the Mitigation Trust Payment of $225,000,000 required by subparagraph 17.a is late:

Interest (per Par. 44)	1st through 4th Day
$50,000	5th through 30th Day
$100,000	31st through 45th Day
$200,000	46th Day and beyond

a. The additional Mitigation Trust Payments required by this Paragraph 41 are in addition to the Payment required by subparagraph 17.a, which Payment shall not be reduced on account of the payment of additional Mitigation Trust Payments.

b. In the event that no Trust Account has been established as of the

date that any additional Mitigation Trust Payment required pursuant to this Paragraph 41 becomes due, such payment shall be made into the Court Registry account in accordance with subparagraph 17.d.

42. Reporting and Certification Requirements: Section VI

a. Reporting of Violations. The following stipulated penalties shall accrue per violation per Day for each violation of the requirements of Paragraph 31 (Reporting of Violations):

$2,000	1st through 14th Day
$5,000	15th through 30th Day
$10,000	31st Day and beyond

b. Certification Requirements. The following stipulated penalties shall accrue per violation per Day for each violation of the certification requirements of Paragraph 34, except for false statements as described in subparagraph 42.c, below, in which case the stipulated penalty shall be the higher of the penalty provided for here in subparagraph 42.b or in subparagraph 42.c:

$10,000	1st through 14th Day
$25,000	15th through 30th Day
$50,000	31st Day and beyond

c. False Statements. Defendants shall pay a stipulated penalty of $1,000,000 for each report or Submission required to be submitted pursuant to this Consent Decree that contains a knowingly false, fictitious, or fraudulent statement or representation of material fact.

43. Stipulated payments under this Section shall begin to accrue on the Day after performance is due or on the Day a violation occurs, whichever is applicable, and shall continue

to accrue until performance is satisfactorily completed or until the violation ceases. Stipulated payments shall accrue simultaneously for separate violations of this Consent Decree.

44. If Defendants fail to pay stipulated penalties or the Mitigation Trust Payments required by subparagraphs 17.a (Mitigation Trust Payment) and .b (Mitigation Trust Payments under Appendices A and B) according to the terms of this Consent Decree, Defendants shall be liable for interest on such payments at the rate provided for in 28 U.S.C. § 1961, accruing as of the date payment became due and continuing until payment has been made in full. Nothing in this Paragraph shall be construed to limit the United States or California from seeking any remedy otherwise provided by law for Defendants' failure to pay any stipulated payments.

45. Stipulated Payment Demands and Payments

a. The United States, in consultation with CARB, will issue any demand for stipulated Mitigation Trust Payments required by Paragraph 41 and Appendix B and for stipulated penalties required by this Consent Decree, except that CARB may issue a separate demand for a stipulated penalty pursuant to Appendix A, Paragraph 12.2.7 based on Defendants' failure to make an additional California Mitigation Trust Payment required under Appendix A, Paragraphs 10.3.2, 10.3.4 and 10.4 .

b. For the stipulated payments set forth in Paragraph 45.a, Defendants shall pay stipulated penalties to the United States/CARB and stipulated Mitigation Trust Payments to the Mitigation Trust within 30 Days after a written demand by the United States or CARB, as applicable, unless Defendants invoke the dispute resolution procedures under Section IX (Dispute Resolution) within the 30-Day period. Except as provided in Appendix B, Defendants shall pay 75% percent of

the total stipulated penalty amount due to the United States and 25% percent to CARB.

c. Stipulated Mitigation Trust Payments required by Appendix A, Paragraphs 10.3 and 10.4 shall be paid as set forth therein.

46. Either the United States or CARB may, in the unreviewable exercise of its discretion, reduce or waive stipulated penalties otherwise due it under this Consent Decree. However, no action by either the United States or CARB may reduce or waive stipulated penalties due to the other.

47. Stipulated payments shall continue to accrue as provided in Paragraph 43 during any Dispute Resolution, but need not be paid until the following:

a. If the dispute is resolved by agreement of the Parties or by a decision of EPA/CARB that is not appealed to the Court, Defendants shall pay accrued stipulated payments determined to be owing, together with interest as provided in Paragraph 44, to the United States/CARB/the Mitigation Trust, as applicable, within 30 Days after the effective date of the agreement or the receipt of EPA's/CARB's decision or order.

b. If the dispute is appealed to the Court and the United States/California prevail(s) in whole or in part, Defendants shall pay all accrued payments determined by the Court to be owing, together with interest as provided in Paragraph 44, to the United States/CARB/the Mitigation Trust within 60 Days after receiving the Court's decision or order, except as provided in subparagraph c, below.

c. If any Party appeals the District Court's decision, Defendants shall

pay to the United States/CARB/the Mitigation Trust all accrued payments determined to be owing, together with interest as provided in Paragraph 44, within 15 Days after receiving the final appellate court decision.

48. Defendants shall pay stipulated penalties owing to the United States by FedWire Electronic Funds Transfer ("EFT") to the DOJ account, in accordance with instructions provided to Defendants by the Financial Litigation Unit ("FLU") of the United States Attorney's Office for the Northern District of California after the Effective Date. The payment instructions provided by the FLU will include a Consolidated Debt Collection System ("CDCS") number, which Defendants shall use to identify all payments required to be made in accordance with this Consent Decree. The FLU will provide the payment instructions to:

Head of Treasury of Volkswagen AG
Joerg Boche
Joerg.boche@volkswagen.de
011-49-5361-92-4184

on behalf of Defendants. Defendants may change the individual to receive payment instructions on their behalf by providing written notice of such change to the United States and CARB in accordance with Section XIII (Notices).

49. Defendants shall pay stipulated penalties owing to CARB by check, accompanied by a Payment Transmittal Form (which CARB will provide to the addressee listed in Paragraph 48 after the Effective Date), with each check mailed to:

Air Resources Board, Accounting Branch
P.O. Box 1436
Sacramento, CA 95812-1436;

or by wire transfer, in which case Defendants shall use the following wire transfer information and send the Payment Transmittal Form to the above address prior to each wire transfer:

State of California Air Resources Board
c/o Bank of America, Inter Branch to 0148
Routing No. 0260-0959-3 Account No. 01482-80005
Notice of Transfer: Yogeeta Sharma Fax: (916) 322-9612
Reference: ARB Case # MSES-15-085.

Defendants are responsible for any bank charges incurred for processing wire transfers. Except as otherwise provided by this Consent Decree, stipulated penalties paid to CARB shall be deposited into the Air Pollution Control Fund and used by CARB to carry out its duties and functions.

50. At the time of payment, Defendants shall send notice that a stipulated payment has been made: (i) to EPA via email at cinwd_acctsreceivable@epa.gov or via regular mail at EPA Cincinnati Finance Office, 26 W. Martin Luther King Drive, Cincinnati, Ohio 45268; (ii) to DOJ via email or regular mail in accordance with Section XIII; and/or (iii) to CARB via email or regular mail in accordance with Section XIII. Such notice shall state that the payment is for stipulated penalties or Mitigation Trust Payments, as applicable, owed pursuant to the Consent Decree in *In re Volkswagen "Clean Diesel" Marketing, Sales Practices, and Products Liability Litigation*, and shall state for which violation(s) the stipulated payments are being paid. Such notice shall also reference MDL No. 2672 CRB (JSC), CDCS Number and DOJ # 90-5-2-1-11386.

51. Defendants shall not deduct any stipulated penalties paid under this Decree pursuant to this Section in calculating their income taxes due to federal, state, or local taxing authorities in the United States.

52. The payment of stipulated payments and interest, if any, shall not alter in any way Defendants' obligation to complete the performance of the requirements of this Consent Decree.

53. Non-Exclusivity of Remedy. Stipulated payments and other remedies provided for

in the Consent Decree are not the United States' or California's exclusive remedy for violations of this Consent Decree, including violations of the Consent Decree that are also violations of law. Subject to the provisions in Section XI (Effect of Settlement/Reservation of Rights), the United States and California reserve all legal and equitable remedies available to enforce the provisions of this Consent Decree. In addition to the remedies specifically reserved and those specifically agreed to elsewhere in this Consent Decree, the United States and California expressly reserve the right to seek any other relief they deem appropriate for Defendants' violation of this Consent Decree, including but not limited to an action against Defendants for statutory penalties where applicable, additional injunctive relief, mitigation or offset measures, contempt, and/or criminal sanctions. However, the amount of any statutory penalty assessed for a violation of this Consent Decree (and payable to the United States or to California, respectively) shall be reduced by an amount equal to the amount of any stipulated penalty assessed and paid pursuant to this Consent Decree (to the United States or to California, respectively) for the same violation.

VIII. FORCE MAJEURE

54. "Force majeure," for purposes of this Consent Decree, is defined as any event arising from causes beyond the control of Defendants, of any entity controlled by Defendants, or of Defendants' contractors, that delays or prevents the performance of any obligation under this Consent Decree despite Defendants' best efforts to fulfill the obligation. The requirement that Defendants exercise "best efforts to fulfill the obligation" includes using best efforts to anticipate any potential force majeure event and best efforts to address the effects of any potential force majeure event (a) as it is occurring, and (b) following the potential force majeure, such that the delay and any adverse effects of the delay are minimized. "Force majeure" does not include

Defendants' financial inability to perform any obligation under this Consent Decree.

55. If any event occurs or has occurred that may delay the performance of any obligation under this Consent Decree, for which Defendants intend or may intend to assert a claim of force majeure, whether or not caused by a force majeure event, Defendants shall provide notice by email to EPA and CARB, within 7 Days of when Defendants first knew that the event might cause a delay. Within 14 Days thereafter, Defendants shall provide in writing to EPA and CARB an explanation and description of the reasons for the delay; the anticipated duration of the delay; all actions taken or to be taken to prevent or minimize the delay or the effect of the delay; a schedule for implementation of any such measures; Defendants' rationale for attributing such delay to a force majeure event if it intends to assert such a claim; and a statement as to whether, in the opinion of Defendants, such event may cause or contribute to an endangerment to public health, welfare or the environment. Defendants shall include with any notice all available documentation supporting the claim that the delay was attributable to a force majeure event. Failure to comply with the above requirements shall preclude Defendants from asserting any claim of force majeure for that event for the period of time of such failure to comply, and for any additional delay caused by such failure. Defendants shall be deemed to know of any circumstance of which Defendants, any entity controlled by Defendants, or Defendants' contractors knew or should have known.

56. If EPA/CARB agree(s) that the delay or anticipated delay is attributable to a force majeure event, the time for performance of the obligations under this Consent Decree that are affected by the force majeure event will be extended by EPA/CARB for such time as is necessary to complete those obligations. An extension of the time for performance of the obligations affected by the force majeure event shall not, of itself, extend the time for

performance of any other obligation. EPA/CARB will notify Defendants in writing of the length of the extension, if any, for performance of the obligations affected by the force majeure event.

57. If EPA/CARB do(es) not agree that the delay or anticipated delay has been or will be caused by a force majeure event, EPA/CARB will notify Defendants in writing of its/their decision.

58. If Defendants elect to invoke the dispute resolution procedures set forth in Section IX (Dispute Resolution), it shall do so no later than 15 Days after receipt of EPA's/CARB's notice. In any such proceeding, Defendants shall have the burden of demonstrating by a preponderance of the evidence that the delay or anticipated delay has been or will be caused by a force majeure event, that the duration of the delay or the extension sought was or will be warranted under the circumstances, that best efforts were exercised to avoid and mitigate the effects of the delay, and that Defendants complied with the requirements of Paragraphs 54 and 55. If Defendants carry this burden, the delay at issue shall be deemed not to be a violation by Defendants of the affected obligation of this Consent Decree identified to EPA/CARB and the Court.

IX. DISPUTE RESOLUTION

59. Unless otherwise expressly provided for in this Consent Decree, the dispute resolution procedures of this Section shall be the exclusive mechanism to resolve disputes arising under or with respect to this Consent Decree. Failure by the Defendants to seek resolution of a dispute under this Section shall preclude Defendants from raising any such issue as a defense to an action by the United States or California to enforce any obligation of Defendants arising under this Decree.

60. Informal Dispute Resolution. Any dispute subject to dispute resolution under this

Consent Decree shall first be the subject of informal negotiations. The dispute shall be considered to have arisen when Defendants send the United States and California by mail a written Notice of Dispute. Such Notice of Dispute shall state clearly the matter in dispute, including, where applicable, whether the dispute arises from a decision made by EPA and CARB jointly, or EPA or CARB individually. The period of informal negotiations shall not exceed 30 Days after the date the dispute arises, unless that period is modified by written agreement. If the Parties cannot resolve a dispute by informal negotiations, then the position advanced by the United States/California shall be considered binding unless, within 30 Days after the conclusion of the informal negotiation period, Defendants invoke formal dispute resolution procedures as set forth below.

61. Formal Dispute Resolution. Defendants shall invoke formal dispute resolution procedures, within the time period provided in the preceding Paragraph, by serving on the United States/California a written Statement of Position regarding the matter in dispute. The Statement of Position shall include, but need not be limited to, any factual data, analysis, or opinion supporting Defendants' position and any supporting documentation relied upon by Defendants.

62. The United States/California will serve its/their Statement of Position within 45 Days after receipt of Defendants' Statement of Position. The United States'/California's Statement of Position will include, but need not be limited to, any factual data, analysis, or opinion supporting that position and any supporting documentation relied upon by the United States/California. The United States'/California's Statement of Position shall be binding on Defendants, unless Defendants file a motion for judicial review of the dispute in accordance with Paragraph 63.

63. Defendants may seek judicial review of the dispute by filing with the Court and

serving on the United States/California, in accordance with Section XIII (Notices), a motion requesting judicial resolution of the dispute. The motion must be filed within 20 Days after receipt of the United States'/California's Statement of Position pursuant to the preceding Paragraph. The motion shall contain a written statement of Defendants' position on the matter in dispute, including any supporting factual data, analysis, opinion, or documentation, and shall set forth the relief requested and any schedule within which the dispute must be resolved for orderly implementation of the Consent Decree.

64. The United States/California will respond to Defendants' motion within the time period allowed by the Local Rules of the Court. Defendants may file a reply memorandum, to the extent permitted by the Local Rules.

65. Standard of Review for Judicial Disputes

a. Disputes Concerning Matters Accorded Record Review. In any dispute arising under Appendix B and brought pursuant to Paragraph 63, Defendants shall have the burden of demonstrating that EPA's/CARB's action or determination or position is arbitrary and capricious or otherwise not in accordance with law based on the administrative record. For purposes of this subparagraph, EPA/CARB will maintain an administrative record of the dispute, which will contain all statements of position, including supporting documentation, submitted pursuant to this Section. Prior to the filing of any motion, the Parties may submit additional materials to be part of the administrative record pursuant to applicable principles of administrative law.

b. Other Disputes. Except as otherwise provided in this Consent Decree, in any other dispute brought pursuant to Paragraph 63, Defendants shall

bear the burden of demonstrating by a preponderance of the evidence that their actions were in compliance with this Consent Decree.

66. In any disputes brought under this Section, it is hereby expressly acknowledged and agreed that this Consent Decree was jointly drafted in good faith by the United States, California, and Defendants. Accordingly, the Parties hereby agree that any and all rules of construction to the effect that ambiguity is construed against the drafting party shall be inapplicable in any dispute concerning the terms, meaning, or interpretation of this Consent Decree.

67. The invocation of dispute resolution procedures under this Section shall not, by itself, extend, postpone, or affect in any way any obligation of Defendants under this Consent Decree, unless and until final resolution of the dispute so provides. Stipulated penalties with respect to the disputed matter shall continue to accrue from the first Day of noncompliance, but payment shall be stayed pending resolution of the dispute as provided in Paragraph 47. If Defendants do not prevail on the disputed issue, stipulated payments shall be assessed and paid as provided in Section VII (Stipulated Penalties and Other Mitigation Trust Payments).

X. INFORMATION COLLECTION AND RETENTION

68. The United States, California, and their representatives, including attorneys, contractors, and consultants, shall have the right of entry, upon presentation of credentials, at all reasonable times into any of Defendants' offices, plants, or facilities:

a. to monitor the progress of activities required under this Consent Decree;

b. to verify any data or information submitted to the United States or California in accordance with the terms of this Consent Decree;

c. to inspect records related to this Consent Decree;

d. to conduct testing related to this Consent Decree;

e. to obtain documentary evidence, including photographs and similar data, related to this Consent Decree;

f. to assess Defendants' compliance with this Consent Decree; and

g. for other purposes as set forth in 42 U.S.C. § 7542(b) and Cal. Gov't Code § 11180.

69. Upon request, and for purposes of evaluating compliance with the Consent Decree, Defendants shall promptly provide to EPA and California or their authorized representatives at locations to be designated by EPA and California:

a. vehicles, in specified configurations, for emissions testing;

b. engine control units for vehicles of specified configurations;

c. specified software and related documentation for vehicles of specified configurations;

d. reasonable requests for English translations of software documents; or

e. other items or information that could be requested pursuant to 42 U.S.C. § 7542(a) or Cal. Gov't Code § 11180.

70. Until three years after the termination of this Consent Decree, Defendants shall retain, and shall instruct their contractors and agents to preserve, all non-identical copies of all documents, records, reports, or other information (including documents, records, or other information in electronic form) (hereinafter referred to as "Records") in their or their contractors' or agents' possession or control, or that come into their or their contractors' or agents' possession

or control, relating to Defendants' performance of their obligations under this Consent Decree, except that Defendants are not required to retain copies or images of military identification cards to the extent that retention of such copies or images would violate 18 U.S.C. § 701. This information-retention requirement shall apply regardless of any contrary corporate or institutional policies or procedures. At any time during this information-retention period, upon request by the United States or California, Defendants shall provide copies of any Records required to be maintained under this Paragraph, notwithstanding any limitation or requirement imposed by foreign laws. Nothing in this Paragraph shall apply to any documents in the possession, custody, or control of any outside legal counsel retained by Defendants in connection with this Consent Decree or of any contractors or agents retained by such outside legal counsel solely to assist in the legal representation of Defendants. Defendants may assert that certain Records are privileged or protected as provided under federal or California law. If Defendants assert such a privilege or protection, they shall provide the following: (a) the title of the Record; (b) the date of the Record; (c) the name and title of each author of the Record; (d) the name and title of each addressee and recipient; (e) a description of the subject of the Record; and (f) the privilege or protection asserted by Defendants. However, Defendants may make no claim of privilege or protection regarding: (1) any data regarding the 3.0 Liter Subject Vehicles or compliance with this Consent Decree; or (2) the portion of any Record that Defendants are required to create or generate pursuant to this Consent Decree.

71. At the conclusion of the information-retention period provided in the preceding Paragraph, Defendants shall notify the United States and California at least 90 Days prior to the destruction of any Records subject to the requirements of the preceding Paragraph and, upon request by the United States or California, Defendants shall deliver any such Records to EPA or

California. Defendants may assert that certain Records are privileged or protected as provided under federal or California law. If Defendants assert such a privilege or protection, they shall provide the following: (a) the title of the Record; (b) the date of the Record; (c) the name and title of each author of the Record; (d) the name and title of each addressee and recipient; (e) a description of the subject of the Record; and (f) the privilege or protection asserted by Defendants. However, Defendants may make no claim of privilege or protection regarding: (1) any data regarding the 3.0 Liter Subject Vehicles or compliance with this Consent Decree; or (2) the portion of any Record that Defendants are required to create or generate pursuant to this Consent Decree.

72. Defendants may also assert that information required to be provided under this Section is protected as CBI as defined in Paragraph 30. As to any information that Defendants seek to protect as CBI, Defendants shall follow the procedures set forth in 40 C.F.R. pt. 2 or equivalent California law.

73. This Consent Decree in no way limits or affects any right of entry and inspection, or any right to obtain information, held by the United States or California pursuant to applicable federal or state laws, regulations, or permits, nor does it limit or affect any duty or obligation of Defendants to maintain Records imposed by applicable federal or state laws, regulations, or permits.

XI. EFFECT OF SETTLEMENT/RESERVATION OF RIGHTS

74. Satisfaction of all the requirements of this Second Partial Consent Decree (and, as to California, satisfaction of all the requirements of this Second Partial Consent Decree and the concurrently lodged Second California Partial Consent Decree) shall resolve and settle all of the United States' and California's civil claims in the Complaints for injunctive relief, based on facts

that were disclosed by Defendants to EPA and CARB prior to October 24, 2016, relating to any defeat devices or auxiliary emission control devices ("AECDs") in the 3.0 Liter Subject Vehicles, that they made or could have made against Defendants:

a. requiring Defendants to take action to buy back, recall, or modify the 3.0 Liter Subject Vehicles in order to remedy the violations alleged in the Complaints concerning the 3.0 Liter Subject Vehicles;

b. requiring Defendants to make payments to owners and lessees of the 3.0 Liter Subject Vehicles in order to remedy the violations alleged in the Complaints concerning the 3.0 Liter Subject Vehicles; and

c. requiring Defendants to mitigate the environmental harm associated with the violations alleged in the Complaints concerning the 3.0 Liter Subject Vehicles.

75. The United States reserves, and this Second Partial Consent Decree is without prejudice to, all claims, rights, and remedies against Defendants with respect to all matters not expressly resolved in Paragraph 74. Notwithstanding any other provision of this Decree, the United States reserves all claims, rights, and remedies against Defendants with respect to:

a. Further injunctive relief, including prohibitory and mandatory injunctive provisions intended to enjoin, prevent, and deter future violations of the Act of the types alleged in the U.S. Complaint related to the 3.0 Liter Subject Vehicles;

b. All rights to address noncompliance with Appendix B as set forth in Paragraph 8.1 of Appendix B;

c. All rights reserved by Paragraph 53;

d. Civil penalties with respect to the 3.0 Liter Subject Vehicles;

e. Any and all civil claims related to any 2.0 Liter Subject Vehicles, but only to the extent not previously resolved under the First Partial Consent Decree, or to any other vehicle other than the 3.0 Liter Subject Vehicles;

f. Any and all civil claims and administrative authorities for injunctive relief: (i) based on facts that were not disclosed by Defendants to EPA and CARB prior to October 24, 2016, related to any defeat devices or AECDs installed on or in the 3.0 Liter Subject Vehicles; or (ii) related to any other failures by the 3.0 Liter Subject Vehicles to conform with the Act or its implementing regulations;

g. Any criminal liability; and

h. Any claim(s) of any agency of the United States, other than EPA, including but not limited to claims by the Federal Trade Commission.

76. California reserves, and this Second Partial Consent Decree is without prejudice to, all claims, rights, and remedies against Defendants with respect to all matters not expressly resolved in Paragraph 74. Notwithstanding any other provision of this Decree, California reserves all claims, rights, and remedies against Defendants with respect to:

a. An order requiring Defendants to take all actions necessary to enjoin, prevent, and deter future violations of the Health and Safety Code and related regulations of the types alleged in the California Complaint related to the 3.0 Liter Subject Vehicles;

b. Further injunctive relief, including prohibitory and mandatory injunctive provisions intended to enjoin, prevent, and deter future misconduct,

and/or incentivize its detection, disclosure, and/or prosecution; or to enjoin false advertising, violation of environmental laws, the making of false statements, or the use or employment of any practice that constitutes unfair competition;

c. All rights to address noncompliance with Appendix B as set forth in Appendix B, Paragraph 8.1;

d. All rights reserved by Paragraph 53;

e. Civil penalties with respect to the 3.0 Liter Subject Vehicles, but only to the extent not previously resolved in the First California Partial Consent Decree;

f. Any and all civil claims related to any 2.0 Liter Subject Vehicle, but only to the extent not previously resolved under the First Partial Consent Decree or First California Partial Consent Decree, or to any vehicle other than the 3.0 Liter Subject Vehicles;

g. Any and all civil claims and administrative authorities for injunctive relief (i) based on facts that were not disclosed by Defendants to EPA and CARB prior to October 24, 2016, related to any defeat devices or AECDs installed on or in the 3.0 Liter Subject Vehicles; or (ii) related to any other failures by the 3.0 Liter Subject Vehicles to conform with the California Health and Safety Code or its implementing regulations;

h. Any criminal liability;

i. Any part of any claims for the violation of securities or false claims laws;

j. Costs and attorneys' fees, including investigative costs, incurred

after the date of lodging;

k. Claims for relief to customers, including claims for restitution, refunds, rescission, damages, and disgorgement, but only to the extent not previously resolved under the First Partial Consent Decree or First California Partial Consent Decree; and

l. Any other claim(s) of any officer or agency of the State of California, other than CARB or CA AG.

77. By entering into this Consent Decree, the United States and California are not enforcing the laws of other countries, including the emissions laws or regulations of any jurisdiction outside the United States. Nothing in this Consent Decree is intended to apply to, or affect, 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 Consent Decree.

78. This Consent Decree shall not be construed to limit the rights of the United States or California to obtain penalties or injunctive relief under the Act or implementing regulations, or under other federal or state laws, regulations, or permit conditions, except as specifically provided in Paragraph 74. The United States and California further reserve all legal and equitable remedies to address any imminent and substantial endangerment to the public health or welfare or the environment arising at any of Defendants' facilities, or posed by Defendants' 3.0 Liter Subject Vehicles, whether related to the violations addressed in this Consent Decree or otherwise.

79. In any subsequent administrative or judicial proceeding initiated by the United States or California for injunctive relief, civil penalties, or other appropriate relief relating to

Defendants' violations, Defendants shall not assert, and may not maintain, any defense or claim based upon the principles of waiver, res judicata, collateral estoppel, issue preclusion, claim preclusion, claim-splitting, or other defenses based upon any contention that the claims raised by the United States or California in the subsequent proceeding were or should have been brought in the instant case, except with respect to the claims that have been specifically resolved pursuant to Paragraph 74.

80. This Consent Decree is not a permit, or a modification of any permit, under any federal, State, or local laws or regulations. Defendants are responsible for achieving and maintaining complete compliance with all applicable federal, State, and local laws, regulations, and permits; and Defendants' compliance with this Consent Decree shall be no defense to any action commenced pursuant to any such laws, regulations, or permits, except as set forth herein. The United States and California do not, by their consent to the entry of this Consent Decree, warrant or aver in any manner that Defendants' compliance with any aspect of this Consent Decree will result in compliance with provisions of the Act, or with any other provisions of United States, State, or local laws, regulations, or permits.

81. This Consent Decree does not limit or affect the rights of Defendants or of the United States or California against any third parties, not party to this Consent Decree, nor does it limit the rights of third parties, not party to this Consent Decree, against Defendants, except as otherwise provided by law.

82. This Consent Decree shall not be construed to create rights in, or grant any cause of action to, any third party not party to this Consent Decree.

XII. COSTS

83. The Parties shall bear their own costs of this Consent Decree, including attorneys'

fees, except that the United States and California shall be entitled to collect the costs and reasonable attorneys' fees incurred in any action necessary to collect any portion of the stipulated penalties due under this Consent Decree but not paid by Defendants.

XIII. NOTICES

84. Except as specified elsewhere in this Decree, whenever any Materials are required to be submitted pursuant to this Consent Decree, or whenever any communication is required in any action or proceeding related to or bearing upon this Consent Decree or the rights or obligations thereunder, they shall be submitted with a cover letter or otherwise be made in writing (except that if any attachment is voluminous, it shall be provided on a disk, hard drive, or other equivalent successor technology), and shall be addressed as follows:

As to the United States:	DOJ at the email or mail addresses below, with a preference for email unless otherwise specified and EPA at the email and mail addresses below
As to DOJ by mail:	EES Case Management Unit Environment and Natural Resources Division U.S. Department of Justice P.O. Box 7611 Washington, D.C. 20044-7611 Re: DJ # 90-5-2-1-11386
As to DOJ by overnight mail:	Chief Environmental Enforcement Section Environment and Natural Resources Division U.S. Department of Justice 601 D St. NW Washington, D.C. 20004
As to DOJ by email:	eescdcopy.enrd@usdoj.gov Re: DJ # 90-5-2-1-11386

As to EPA:	By mail and email to: Director, Air Enforcement Division 1200 Pennsylvania Avenue NW William J Clinton South Building MC 2242A Washington, DC 20460 VW_settlement@epa.gov
As to California:	CARB and CA AG at the email or mail addresses below, as applicable
As to CARB by email (including for Paragraphs 32, 55):	Alexandra.Kamel@arb.ca.gov
As to CARB by mail:	Chief Counsel California Air Resources Board Legal Office 1001 I Street Sacramento, California 95814
As to CA AG by email:	nicklas.akers@doj.ca.gov judith.fiorentini@doj.ca.gov david.zonana@doj.ca.gov
As to CA AG by mail:	Senior Assistant Attorney General Consumer Law Section California Department of Justice 455 Golden Gate Ave., Suite 11000 San Francisco, CA 94102-7004 Senior Assistant Attorney General Environment Section Office of the Attorney General P.O. Box 944255 Sacramento, CA 94244-2550
As to Volkswagen AG by mail:	Volkswagen AG Berliner Ring 2 38440 Wolfsburg, Germany Attention: Company Secretary

With copies to each of the following:

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

Volkswagen Group of
America, Inc.
2200 Ferdinand Porsche Dr.
Herndon, VA 20171
Attention: U.S. General Counsel

As to Audi AG by mail:

Audi AG
Auto-Union-Straße 1
85045 Ingolstadt, Germany
Attention: Company Secretary

With copies to each of the following:

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

Volkswagen Group of
America, Inc.
2200 Ferdinand Porsche Dr.
Herndon, VA 20171
Attention: U.S. General Counsel

As to Volkswagen Group of America, Inc. by mail:

Volkswagen Group of
America, Inc.
2200 Ferdinand Porsche Dr.
Herndon, VA 20171
Attention: Company Secretary

With copies to each of the following:

Volkswagen Group of
America, Inc.
2200 Ferdinand Porsche Dr.
Herndon, VA 20171
Attention: President

	Volkswagen Group of America, Inc. 2200 Ferdinand Porsche Dr. Herndon, VA 20171 Attention: U.S. General Counsel
As to Volkswagen Group of America Chattanooga Operations, LLC by mail:	Volkswagen Group of America Chattanooga Operations, LLC 8001 Volkswagen Dr. Chattanooga, TN 37416 Attention: Company Secretary With copies to each of the following: Volkswagen Group of America, Inc. 2200 Ferdinand Porsche Dr. Herndon, VA 20171 Attention: President Volkswagen Group of America, Inc. 2200 Ferdinand Porsche Dr. Herndon, VA 20171 Attention: U.S. General Counsel
As to Dr. Ing. h.c. F. Porsche AG by mail:	Dr. Ing. h.c. F. Porsche Aktiengesellschaft Porscheplatz 1, D-70435 Stuttgart Attention: GR/ Rechtsabteilung/ General Counsel
As to Porsche Cars North America, Inc.:	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 Defendants by email:	Robert J. Giuffra, Jr. Sharon L. Nelles Granta Nakayama Cari Dawson giuffrar@sullcrom.com nelless@sullcrom.com gnakayama@kslaw.com cari.dawson@alston.com
As to one or more of the Defendants by mail:	Robert J. Giuffra, Jr. Sharon L. Nelles Sullivan & Cromwell LLP 125 Broad Street New York, New York 10004 Granta Nakayama King & Spalding LLP 1700 Pennsylvania Ave., N.W., Suite 200 Washington, DC 20006 Cari Dawson Alston & Bird LLP One Atlantic Center 1201 West Peachtree Street Atlanta, Georgia 30309-3424

85. Any Party may, by written notice to the other Parties, change its designated notice recipient or notice address provided above.

86. Communications submitted pursuant to this Section shall be deemed submitted upon (1) mailing or emailing as required and where Defendants have a choice, or (2) where both email and mail are required, when both methods have been accomplished, except as provided elsewhere in this Consent Decree or by mutual agreement of the Parties in writing.

87. The Parties anticipate that a non-public secure web-based electronic portal may be developed in the future for submission of Materials. The Parties may agree in the future to use such a portal, or any other means, for submission of Materials. Any such agreement shall be

approved as a non-material modification to the Decree in accordance with Paragraphs 90-91.

XIV. EFFECTIVE DATE

88. The Effective Date of this Consent Decree shall be the date upon which this Consent Decree is entered by the Court or a motion to enter the Consent Decree is granted, whichever occurs first, as recorded on the Court's docket.

XV. RETENTION OF JURISDICTION

89. The Court shall retain jurisdiction over this case until termination of this Consent Decree, for the purpose of resolving disputes arising under this Decree or entering orders modifying this Decree, pursuant to Sections IX and XVI, or effectuating or enforcing compliance with the terms of this Decree.

XVI. MODIFICATION

90. Except as otherwise provided herein or in the attached Appendices, the terms of this Consent Decree, including any attached Appendices, may be modified only by a subsequent written agreement signed by all the Parties. Where the modification constitutes a material change to this Decree, it shall be effective only upon approval by the Court.

91. The United States or California, as applicable, will file any non-material modifications with the Court. Once the non-material modification has been filed, Defendants shall post the filed version (with ECF stamp) on the website required by Paragraph 33.

92. Any disputes concerning modification of this Decree shall be resolved pursuant to Section IX (Dispute Resolution), provided, however, that instead of the burden of proof provided by Paragraph 65, the Party seeking the modification bears the burden of demonstrating that it is entitled to the requested modification in accordance with Fed. R. Civ. P. 60(b).

XVII. TERMINATION

93. After Defendants have completed the requirements of Section IV (Partial Injunctive Relief), except for Appendix A, Paragraphs 5.2, 6.2, 8.2 (No End Dates) and associated requirements, have complied with all other requirements of this Consent Decree, and have paid any accrued stipulated penalties as required by this Consent Decree, Defendants may serve upon the United States and California a Request for Termination, stating that Defendants have satisfied those requirements, together with all necessary supporting documentation.

94. Following receipt by the United States and California of Defendants' Request for Termination, the Parties shall confer informally concerning the Request and any disagreement that the Parties may have as to whether Defendants have satisfactorily complied with the requirements for termination of this Consent Decree. If the United States, after consultation with California, agrees that the Decree may be terminated, the United States will file a motion to terminate the Decree, provided, however, that the provisions associated with effectuating and enforcing Appendix A, Paragraph 5.2, 6.2, 8.2 (No End Dates) shall continue in full force and effect indefinitely.

95. If the United States, after consultation with California, does not agree that the Decree may be terminated, Defendants may invoke Dispute Resolution under Section IX. However, Defendants shall not seek Dispute Resolution of any dispute regarding termination until 45 Days after service of their Request for Termination.

XVIII. PUBLIC PARTICIPATION

96. This Consent Decree shall be lodged with the Court for a period of not less than 30 Days for public notice and comment in accordance with 28 C.F.R. § 50.7. The United States reserves the right to withdraw or withhold its consent if the comments regarding the Consent

Decree disclose facts or considerations indicating that the Consent Decree is inappropriate, improper, or inadequate. California reserves the right to withdraw or withhold its consent if the United States does so. Defendants consent to entry of this Consent Decree without further notice and agree not to withdraw from or oppose entry of this Consent Decree by the Court or to challenge any provision of the Decree, unless the United States has notified Defendants in writing that it no longer supports entry of the Decree.

XIX. SIGNATORIES/SERVICE

97. Each undersigned representative of Defendants and California, and the Assistant Attorney General for the Environment and Natural Resources Division of the DOJ certifies that he or she is fully authorized to enter into the terms and conditions of this Consent Decree and to execute and legally bind the Party he or she represents to this document.

98. This Consent Decree may be signed in counterparts, and its validity shall not be challenged on that basis. For purposes of this Consent Decree, a signature page that is transmitted electronically (*e.g.*, by facsimile or e-mailed "PDF") shall have the same effect as an original.

XX. INTEGRATION

99. This Consent Decree constitutes the final, complete, and exclusive agreement and understanding among the Parties with respect to the settlement embodied in the Decree and supersedes all prior agreements and understandings, whether oral or written, concerning the settlement embodied herein. Other than deliverables that are subsequently submitted and approved pursuant to this Decree, the Parties acknowledge that there are no documents, representations, inducements, agreements, understandings, or promises that constitute any part of this Decree or the settlement it represents other than those expressly contained in this Consent

Decree.

XXI. FINAL JUDGMENT

100. Upon approval and entry of this Consent Decree by the Court, this Consent Decree shall constitute a final judgment of the Court as to the United States, California, and Defendants. The Court finds that there is no just reason for delay and therefore enters this judgment as a final judgment under Fed. R. Civ. P. 54 and 58.

XXII. APPENDICES

101. The following Appendices (and any attachments thereto) are attached to and part of this Consent Decree:

"Appendix A" is the Buyback, Lease Termination, Vehicle Modification, and Emissions Compliant Recall Program.

"Appendix B" is the Vehicle Recall and Emissions Modification Program for 3.0 Liter Subject Vehicles.

"Initial 3.0 Liter Mitigation Allocation Appendix" ("Mitigation Appendix") is the initial allocation of Mitigation Trust funds for the 3.0 Liter Subject Vehicles.

Dated and entered this 17 day of May, 2017

CHARLES R. BREYER
UNITED STATES DISTRICT JUDGE

FOR THE UNITED STATES OF AMERICA:

December 20, 2016
Date

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FOR THE PEOPLE OF THE STATE OF CALIFORNIA BY AND THROUGH THE CALIFORNIA AIR RESOURCES BOARD AND KAMALA D. HARRIS, ATTORNEY GENERAL OF THE STATE OF CALIFORNIA:

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Appendix A
Buyback, Lease Termination, Vehicle Modification, And Emissions Compliant Recall Program

APPENDIX A

BUYBACK, LEASE TERMINATION, VEHICLE MODIFICATION, AND EMISSIONS COMPLIANT RECALL PROGRAM

I. PURPOSE

The purpose of this Buyback, Lease Termination, Vehicle Modification, and Emissions Compliant Recall Program ("Recall Program") is to remove 3.0 Liter Subject Vehicles that emit nitrogen oxides ("NOx") in excess of applicable standards from the roads and highways of the United States pursuant to EPA's and CARB's respective authorities under the Clean Air Act ("CAA") and the California Health and Safety Code ("CHSC"). In order to achieve this CAA and CHSC remedy, EPA/CARB require Defendants to perform two vehicle recalls. First, for Generation 1.x 3.0 Liter Eligible Vehicles, Defendants must offer the Buyback or the Lease Termination, as defined below, for 100% of the Generation 1.x non-compliant Eligible Vehicles under terms described herein. In addition, if approved by EPA/CARB, Defendants may, consistent with the provisions in Appendix B of this Consent Decree, modify such vehicles to substantially reduce their NO_x emissions in accordance with standards established by the agencies in this Consent Decree.

Second, for Generation 2.x 3.0 Liter Subject Vehicles, if proposed by Defendants and if approved by EPA/CARB, Defendants must offer an Emissions Compliant Recall to bring these vehicles into compliance with their Certified Exhaust Emission Standards consistent with the provisions in Appendix B of this Consent Decree. If Defendants are unable to effect a recall that meets Certified Exhaust Emission Standards for a particular Test Group or Test Groups of Generation 2.x vehicles within the timeframe and in accordance with the other requirements specified in Appendix B, Defendants must offer the Buyback and Lease Termination, as defined below, for 100% of the affected Generation 2.x non-compliant Eligible Vehicles under terms described herein and may, if proposed by Defendants and if approved by EPA/CARB consistent with the provisions in Appendix B, modify such vehicles to substantially reduce their NOx emissions in accordance with standards established by the agencies in this Consent Decree.

This Recall Program establishes the enforceable rules by which Defendants shall make offers to Eligible Owners and Eligible Lessees of Eligible Vehicles to repurchase, cancel leases for, or modify the 3.0 Liter Subject Vehicles. Under this Recall Program and subject to the requirements contained in Section X of this Appendix A, Defendants shall remove from commerce and/or perform an Approved Emissions Modification on at least 85% of all Generation 1.x 3.0 Liter Subject Vehicles no later than November 30, 2019. In addition, Defendants shall perform an Emissions Compliant Recall (or if no Emissions Compliant Recall is achieved, remove from commerce and/or perform an Approved Emissions Modification) on at least 85% of all Generation 2.x 3.0 Liter Subject Vehicles no later than May 31, 2020. If Defendants fail to achieve the required 85% Recall Rates, Defendants shall pay additional funds to the Environmental Mitigation Trust established pursuant to the First Partial Consent Decree, as described more fully below.

II. DEFINITIONS

2.1 Terms used in this Appendix A shall have the meanings set forth below. Terms that are not defined below but are defined in Section III of the Consent Decree (Definitions) including any of its Appendices shall have the meanings set forth therein.

2.2 "3.0 Liter Subject Vehicle" shall have the same meaning as is used in the Consent Decree. The term "Eligible Vehicles" used in this Appendix A refers only to a subset of 3.0 Liter Subject Vehicles.

2.3 "Approved Emissions Modification" shall have the same meaning as is used in Appendix B of this Consent Decree.

2.4 "Buyback" shall mean the return of an Eligible Vehicle by an Eligible Owner to Defendants, under terms and in accordance with a process set forth in Appendix A-1 (or authorized by Section III of Appendix A-1) and consistent with this Appendix A, in exchange for a payment that equals or exceeds the Retail Replacement Value.

2.5 "Certified Exhaust Emissions Standards" means, for Generation 2.x 3.0 Liter Subject Vehicles, emission standards that correspond to Tier 2 Bin 5 LEV2/ULEV standards as set forth in Appendix B. A 3.0 Liter Subject Vehicle is not necessarily covered by a Certificate of Conformity or Executive Order solely by virtue of meeting Certified Exhaust Emissions Standards.

2.6 "Dealerships" shall mean all authorized Volkswagen, Audi, and Porsche dealerships in the United States as well as all independent Volkswagen, Audi, or Porsche dealerships in the United States with which Defendants have a business relationship.

2.7 "Eligible Lessee" shall mean the current lessee or lessees of an Eligible Vehicle with an active lease issued by VW Credit, Inc. as of the date the lessee completes a lease termination. No person shall be considered an Eligible Lessee by virtue of holding a lease issued by a lessor other than VW Credit, Inc.

2.8 "Eligible Owner" means the owner or owners of an Eligible Vehicle on the day the Eligible Vehicle is sold to Defendants for the Buyback or receives an Emissions Compliant Recall or Approved Emissions Modification, except that the owner of an Eligible Vehicle who had an active lease issued by VW Credit, Inc. as of November 3, 2015, and purchased the previously leased Eligible Vehicle after the date this Consent Decree is lodged with the Court ("Off-Lease Owner" and "Date of Lodging"), shall not be an Eligible Owner, except that such Off-Lease Owner shall be entitled to an Emissions Compliant Recall or an Approved Emissions Modification pursuant to Paragraphs 5.1, 6.1, or 8.1 of this Appendix A as applicable. For avoidance of doubt, an Eligible Owner ceases to be an Eligible Owner if he or she transfers ownership of the Eligible Vehicle to a third party on or after the Date of Lodging; and a third party who acquires ownership of an Eligible Vehicle on or after the Date of Lodging, thereby becomes an Eligible Owner if that third party otherwise meets the definition of an Eligible Owner. An owner of an Eligible Vehicle will not qualify as an Eligible Owner while the Eligible

Vehicle is under lease to any third party, although any such owner, including any leasing company other than VW Credit, Inc., who otherwise meets the definition of an Eligible Owner would become an Eligible Owner if such lease has been canceled or terminated and the owner has taken possession of the vehicle.

2.9 "Eligible Vehicle" means any 3.0 Liter Subject Vehicle that is: (1) listed in the table immediately below this Paragraph; (2) registered with a state Department of Motor Vehicles or equivalent agency or held by a dealer not affiliated with Defendants and located in the United States as of the Date of Lodging; and (3) Operable as of the date the vehicle is brought in for the Buyback, the Lease Termination, Approved Emissions Modification, or Emissions Compliant Recall.

Model Year	**EPA Test Group(s)**	**Vehicle Make and Model(s)**	**Generation**
2009	9ADXT03.03LD	VW Touareg, Audi Q7	1.1
2010	AADXT03.03LD	VW Touareg, Audi Q7	1.1
2011	BADXT03.02UG BADXT03.03UG	VW Touareg Audi Q7	1.2
2012	CADXT03.02UG CADXT03.03UG	VW Touareg Audi Q7	1.2
2013	DADXT03.02UG DADXT03.03UG DPRXT03.0CDD	VW Touareg Audi Q7 Porsche Cayenne Diesel	2.1 SUV
2014	EADXT03.02UG EADXT03.03UG EPRXT03.0CDD	VW Touareg Audi Q7 Porsche Cayenne Diesel	2.1 SUV
2014	EADXJ03.04UG	Audi: A6 quattro, A7 quattro, A8, A8L, Q5	2 PC
2015	FVGAT03.0NU3	Audi Q7	2.1 SUV
2015	FVGAT03.0NU2 FPRXT03.0CDD	VW Touareg Porsche Cayenne Diesel	2.2 SUV
2015	FVGAJ03.0NU4	Audi: A6 quattro, A7 quattro, A8, A8L, Q5	2 PC
2016	GVGAT03.0NU2 GPRXT03.0CDD	VW Touareg Porsche Cayenne Diesel	2.2 SUV
2016	GVGAJ03.0NU4	Audi: A6 quattro, A7 quattro, A8, A8L, Q5	2 PC

2.10 "Emissions Compliant Recall" means only an Approved Emissions Modification

of Generation 2.x 3.0 Liter Subject Vehicles that is approved by EPA/CARB pursuant to Paragraph 5.1.1 of Appendix B to this Decree and meets Tier 2 Bin 5 LEV2/ULEV standards. An Approved Emissions Modification that complies only with Maximum Emissions Modification Limits shall not be considered an Emissions Compliant Recall.

2.11 "Emissions Modification Proposal" shall have the same meaning as used in Appendix B of this Consent Decree.

2.12 "First Partial Consent Decree" shall have the same meaning as is used in the Consent Decree.

2.13 "Generation" shall have the same meaning as is used in Appendix B of this Consent Decree.

2.14 "Generation 1.x" means Generation 1.1 and/or 1.2 as those terms are defined in Appendix B.

2.15 "Generation 1.x 3.0 Liter Eligible Vehicle" means a 3.0 Liter Eligible Vehicle that is listed in the table of Definition 2.9 of this Appendix A as belonging to Generation 1.1 or 1.2 as those terms are defined in Appendix B.

2.16 "Generation 2.x" means Generation 2.1 SUV, 2.2 SUV, and/or 2 PC as those terms are defined in Appendix B.

2.17 "Generation 2.x 3.0 Liter Eligible Vehicle" means a 3.0 Liter Eligible Vehicle that is listed in the table of Definition 2.9 of this Appendix A as belonging to Generation 2.1 SUV, 2.2 SUV, or 2 PC as those terms are defined in Appendix B.

2.18 "Operable" means that a vehicle so described can be driven under its own 3.0-liter TDI engine power. A vehicle is not Operable if it had a branded title of "Assembled," "Dismantled," "Flood," "Junk," "Rebuilt," "Reconstructed," or "Salvaged" as of November 3, 2015, and was acquired by any person or entity from a junkyard or salvaged after November 3, 2015.

2.19 "Lease Termination" shall mean the return of an Eligible Vehicle by an Eligible Lessee to Defendants, under terms and in accordance with a process set forth in Appendix A-1 (or authorized by Section III of Appendix A-1) and consistent with this Appendix A.

2.20 "Maximum Emissions Modification Limits" shall have the same meaning as used in Appendix B of this Consent Decree.

2.21 "Modified Vehicle" shall mean a 3.0 Liter Subject Vehicle that has received an Approved Emissions Modification.

2.22 "Reduced Emissions Modification" shall mean, with respect to only Generation 2.x Subject Vehicles, an Approved Emissions Modification that does not qualify as an Emissions Compliant Recall.

2.23 "Retail Replacement Value" shall mean, for a given Eligible Vehicle, and only for purposes of satisfying Defendants' obligations under this Consent Decree, the cost of retail purchase of a comparable replacement vehicle of similar value, condition, and mileage as of November 2, 2015, as calculated and defined in Appendix A-1 to this Consent Decree.

2.24 "Recall Program" shall mean the Buyback, Lease Termination, Vehicle Modification, and Emissions Compliant Recall Program established pursuant to this Appendix A.

III. NOTICES

3.1 Generation 1.x Notices. For Generation 1.x 3.0 Liter Eligible Vehicles, Defendants shall comply with the following provisions in this Paragraph 3.1 to notify Eligible Owners and Eligible Lessees of Generation 1.x 3.0 Liter Eligible Vehicles of the Recall Program.

3.1.1 Buyback and Lease Termination Notices. No later than fifteen (15) Days after the later of (a) the Effective Date or (b) approval by EPA/CARB in accordance with this paragraph, Defendants shall send or cause to be sent by First-Class, postage paid U.S. mail to all Eligible Owners and Eligible Lessees of Generation 1.x 3.0 Liter Eligible Vehicles known to Defendants, notice of the Recall Program and a complete description of Eligible Owners and Eligible Lessees' rights thereunder. The notice to be distributed pursuant to this Sub-Paragraph shall be in a form approved by EPA and CARB. Defendants shall submit a proposed notice to EPA/CARB for approval no later than January 24, 2017 together with a proposed plan for disseminating such notice to owners and lessees for review and approval in accordance with Paragraph 23 of the Consent Decree.

3.1.2 Emissions Modification Notices. If, with respect to any Generation 1.x Test Group or combination of Generation 1.x Test Groups, EPA/CARB issue a notice of Approved Emissions Modification in accordance with Appendix B of this Consent Decree, Defendants shall provide by First-Class, postage paid U.S. mail to all affected Eligible Owners and Eligible Lessees known to Defendants, notice of the availability of the Approved Emissions Modification within fifteen (15) Days of receiving the EPA/CARB notice. The notice sent to affected Eligible Owners and Eligible Lessees ("Approved Emissions Modification Disclosure") shall be in a form and include the disclosures approved by EPA/CARB at the time EPA/CARB approve the Proposed Emissions Modification pursuant to the terms of Appendix B to this Consent Decree. Defendants shall also include in the mailing the applicable Extended Emissions Warranty for the Eligible Vehicle, as approved by EPA/CARB.

3.1.2.1 *Contents of the Emissions Modification Notice and Extended Emissions Warranty*. The Approved Emissions Modification Disclosure and approved Extended Emissions Warranty shall contain all disclosures required in Paragraphs 4.3.10 through 4.3.12 of Appendix B to this Consent Decree and any other disclosures required by law. EPA/CARB may reject any proposed notice and

require changes to any proposed notice that does not contain a clear and accurate written disclosure regarding all impacts of the Approved Emissions Modification on the vehicle. Any notice issued in connection with an Approved Emissions Modification shall also make clear that the affected Eligible Owner or Eligible Lessee alternatively has a right to participate in the Buyback or Lease Termination options described in Section IV of this Appendix A.

3.1.2.2 *Online Access to the Emissions Modification Notice.* The Approved Emissions Modification Disclosure shall also be made available online on a public website by Defendants within two (2) business days of EPA/CARB approval of the Proposed Emissions Modification. The website shall display the Approved Emissions Modification Disclosure and approved Extended Emissions Warranty applicable to a specific vehicle when a user inputs the vehicle VIN. This online access to the Approved Emissions Modification Disclosure and approved Extended Emissions Warranty shall continue for a minimum of ten (10) years after the Consent Decree is entered.

3.1.2.3 *Notice of Non-Availability of an Emissions Modification.* If Defendants (a) receive from EPA/CARB a Final Notice of Disapproval of Proposed Emissions Modification; (b) withdraw any application for an Approved Emissions Modification; or (c) fail to timely submit any such application, Defendants shall, within fifteen (15) Days of receiving the notice of disapproval or withdrawing or declining to submit the relevant application, notify affected Eligible Owners and Eligible Lessees by First-Class, postage paid U.S. mail that the Proposed Emissions Modification for the affected Eligible Vehicles is not available. Defendants shall also, within two (2) business days of receiving the notice of disapproval or withdrawing or declining to submit the relevant application, post a notice of the non-availability online at the public website Defendants use to administer the Recall Program. Any such notice issued to affected Eligible Owners and Eligible Lessees, as well as any such notice published online, shall also make clear that the affected Eligible Owners and Eligible Lessees have a right to accept the Buyback or the Lease Termination offers described in Section IV of this Appendix A.

3.2 Generation 2.x Notices. For Generation 2.x 3.0 Liter Eligible Vehicles, Defendants shall comply with the following provisions in this Paragraph 3.2 to notify Eligible Owners and Eligible Lessees of Generation 2.x 3.0 Liter Eligible Vehicles of the Recall Program.

3.2.1 Emissions Compliant Recall Notices. If, with respect to any Generation 2.x Test Group or combination of Generation 2.x Test Groups, EPA/CARB issue a notice of approval for an Emissions Compliant Recall in accordance with Appendix B of this Consent Decree, Defendants shall provide by First-Class, postage paid U.S. mail to all affected Eligible Owners and Eligible Lessees known to Defendants, notice of the availability of the Emissions Compliant Recall within fifteen (15) Days of receiving the EPA/CARB notice. The notice sent to affected Eligible Owners and Eligible Lessees ("Emissions Compliant Recall Disclosure") shall be in a form and include the disclosures

approved by EPA/CARB at the time EPA/CARB approve the Emissions Compliant Recall pursuant to the terms of Appendix B to this Consent Decree. Defendants shall also include in the mailing the applicable Extended Emissions Warranty for the Eligible Vehicle, as approved by EPA/CARB.

3.2.1.1 *Contents of the Emissions Compliant Recall Notice and Extended Emissions Warranty*. The Emissions Compliant Recall Disclosure and approved Extended Emissions Warranty shall contain all disclosures required in Paragraphs 4.3.10 through 4.3.12 of Appendix B to this Consent Decree and any other disclosures required by law. EPA/CARB may reject any proposed notice and require changes to any proposed notice that does not contain a clear and accurate written disclosure regarding all impacts of the Emissions Compliant Recall on the vehicle.

3.2.1.2 *Online Access to the Emissions Modification Notice.* The Emissions Compliant Recall Disclosure shall also be made available online on a public website by Defendants within two (2) business days of EPA/CARB approval of the Proposed Emissions Compliant Recall. The website shall display the Emissions Compliant Recall Disclosure and approved Extended Emissions Warranty applicable to a specific vehicle when a user inputs the vehicle VIN. This online access to the Emissions Compliant Recall Disclosure and approved Extended Emissions Warranty shall continue for a minimum of ten (10) years after the Consent Decree is entered.

3.2.2 Buyback and Lease Termination Notices. If, with respect to any Generation 2.x Test Group or combination of Generation 2.x Test Groups, EPA/CARB issue a Final Notice of Disapproval for an Emissions Compliant Recall in accordance with Appendix B of this Consent Decree, Defendants shall, within forty-five (45) days of receiving such disapproval, provide by First-Class, postage paid U.S. mail to all affected Eligible Owners and Eligible Lessees known to Defendants, notice of the availability of Buyback and Lease Termination options for affected Generation 2.x 3.0 Liter Eligible Vehicles. Such notice shall be in the same form and contain the same analogous information as approved by EPA/CARB pursuant to Sub-Paragraph 3.1.1 above for Buyback and Lease Termination of Generation 1.x 3.0 Liter Eligible Vehicles. Defendants shall submit a proposed notice to EPA/CARB for approval no later than fifteen (15) Days after EPA/CARB issue the Final Notice of Disapproval for the proposed Emissions Compliant Recall, together with a proposed plan for disseminating such notice to owners and lessees, for review and approval in accordance with Paragraph 23 of the Consent Decree. In no event shall Defendants be required to disseminate such notice earlier than fifteen (15) Days after receiving EPA/CARB approval of the notice pursuant to this paragraph.

3.2.3 Emissions Modification Notices. If, with respect to any Generation 2.x Test Group or combination of Generation 2.x Test Groups, EPA/CARB issue a notice of Approved Emissions Modification in accordance with Appendix B of this Consent Decree for a Reduced Emissions Modification, Defendants shall provide by First-Class, postage

paid U.S. mail to all affected Eligible Owners and Eligible Lessees known to Defendants, notice of the availability of the Approved Emissions Modification within fifteen (15) Days of receiving the EPA/CARB notice. The notice sent to affected Eligible Owners and Eligible Lessees ("Approved Emissions Modification Disclosure") shall be in a form and include the disclosures approved by EPA/CARB at the time EPA/CARB approve the Proposed Emissions Modification pursuant to the terms of Appendix B to this Consent Decree. Defendants shall also include in the mailing the applicable Extended Emissions Warranty for the Eligible Vehicle, as approved by EPA/CARB.

3.2.3.1 *Contents of the Emissions Modification Notice and Extended Emissions Warranty.* The Approved Emissions Modification Disclosure and approved Extended Emissions Warranty shall contain all disclosures required in 4.3.10 through 4.3.12 of Appendix B to this Consent Decree and any other disclosures required by law. EPA/CARB may reject any proposed notice and require changes to any proposed notice that does not contain a clear and accurate written disclosure regarding all impacts of the Approved Emissions Modification on the vehicle. Any notice issued in connection with an Approved Emissions Modification shall also make clear that the affected Eligible Owner or Eligible Lessee alternatively has a right to participate in the Buyback or Lease Termination options described in Section VII of this Appendix A.

3.2.3.2 *Online Access to the Emissions Modification Notice.* The Approved Emissions Modification Disclosure shall also be made available online on a public website by Defendants within two (2) business days of EPA/CARB approval of the Proposed Emissions Modification. The website shall display the Approved Emissions Modification Disclosure and approved Extended Emissions Warranty applicable to a specific vehicle when a user inputs the vehicle VIN. This online access to the Approved Emissions Modification Disclosure and approved Extended Emissions Warranty shall continue for a minimum of ten (10) years after the Consent Decree is entered.

3.2.3.3 *Notice of Non-Availability of an Emissions Modification.* If Defendants (a) receive from EPA/CARB a Final Notice of Disapproval of Proposed Emissions Modification; (b) withdraw any application for a Reduced Emissions Modification or Emissions Compliant Recall; or (c) decline to submit any such application, Defendants shall, within fifteen (15) Days of receiving the notice of disapproval or withdrawing or declining to submit the relevant application, notify affected Eligible Owners and Eligible Lessees by First-Class, postage paid U.S. mail that neither the Emissions Compliant Recall nor the Reduced Emissions Modification for the affected Eligible Vehicles is available. Defendants shall also, within two (2) business days of receiving the notice of disapproval or withdrawing or declining to submit the relevant application, post a notice of the non-availability online at the public website Defendants use to administer the Recall Program. Any such notice issued to affected Eligible Owners and Eligible Lessees, as well as any such notice published online, shall also make clear that the affected Eligible Owners and Eligible Lessees have a right to accept the Buyback or the Lease Termination

offers described in Section VII of this Appendix A.

3.2.4 Ability to Combine Notices. Defendants may, to the extent not inconsistent with the terms above, combine multiple notices into one consumer mailing. Defendants may request additional time from EPA/CARB to disseminate notices in accordance with this Sub-Paragraph.

3.3 Other Notices

3.3.1 Subsequent Notices. Nothing in this Consent Decree or its Appendices shall prevent Defendants from issuing subsequent notices or taking additional measures to inform Eligible Owners or Eligible Lessees of the Recall Program, provided, however, that Defendants may not provide any notice or additional information regarding the Recall Program that is inconsistent with or contradictory to the notices required by Paragraphs 3.1 and 3.2 of this Appendix A, and any notice or additional information must conform to the disclosures that are approved by EPA/CARB in connection with an Approved Emissions Modification, Reduced Emissions Modification, or Emissions Compliant Recall, as applicable. Defendants shall provide a copy of any subsequent consumer notices regarding the Recall Program that they provide to Eligible Owners or Eligible Lessees to the EPA, CARB, and CA AG in accordance with Section XIII of the Consent Decree (Notices) as part of Defendants' reports required by Paragraph 11.3 of this Appendix A and shall provide any such subsequent consumer notices regarding the Recall Program to CA AG at the time such notices are distributed to affected Eligible Owners or Eligible Lessees.

3.3.2 Dealer Notices. No later than fifteen (15) Days after the later of (a) the Effective Date, or (b) approval by EPA/CARB in accordance with this paragraph, Defendants shall provide to Dealerships a notice describing dealers' obligations under the Recall Program. Defendants shall also provide subsequent notices to all affected Dealerships if Defendants are required to offer the Buyback and Lease Termination for Generation 2.x 3.0 Liter Eligible Vehicles. Such subsequent notices shall be mailed to affected Dealerships no later than fifteen (15) Days before such Buyback or Lease Termination is to be made available to affected Eligible Owners or Eligible Lessees of Generation 2.x Eligible Vehicles. All notices to be distributed pursuant to this Paragraph shall be submitted to EPA and CARB for approval no later than twenty (20) days before the notice(s) are to be distributed, for review and approval in accordance with Paragraph 23 of the Consent Decree.

3.3.3 Notice Regarding Termination of Buyback and Lease Termination Offers. Defendants may not withdraw any Buyback or Lease Termination offer associated with the Recall Program or terminate the Recall Program with regard to any vehicle model or engine Test Group unless notice of the Recall Program termination date with regard to the particular vehicle(s) has been submitted to the United States and California in accordance with Section XIII of the Consent Decree (Notices) at least 180 Days in advance. Defendants shall also give notice of Recall Program termination to all affected Eligible Owners and Eligible Lessees who have not participated in the Buyback, Lease

Termination, Approved Emissions Modification, Maximum Emissions Recall, or Emissions Compliant Recall at least 180 Days before Program termination. All notices to be distributed pursuant to this Paragraph shall be submitted to EPA and CARB for approval no later than thirty (30) Days before the notice(s) are to be distributed, for review and approval in accordance with Paragraph 23 of the Consent Decree. In no event shall Defendants be required to disseminate such notices earlier than fifteen (15) Days after receiving EPA/CARB approval of the notices pursuant to this paragraph.

IV. GENERATION 1.x BUYBACK AND LEASE TERMINATION

4.1 Buyback Recall. Beginning no later than thirty (30) Days after the Effective Date of the Consent Decree, Defendants shall offer, and if accepted provide, each Eligible Owner of a Generation 1.x 3.0 Liter Eligible Vehicle the Buyback, as defined in Paragraph 2.4 of this Appendix A, of the Eligible Vehicle at no less than the Retail Replacement Value. Except as provided in a Parallel Agreement satisfying the requirements of Paragraphs 3.1 through 3.4 of Appendix A-1, Defendants may not require any release of liability for any legal claims or arbitration of any claim that an Eligible Owner may have against Defendants or any other person solely in exchange for receiving Retail Replacement Value.

4.2 Early Termination of Leases Recall. Beginning no later than thirty (30) Days after Effective Date of the Consent Decree, Defendants shall offer the Lease Termination to each Eligible Lessee of a Generation 1.x 3.0 Liter Eligible Vehicle, upon return of the Eligible Vehicle. Any Lease Termination offer shall include full cancellation of the remaining terms of the lease with no financial or other penalty or cost. Defendants shall pay any amounts associated with early termination of the lease, including, without limitation, early termination fees owed to third parties, except for fees for excess wear and use and excess mileage at the point of vehicle surrender, and other amounts due such as late payment fees, tickets, tolls, etc. Except as provided in a Parallel Agreement satisfying the requirements of Paragraphs 3.1 through 3.4 of Appendix A-1, Defendants may not require any release of liability for any legal claims or arbitration of any claim that an Eligible Lessee may have against Defendants or any other person solely in exchange for receiving a Lease Termination.

4.3 Duration of Buyback and Lease Termination Offers. The Buyback and the Lease Termination recall offers required by Paragraphs 4.1 and 4.2 of this Appendix A shall be available to Eligible Owners and Eligible Lessees of Generation 1.x Eligible Vehicles beginning no later than thirty (30) Days after the Effective Date of the Consent Decree, and the Buyback and the Lease Termination portions of the Recall Program shall remain open for Generation 1.x 3.0 Liter Eligible Vehicles until at least two years after the Effective Date or such other time as authorized by Section III of Appendix A-1.

V. GENERATION 1.x EMISSIONS MODIFICATION

5.1 Emissions Modification Recall. No later than fifteen (15) Days after Defendants receive from EPA/CARB notice of the Approved Emissions Modification for one or more Generation 1.x Test Groups pursuant to the terms of Appendix B of this Consent Decree, Defendants shall offer to Eligible Owners, Eligible Lessees, and Off-Lease Owners of

the applicable Eligible Vehicles an Approved Emissions Modification in accordance with the terms approved by EPA/CARB.

5.1.1 No Incurred Costs. Defendants, their agents, contractors, dealers, successors, or assigns shall provide the Approved Emissions Modification free of charge to all Eligible Owners, Eligible Lessees, and Off-Lease Owners. Although Defendants need not provide any consumer restitution or damages payment in connection with the Approved Emissions Modification, Defendants must provide an Approved Emissions Modification to any Eligible Owner or Eligible Lessee regardless of whether the consumer is eligible for or receives such consumer restitution or damages.

5.1.2 No Release of Private Party Claim Solely for Approved Emissions Modification. Defendants may not require any release of liability for any legal claims or arbitration of any claim that an Eligible Owner or Eligible Lessee may have against Defendants or any other person solely in exchange for receiving an Approved Emissions Modification.

5.2 No End Date for Emissions Modification Recall: Once an emissions modification is approved by EPA/CARB pursuant to Appendix B and is offered to Eligible Owners, Eligible Lessees, or Off-Lease Owners in accordance with Paragraph 5.1 of this Appendix A, such modification offer shall remain available to all Eligible Owners, Eligible Lessees, or Off-Lease Owners of an Eligible Vehicle within the applicable Test Group or Test Groups indefinitely and shall remain subject to the conditions in Sub-Paragraphs 5.1.1, 5.1.2, Paragraph 9.1, and the label requirements in Paragraph 9.5 of this Appendix A. In accordance with Paragraph 94 of the Consent Decree, the requirements contained in this Paragraph 5.2 shall continue in full force and effect after Termination of the Decree. Defendants may move for Termination of the Decree pursuant to the requirements of Section XVII of the Consent Decree (Termination) even though the obligations of this Paragraph 5.2 shall remain in place.

VI. GENERATION 2.x EMISSIONS COMPLIANT RECALL

6.1 Emissions Compliant Recall. No later than fifteen (15) Days after Defendants receive from EPA/CARB notice of the approval for an Emissions Compliant Recall for one or more Generation 2.x Test Groups pursuant to the terms of Appendix B of this Consent Decree, Defendants shall offer to Eligible Owners, Eligible Lessees, and Off-Lease Owners of the applicable Eligible Vehicles an Emissions Compliant Recall in accordance with the terms approved by EPA/CARB.

6.1.1 No Incurred Costs. Defendants, their agents, contractors, dealers, successors, or assigns shall provide the Emissions Compliant Recall free of charge to all Eligible Owners, Eligible Lessees, and Off-Lease Owners. Although Defendants need not provide any consumer restitution or damages payment in connection with the Emissions Compliant Recall, Defendants must provide an Emissions Compliant Recall to any Eligible Owner or Eligible Lessee regardless of whether the consumer is eligible for or receives such consumer restitution or damages.

6.1.2 No Release of Private Party Claim Solely for Emissions Compliant Recall. Defendants may not require any release of liability for any legal claims or arbitration of any claim that an Eligible Owner or Eligible Lessee may have against Defendants or any other person solely in exchange for receiving an Emissions Compliant Recall.

6.1.3 No Buyback or Lease Termination Required. If Defendants obtain EPA/CARB approval for an Emissions Compliant Recall in accordance with the terms of Appendix B for any particular Generation 2.x Test Group or Test Groups, nothing in this Decree shall require Defendants to offer Buyback or Lease Termination to Eligible Owners or Eligible Lessees of the applicable Eligible Vehicles.

6.2 No End Date for Emissions Compliant Recall. Once an Emissions Compliant Recall is approved by EPA/CARB pursuant to Appendix B and is offered to Eligible Owners, Eligible Lessees, or Off-Lease Owners in accordance with Paragraph 6.1 of this Appendix A, such offer shall remain available to all Eligible Owners, Eligible Lessees, or Off-Lease Owners of an Eligible Vehicle within the applicable Test Group or Test Groups indefinitely and shall remain subject to the conditions in Sub-Paragraphs 6.1.1, 6.1.2, Paragraph 9.1, and the label requirements in Paragraph 9.5 of this Appendix A. In accordance with Paragraph 94 of the Consent Decree, the requirements contained in this Paragraph 6.2 shall continue in full force and effect after Termination of the Decree. Defendants may move for Termination of the Decree pursuant to the requirements of Section XVII of the Consent Decree (Termination) even though the obligations of this Paragraph 6.2 shall remain in place.

VII. GENERATION 2.x BUYBACK AND LEASE TERMINATION

7.1 Buyback Recall. If Defendants fail to timely submit, or withdraw and do not timely resubmit, an application for an Emissions Modification Proposal intended to meet Certified Exhaust Emissions Standards for any Test Group or Test Groups of Generation 2.x 3.0 Liter Subject Vehicles, or receive a Final Notice of Disapproval from EPA/CARB with respect to any such application, Defendants shall offer, and if accepted provide, each affected Eligible Owner of a Generation 2.x 3.0 Liter Eligible Vehicle the Buyback, as defined in Paragraph 2.4 of this Appendix A, of the Eligible Vehicle at no less than the Retail Replacement Value. Except as provided in a Parallel Agreement satisfying the requirements of Paragraphs 3.1 through 3.4 of Appendix A-1, Defendants may not require any release of liability for any legal claims or arbitration of any claim that an Eligible Owner may have against Defendants or any other person solely in exchange for receiving Retail Replacement Value.

7.2 Early Termination of Leases Recall. If Defendants fail to timely submit, or withdraw and do not timely resubmit, an application for an Emissions Modification Proposal intended to meet Certified Exhaust Emissions Standards for any Test Group or Test Groups of Generation 2.x 3.0 Liter Subject Vehicles, or receive a Final Notice of Disapproval from EPA/CARB with respect to any such application, Defendants shall offer the Lease Termination to each affected Eligible Lessee of a Generation 2.x 3.0 Liter Eligible Vehicle, upon return of the Eligible Vehicle. Any Lease Termination offer shall include full cancellation of the remaining terms of the lease with no financial or other penalty or cost. Defendants shall pay any amounts

associated with early termination of the lease, including, without limitation, early termination fees owed to third parties, except for fees for excess wear and use and excess mileage at the point of vehicle surrender, and other amounts due such as late payment fees, tickets, tolls, etc. Except as provided in a Parallel Agreement satisfying the requirements of Paragraphs 3.1 through 3.4 of Appendix A-1, Defendants may not require any release of liability for any legal claims or arbitration of any claim that an Eligible Lessee may have against Defendants or any other person solely in exchange for receiving a Lease Termination.

7.3 Duration of Buyback and Lease Termination Offers. The Buyback and the Lease Termination recall offers required by Paragraphs 7.1 and 7.2 of this Appendix A shall be available to Eligible Owners and Eligible Lessees of Generation 2.x 3.0 Liter Eligible Vehicles beginning no later than sixty (60) Days after (a) Defendants fail to timely submit, or withdraw and do not timely re-submit, an Emissions Modification Proposal intended to meet Certified Emissions Standards, or (b) Defendants receive a Final Notice of Disapproval from EPA/CARB for the proposed Emissions Compliant Recall for the applicable Test Group or Test Groups. Once Buyback and Lease Termination requirements in Paragraphs 7.1 and 7.2 of this Appendix A are triggered, the Buyback and Lease Termination portions of the Recall Program shall remain open for the applicable Generation 2.x 3.0 Liter Eligible Vehicles for no less than two years from the date that Buyback and Lease Termination offers first become available for the applicable vehicles or for no less time than is authorized by Section III of Appendix A-1.

VIII. GENERATION 2.x EMISSIONS MODIFICATION

8.1 Reduced Emissions Modification. Defendants shall offer a Reduced Emissions Modification for any Test Group or Test Groups of Generation 2.x 3.0 Liter Subject Vehicles in the event that: 1) Defendants have failed to submit, withdrawn and not timely re-submitted an application for, or received a Final Notice of Disapproval from EPA/CARB for a proposed Emissions Compliant Recall for one or more Test Group or Test Groups of Generation 2.x 3.0 Liter Subject Vehicles; and 2) Defendants have received notice of approval from EPA/CARB for a Reduced Emissions Modification that satisfies Reduced Emissions Modification Limits for the applicable vehicles. No later than fifteen (15) Days after Defendants receive from EPA/CARB notice of approval for the Reduced Emissions Modification for one or more Generation 2.x Test Groups pursuant to the terms of Appendix B of this Consent Decree, Defendants shall offer to Eligible Owners, Eligible Lessees, and Off-Lease Owners of the applicable Eligible Vehicles a Maximum Modification in accordance with the terms approved by EPA/CARB.

8.1.1. No Incurred Costs. Defendants, their agents, contractors, dealers, successors, or assigns shall provide the Reduced Emissions Modification free of charge to all Eligible Owners, Eligible Lessees, and Off-Lease Owners. Although Defendants need not provide any consumer restitution or damages payment in connection with the Reduced Emissions Modification, Defendants must provide a Reduced Emissions Modification to any Eligible Owner, Eligible Lessee, or Off-Lease Owner regardless of whether the consumer is eligible for or receives such consumer restitution or damages.

8.1.2. No Release of Private Party Claim Solely for Approved Emissions

Modification. Defendants may not require any release of liability for any legal claims or arbitration of any claim that an Eligible Owner or Eligible Lessee may have against Defendants or any other person solely in exchange for receiving a Reduced Emissions Modification.

8.2 No End Date for Emissions Modification Recall. Once an emissions modification is approved by EPA/CARB pursuant to Appendix B and is offered to Eligible Owners, Eligible Lessees, or Off-Lease Owners in accordance with Paragraph 8.1 of this Appendix A, such modification offer shall remain available to all Eligible Owners, Eligible Lessees, or Off-Lease Owners of an Eligible Vehicle within the applicable Test Group or Test Groups indefinitely and shall remain subject to the conditions in Sub-Paragraphs 8.1.1, 8.1.2, Paragraph 9.1, and the label requirements in Paragraph 9.5 of this Appendix A. In accordance with Paragraph 94 of the Consent Decree, the requirements contained in this Paragraph 8.2 shall continue in full force and effect after Termination of the Decree. Defendants may move for Termination of the Decree pursuant to the requirements of Section XVII of the Consent Decree (Termination) even though the obligations of this Paragraph 8.2 shall remain in place.

IX. ADDITIONAL REQUIREMENTS FOR APPROVED EMISSIONS MODIFICATIONS AND EMISSIONS COMPLIANT RECALLS

9.1 Warranty. 3.0 Liter Subject Vehicles receiving the Approved Emissions Modification or an Emissions Compliant Recall shall qualify for a warranty as described in Paragraph 3.9 of Appendix B (the "Warranty").

9.2 Warranty Remedies. In addition to any protections provided by law (including those referenced in Paragraph 9.3 below), Defendants must reoffer and provide a Buyback or Lease Termination to any Eligible Owner or Eligible Lessee of a Modified Vehicle (or in the case of an Approved Emissions Modification that qualifies as an Emissions Compliant Recall, must offer a Buyback or Lease Termination in the first instance) in the event that, during the 18 months or 18,000 miles following the completion of the Approved Emissions Modification (the "Reoffer Period"), Defendants fail to repair or remedy a confirmed mechanical failure or malfunction covered by the Warranty and associated with the Approved Emissions Modification or Emissions Compliant Recall (a "Warrantable Failure") after the Eligible Owner or Eligible Lessee physically presents the Modified Vehicle to a dealer for repair of the Warrantable Failure; and (1) the Warrantable Failure is unable to be remedied after making four separate service visits for the same Warrantable Failure during the Reoffer Period; or (2) the Modified Vehicle with the Warrantable Failure is out of service due to the Warrantable Failure for a cumulative total of 30 Days during the Reoffer Period. (For avoidance of doubt, a Modified Vehicle shall not be deemed "out of service" when, after diagnosing the Warrantable Failure, the dealer returns or tenders the Modified Vehicle to the customer while the dealer awaits necessary parts for the Warrantable Failure, and the Modified Vehicle remains Operable.) In such a case, the Eligible Owner or Eligible Lessee of an Eligible Vehicle receiving an Approved Emissions Modification shall receive the payments that he or she would have received under the Buyback or the Lease Termination at the time the Eligible Owner or Eligible Lessee first requested the Approved Emissions Modification less any payment amounts already received; or, in the case of an Emissions Compliant Recall, the Eligible Owner or

Eligible Lessee shall receive the payments that he or she would have been entitled to receive under Section VII of this Appendix A had a Final Notice of Disapproval been issued by EPA/CARB with respect to the proposed Emissions Compliant Recall, less any payment amounts already received. No Eligible Owner or Eligible Lessee shall receive double-recovery of any portion of any payment. Defendants shall, as part of their reporting obligations in Paragraph 11.3 below, notify EPA/CARB and CA AG when any Eligible Owner or Eligible Lessee participates in the Buyback or the Lease Termination under this Paragraph 9.2.

9.3 Preservation of Remedies. The Warranty shall be subject to any remedies provided by state or federal laws, such as the Magnuson-Moss Warranty Act, that provide consumers with protections, including without limitation "Lemon Law" protections, with respect to warranties.

9.4 No Defense. Except in an action alleging noncompliance with the terms of the Consent Decree, nothing in this Consent Decree or its Appendices may be cited as a defense to liability arising out of the Approved Emissions Modification or the Emissions Compliant Recall.

9.5 Disclosure to Subsequent Purchasers. For each 3.0 Liter Subject Vehicle that receives the Approved Emissions Modification, Reduced Emissions Modification, or Emissions Compliant Recall, Defendants shall affix to the vehicle the applicable label approved by EPA/CARB in accordance with Appendix B. Defendants shall also provide subsequent purchasers of such 3.0 Liter Subject Vehicles who purchase the vehicles from Dealerships the applicable Monroney fuel economy label for the vehicle as specified in Appendix B of this Consent Decree. In addition, Defendants shall make available online a searchable Emissions Modification and Compliant Emissions Recall Database by which users, including potential purchasers, may conduct a free-of-charge search by vehicle VIN to determine whether the Approved Emissions Modification, Reduced Emissions Modification, or Emissions Compliant Recall has been applied to a specific vehicle. This online access to the searchable Emissions Modification and Compliant Emissions Recall Database shall continue for a minimum of ten (10) years after the Effective Date of the Consent Decree.

X. RECALL RATE

10.1 Recall Rate Target – Generation 1.x. By no later than November 30, 2019, Defendants shall remove from commerce in the United States and/or perform an Approved Emissions Modification on at least 85% of those Generation 1.x 3.0 Liter Subject Vehicles that existed as of November 2, 2015, as defined below ("Generation 1.x National Recall Target" for the "Generation 1.x National Recall Rate"). Additionally, by November 30, 2019, Defendants shall remove from commerce in California and/or perform an Approved Emissions Modification on at least 85% of those Generation 1.x 3.0 Liter Subject Vehicles registered in California that existed as of November 2, 2015, as defined below ("Generation 1.x California Recall Target" for the "Generation 1.x California Recall Rate"). Defendants shall receive credit toward the Generation 1.x National Recall Target (and for California vehicles, the Generation 1.x California Recall Target) for every Buyback, Lease Termination, or Approved Emissions Modification of a Generation 1.x 3.0 Liter Subject Vehicle that

Defendants execute prior to November 30, 2019, as well as any Generation 1.x 3.0 Liter Subject Vehicles that is scrapped or otherwise permanently removed from commerce between November 3, 2015 and November 30, 2019, provided that no Generation 1.x 3.0 Liter Subject Vehicle may be counted more than once. For purposes of this Paragraph, the total number of Generation 1.x 3.0 Liter Subject Vehicles is 19,602. For purposes of this Paragraph, the total number of all Generation 1.x 3.0 Liter Subject Vehicles registered in California is 2,925.

10.2 Recall Rate Target – Generation 2.x. By no later than May 31, 2020, Defendants shall perform an Emissions Compliant Recall on at least 85% of those Generation 2.x 3.0 Liter Subject Vehicles that existed as of November 2, 2015, as defined below; or, if no Emissions Compliant Recall is approved by EPA/CARB, Defendants shall remove from commerce in the United States and/or perform a Reduced Emissions Modification on at least 85% of those Generation 2.x 3.0 Liter Subject Vehicles that existed as of November 2, 2015, as defined below ("Generation 2.x National Recall Target" for the "Generation 2.x National Recall Rate"). Additionally, by May 31, 2020, Defendants shall perform an Emissions Compliant Recall on at least 85% of those Generation 2.x 3.0 Liter Subject Vehicles registered in California that existed as of November 2, 2015, as defined below; or, if no Emissions Compliant Recall is approved by EPA/CARB, Defendants shall remove from commerce in California and/or perform a Reduced Emissions Modification on at least 85% of those Generation 2.x 3.0 Liter Subject Vehicles registered in California that existed as of November 2, 2015, as defined below ("Generation 2.x California Recall Target" for the "Generation 2.x California Recall Rate"). Defendants shall receive credit toward the Generation 2.x National Recall Target (and for California vehicles, the Generation 2.x California Recall Target) for every Emissions Compliant Recall, Buyback, Lease Termination, or Reduced Emissions Modification of a Generation 2.x 3.0 Liter Subject Vehicle that Defendants execute prior to May 31, 2020, as well as any Generation 2.x 3.0 Liter Subject Vehicles that is scrapped or otherwise permanently removed from commerce between November 3, 2015 and May 31, 2020, provided that no Generation 2.x 3.0 Liter Subject Vehicle may be counted more than once. For purposes of this Paragraph, the total number of Generation 2.x 3.0 Liter Subject Vehicles is 62,772. For purposes of this Paragraph, the total number of all Generation 2.x 3.0 Liter Subject Vehicles registered in California is 11,805.

10.3 Consequences of Failing to Meet Recall Targets. If, by November 30, 2019 for Generation 1.x 3.0 Liter Subject Vehicles, and by May 31, 2020 for Generation 2.x 3.0 Liter Subject Vehicles, Defendants fail to achieve the 85% Recall Rate Targets required by Paragraphs 10.1 and 10.2 of this Appendix A, Defendants shall make additional contributions ("Mitigation Trust Payments") to the Environmental Mitigation Trust established pursuant to the First Partial Consent Decree. Such additional Mitigation Trust Payments shall be as follows:

10.3.1. National Mitigation Trust Payment – Generation 1.x. For failure to reach the Generation 1.x National Recall Target, Defendants shall contribute to the Environmental Mitigation Trust $5,500,000 for each 1% that the Generation 1.x National Recall Rate falls short of the Generation 1.x National Recall Target. In calculating any payment required under this Sub-Paragraph, the Generation 1.x National Recall Rate shall be rounded to the nearest half percentage point. Any payments to the

Environmental Mitigation Trust made pursuant to this Sub-Paragraph shall be used pursuant to the terms of the First Partial Consent Decree exclusively to fund environmental mitigation projects outside California.

10.3.2. California Mitigation Trust Payment – Generation 1.x. For failure to reach the Generation 1.x California Recall Target, Defendants shall contribute to the Environmental Mitigation Trust $900,000 for each 1% that the Generation 1.x California Recall Rate falls short of the Generation 1.x California Recall Rate Target. In calculating any payment required under this Sub-Paragraph, the Generation 1.x California Recall Rate shall be rounded to the nearest half percentage point. Any payments to the Environmental Mitigation Trust made pursuant to this Sub-Paragraph shall be used pursuant to the terms of the First Partial Consent Decree exclusively to fund environmental mitigation projects in California.

10.3.3. National Mitigation Trust Payment – Generation 2.x. For failure to reach the Generation 2.x National Recall Target, Defendants shall contribute to the Environmental Mitigation Trust $21,000,000 for each 1% that the Generation 2.x National Recall Rate falls short of the Generation 2.x National Recall Target. In calculating any payment required under this Sub-Paragraph, the Generation 2.x National Recall Rate shall be rounded to the nearest half percentage point. Any payments to the Environmental Mitigation Trust made pursuant to this Sub-Paragraph shall be used pursuant to the terms of the First Partial Consent Decree exclusively to fund environmental mitigation projects outside California.

10.3.4. California Mitigation Trust Payment – Generation 2.x. For failure to reach the Generation 2.x California Recall Target, Defendants shall contribute to the Environmental Mitigation Trust $5,500,000 for each 1% that the Generation 2.x California Recall Rate falls short of the Generation 2.x California Recall Rate Target. In calculating any payment required under this Sub-Paragraph, the Generation 2.x California Recall Rate shall be rounded to the nearest half percentage point. Any payments to the Environmental Mitigation Trust made pursuant to this Sub-Paragraph shall be used pursuant to the terms of the First Partial Consent Decree exclusively to fund environmental mitigation projects in California.

10.4 Payment Schedule for Additional Mitigation Payments. All Mitigation Trust Payments made pursuant to this Section X shall be made to the Trust Account in the manner set forth in the First Partial Consent Decree and shall be made no later than thirty (30) Days after the applicable date provided in Paragraph 10.3 above, together with interest as provided for in 28 U.S.C. § 1961.

XI. OTHER PROVISIONS

11.1 No Prohibition on Other Incentives. Nothing in this Appendix A is intended to prohibit Defendants from offering an Eligible Owner or Eligible Lessee any further incentives or trade-in options in addition to those provided herein; however, Defendants may not offer Eligible Owners or Eligible Lessees other incentives or trade-in

options *in lieu* of the options contained herein, in whole or in part, or any incentive not to participate in those options.

11.2 Disposition of Vehicles.

11.2.1 Vehicles Rendered Inoperable. All Eligible Vehicles returned to Defendants through the Recall Program shall be rendered inoperable by removing the vehicle's Engine Control Unit ("ECU") and may be, to the extent possible, recycled to the extent permitted by law. No Eligible Vehicle that is rendered inoperable may subsequently be rendered operable except as allowed by and in compliance with Sub-Paragraph 11.2.3 below and Appendix B of this Consent Decree.

11.2.2 Limitation on Scrapping of Vehicles. Returned Eligible Vehicles and 3.0 Liter Subject Vehicles may be salvaged for parts, and such parts may be sold in the United States or exported, provided, however, that in no event may the ECU, diesel oxidation catalyst, or diesel particulate filter be salvaged, resold, or exported.

11.2.3 Sale or Re-Sale of Returned Vehicles. Notwithstanding the requirements of Sub-Paragraphs 11.2.1 and 11.2.2 above, Defendants may elect to resell or sell any returned Eligible Vehicle or any 3.0 Liter Subject Vehicle in the United States, provided, however, that Defendants meet the following requirements:

11.2.3.1 *Generation 1.x Vehicles*. For Generation 1.x 3.0 Liter Subject Vehicles, Defendants must first modify the particular vehicle in accordance with the applicable Approved Emissions Modification, label such vehicle, and provide the Approved Emissions Modification Disclosure, Warranty, and Warranty Remedies as provided in Section IX above to prospective purchasers, and meet the other requirements for resale of returned vehicles set forth in Appendix B.

11.2.3.2 *Generation 2.x Vehicles*. For Generation 2.x 3.0 Liter Subject Vehicles, Defendants must first perform the applicable Emissions Compliant Recall or Reduced Emissions Modification on the particular vehicle as approved by EPA/CARB, label such vehicle, and provide the applicable Emissions Compliant Recall or Reduced Emissions Modification Disclosure, Warranty, and Warranty Remedies as provided in Section IX above to prospective purchasers, and meet the other requirements for resale of returned vehicles as set forth in Appendix B.

11.2.4 Export of 3.0 Liter Subject Vehicles. Except as otherwise provided in Appendix B, Defendants may not export or arrange for the export of 3.0 Liter Subject Vehicles, unless such vehicle has been modified in accordance with the applicable Approved Emissions Modification, Reduced Emissions Modification, or Emissions Compliant Recall pursuant to the terms of Appendix B of this Consent Decree.

11.2.5 Disposition of Vehicles without an Approved Emissions Modification or Emissions Compliant Recall. In the event that there is no Approved Emissions Modification, Reduced Emissions Modification, or Emissions Compliant Recall for a

particular Test Group or Test Groups of 3.0 Liter Subject Vehicles (either because the proposed submission was disapproved by EPA/CARB, or because Defendants withdrew or failed to timely submit an application for an Approved Emissions Modification or Emissions Compliant Recall), such vehicles may only be disposed of consistent with the requirements of Sub-Paragraphs 11.2.1 and 11.2.2 above.

11.3 Reporting. Defendants shall provide EPA, CARB, and the CA AG with status reports on the Buyback, Lease Termination, Vehicle Modification, and Emissions Compliant Recall Program. Such status reports shall be certified in accordance with the requirements of Paragraph 34 of the Consent Decree and shall include, at a minimum, the following elements:

11.3.1 A review of Defendants' progress toward reaching the Recall Rate targets required by Section X of this Appendix A;

11.3.2 Each Eligible Vehicle, listed by VIN, model and year, reacquired by Defendants and the date of such reacquisition;

11.3.3 Each Eligible Vehicle, listed by VIN, model and year, that has been resold, exported, rendered inoperable, or destroyed and the date of such resale, export, rendering, or destruction;

11.3.4 Each Eligible Vehicle, listed by VIN, model and year, that has received an Approved Emissions Modification or that has been modified in accordance with an Emissions Compliant Recall or Reduced Emissions Modification and the date of such modification;

11.3.5 A compilation of all notices widely distributed to Eligible Owners or Eligible Lessees since the last report submitted by Defendants under this Paragraph, including email notices and any updates to the claims administration website;

11.3.6 Each 3.0 Liter Subject Vehicle, listed by VIN, model and year, that is not an Eligible Vehicle and that has been removed from commerce and/or has received an Approved Emissions Modification, Reduced Emissions Modification, or an Emissions Compliant Recall;

11.3.7 A summary or copy of all bulletins, notices, or other similar communications sent to authorized Dealerships regarding the Recall Program, including information regarding Warranties and Warranty Remedies provided to dealerships.

11.3.8 The first report shall be due by the end of the month following the end of the quarter in which the Consent Decree is entered by the Court (i.e., January 31st, April 30th, July 31st, and October 31st, as applicable). Thereafter each subsequent report shall be due at the end of the month following the end of each quarter, with the final report due May 31, 2020, or the end of all Buyback and Lease Termination programs required by this Decree, whichever is later. After one year following the

beginning of the Recall Program, Defendants may submit such reports on a semi-annual basis together with any other reports required by this Consent Decree. Additionally, Defendants shall provide the EPA, CARB, and the CA AG with any documents, accounting, or other information related to Volkswagen's compliance within 30 Days of the request by the agencies, or longer with the requesting party's agreement.

11.3.9 Defendants' obligation to submit reports under this Paragraph 11.3 and its Sub-Paragraphs shall not continue beyond May 31, 2020, or the end of all Buyback and Lease Termination programs required by this Decree, whichever is later, provided however, that nothing in this Sub-Paragraph 11.3.9 alters or affects Defendants' obligation to submit reports pursuant to Paragraph 6.1 of Appendix B for five (5) years following the Effective Date of the Consent Decree.

11.4 No Attorneys' Fees or Costs. To the extent Defendants elect to pay private attorneys' fees or costs, Defendants will not receive credit for such payments against obligations to Eligible Owners or Eligible Lessees required under this Consent Decree or its Appendices.

XII. DISPUTE RESOLUTION AND STIPULATED PENALTIES

12.1 Dispute Resolution. All disputes between a) Defendants; and b) the United States and/or CARB and/or the California Attorney General's Office shall be addressed in the manner set forth in Section IX of the Consent Decree (Dispute Resolution). With respect to any dispute under this Appendix A, in any judicial proceeding conducted pursuant to the dispute resolution procedures set forth in the Consent Decree, Defendants shall bear the burden of demonstrating by a preponderance of the evidence that their actions were in compliance with this Appendix A.

12.2 Stipulated Penalties. The following Stipulated Penalties shall be applicable in connection with this Appendix A. All Stipulated Penalties required by this Paragraph 12.2 shall be paid in accordance with the requirements of Section VII of the Consent Decree (Stipulated Penalties and Additional Mitigation Trust Payments).

12.2.1 Failure to Make Required Payments. If Defendants fail to transmit the full amount of any Buyback payment within fifteen (15) Days following the Day an Eligible Vehicle is surrendered by an Eligible Owner or Eligible Lessee, Defendants shall pay the following Stipulated Penalty: $8,000 per affected Eligible Vehicle.

12.2.2 Failure to Timely Initiate Recall Program Offer – Generation 1.x. If Defendants fail to timely initiate any offer of the Buyback, Lease Termination, or Approved Emissions Modification to all applicable Eligible Owners and applicable Eligible Lessees of Generation 1.x 3.0 Liter Eligible Vehicles as required by Paragraphs 4.1, 4.2, or 5.1 of this Appendix A (that is, if Defendants fail to initiate offers of the Buyback or the Lease Termination within thirty (30) Days of the Effective Date, or fail to initiate offers of Approved Emissions Modification within 15 Days of modification

approval), unless such time is extended in writing by EPA/CARB, Defendants shall pay the following Stipulated Penalty for each Day the offer is delayed:

$10,000	1st through 14th Day
$25,000	15th through 30th Day
$50,000	31st Day and beyond

12.2.3 Failure to Timely Initiate Recall Program Offer – Generation 2.x. If Defendants fail to timely initiate any offer of Emissions Compliant Recall (or if no Emissions Compliant Recall is approved by EPA/CARB, any offer of Buyback, Lease Termination, or Reduced Emissions Modification) to all applicable Eligible Owners and applicable Eligible Lessees of Generation 2.x 3.0 Liter Eligible Vehicles as required by Paragraphs 6.1, 7.1, 7.2, or 8.1 of this Appendix A (that is, if Defendants fail to initiate offers of Emissions Compliant Recall within 15 Days of recall approval; or offers of Buyback and Lease Termination within 60 Days of Emissions Compliant Recall disapproval; or offers of Reduced Emissions Modification within 15 Days of modification approval), unless such time is extended in writing by EPA/CARB, Defendants shall pay the following Stipulated Penalty for each Day the offer is delayed:

$10,000	1st through 14th Day
$25,000	15th through 30th Day
$50,000	31st Day and beyond

12.2.4 Failure to Submit Reports or Notices. If Defendants fail to timely submit any report required by Paragraph 11.3 or any notice required by Paragraphs 3.1, 3.2, or 3.3 of this Appendix A, the following Stipulated Penalties shall apply for each Day that such Report or Notice is not submitted:

$2,000	1st through 14th Day
$5,000	15th through 30th Day
$10,000	31st Day and beyond

In no event shall Defendants be required to pay stipulated penalties for the same conduct under this Sub-Paragraph 12.2.4 and Paragraph 42 of the Consent Decree.

12.2.5 Early Termination of Recall Program. If Defendants prematurely terminate the Recall Program with respect to any Test Group or Test Groups of Eligible Vehicle or Vehicles, Defendants shall pay the following Stipulated Penalty per Day.

$50,000	1st through 14th Day
$100,000	15th through 30th Day
$200,000	31st Day and beyond

12.2.6 Unauthorized Waiver or Release. If Defendants require any release of liability for any legal claims that an Eligible Owner or Eligible Lessee may have against Defendants or any other person solely in exchange for receiving a Buyback, Lease Termination, Approved Emissions Modification, Reduced Emissions Modification,

or Emissions Compliant Recall, Defendants shall pay the following Stipulated Penalty: $10,000 per affected Eligible Vehicle.

12.2.7 Failure to Make Mitigation Payments. If Defendants fail to timely make any Mitigation Trust Payments required by Paragraph 10.4 of this Appendix A, the following Stipulated Penalties shall apply for each Day the required payment is not submitted:

$50,000	1st through 14th Day
$100,000	15th through 30th Day
$200,000	31st Day and beyond

12.2.8 Misleading Notices or Advertisements. If Defendants provide any materially misleading or inaccurate notice to any Eligible Owner or Eligible Lessee regarding the individual owner or lessee's rights, right to payment, or available remedies under the Recall Program, Defendants shall have 30 Days to correct such notice after EPA, CARB, or the CA AG advise Defendants that the notice is materially misleading or inaccurate. If Defendants fail to correct the notice within 30 Days, the following stipulated penalty shall apply per Day the notice is not corrected:

$10,000	1st through 14th Day
$25,000	15th through 30th Day
$50,000	31st Day and beyond

12.2.9 Failure to Properly Dispose of Returned Vehicle. If Defendants improperly dispose of or export any returned vehicle in violation of the requirements of Paragraph 11.2 of this Appendix A or sell, re-sell or cause to be sold or re-sold any 3.0 Liter Subject Vehicle that has not received an Approved Emissions Modification, Reduced Emissions Modification, or Emissions Compliant Recall, Defendants shall pay the following Stipulated Penalty: $10,000 per affected 3.0 Liter Subject Vehicle. In no event shall Defendants be required to pay stipulated penalties under Sub-Paragraph 8.2.3 of Appendix B of this Consent Decree if a stipulated penalty under this Sub-Paragraph 12.2.9 is demanded for the same conduct.

Appendix A-1
Recall Program Administration

APPENDIX A-1

RECALL PROGRAM ADMINISTRATION

I. CALCULATION OF RETAIL REPLACEMENT VALUE

1.1 Retail Replacement Value Components. For all 3.0 Liter Eligible Vehicles, and only for purposes of satisfying Defendants' obligations under this Consent Decree, Retail Replacement Value shall be defined as equal to the sum of the following three components:

(1) Vehicle Value, as described below;

(2) State and Local Taxes Payment; and

(3) Associated Owner Expenses.

Each of the three components shall be calculated in accordance with Paragraphs 1.2-1.4 below.

1.2 Vehicle Value. The Vehicle Value for a given Eligible Vehicle shall equal the vehicle's Base Value adjusted for OEM-installed NADA Options and NADA Mileage, as described below.

1.2.1 Base Value. Base Value shall be calculated as follows:

1.2.1.1 The Base Value for each Eligible Vehicle is, where available (including both Model Year ("MY") vehicles before 2015 and certain MY 2015 vehicles), the Clean Retail value of the vehicle based on the NADA Vehicle Identification Code (VIC) for each Eligible Vehicle in the November 2015 NADA Used Car Guide ("NADA Guide") published in or around October 2015.

1.2.1.2 For MY 2015 Eligible Vehicles for which no value was published in the NADA Guide as of November 2015 (MY 2015 Porsche Cayenne; Audi Q5 Premium Plus, Q5 Prestige, Q5 Prestige S; Volkswagen Touareg Executive, Touareg Lux, and Touareg Sport Technology), the Base Value shall be equal to 75.856% of MSRP for the Eligible Vehicle. This figure is derived by multiplying the MSRP for each individual vehicle by the average ratio of November 2015 Clean Retail values to average MSRPs for MY 2015 vehicles for which values were available (MY 2015 Audi A6 Premium Plus and A6 Prestige, A7 Premium Plus and A7 Prestige, A8, and Q5 Premium Plus).

1.2.1.3 Because no Clean Retail values for any MY 2016 vehicles were available in the NADA Guide, the Base Value for each MY 2016 Eligible Vehicle shall be set at 112.886% of the MY 2015 NADA Guide Clean Retail value (where available) or 112.886% of the MY 2015 calculated value, if the MY 2015 value is calculated in accordance with Sub-Paragraph 1.2.1.2 above. This number is

derived by comparing the average MY 2014 to MY 2015 year-over-year growth in NADA Clean Retail price for vehicles for which MY 2015 values were available (MY 2015 Audi A6 Premium Plus and A6 Prestige, A7 Premium Plus and A7 Prestige, A8, and Q5 Premium Plus).

1.2.2 NADA Region. The Base Value for each Eligible Vehicle, excepting MY 2015 and MY 2016 vehicles with derived values, shall be determined using the NADA region that includes the state of the Eligible Vehicle's last known vehicle registration as of November 2015.

1.2.3 NADA Options. Options adjustments to Base Values shall be determined by using Volkswagen, Audi, and Porsche OEM-installed options, as valued by the November 2015 NADA Used Car Guide. Because no option values were published in the NADA Guide as of November 2015 for MY 2016 Eligible Vehicles, option adjustments to Base Value for MY 2016 vehicles will be determined by using Volkswagen, Audi, and Porsche OEM-installed options, and valued based on MY 2015 NADA Guide as of November 2015 option values, adjusted to MY 2016 using the same methodology described in Sub-Paragraph 1.2.1.3 above.

1.2.4 NADA Mileage. Mileage adjustments to Base Values shall be determined based on the actual mileage at the time the vehicles are surrendered in the Buyback using the mileage adjustment table in the November 2015 NADA Used Car Guide with an allowance for standard NADA mileage of 12,500 miles per year, prorated monthly from November 2015 to the month of surrender. Because the November 2015 NADA used car guide does not include mileage tables for any MY 2016 vehicles, MY 2016 vehicles will not be subject to a mileage adjustment, unless authorized by Section III of this Appendix A-1.

1.3 State and Local Taxes Payment. The State and Local Taxes Payment shall equal a defined percentage of the Vehicle Value for each Eligible Vehicle, based on the vehicle's state of registration as of November 2015. The applicable percentage or formula ("Combined Rate/Formula") for each state is set forth in Appendix A-1 Table 1. For vehicles for which there was no known state of registration as of November 2015, an average percentage of 6% will be used.

1.4 Associated Owner Expenses. The Associated Owner Expenses shall equal $720 for all Eligible Vehicles.

1.5 Vehicle Buyback List. No later than 15 Days after the Effective Date, Defendants shall submit to EPA/CARB a list of all known 3.0 Liter Subject Vehicles that existed as of November 2, 2015, and had been retailed to customers as of that date ("3.0 Liter Buyback List"). The 3.0 Liter Buyback List shall contain the make, model, year, VIN, and state of registration for each vehicle as of November 2015 if known, as well as an initial calculation of the Retail Replacement Value for each vehicle, in accordance with the terms of this Section I of Appendix A-1. The initial calculation for each vehicle may be adjusted for NADA Mileage in accordance with Sub-Paragraph 1.2.4 above prior to completing a Buyback of the vehicle.

Defendants' failure to include an Eligible Vehicle on the 3.0 Liter Buyback List shall not exclude the vehicle from the Buyback program if the vehicle is otherwise eligible**.**

II. PROGRAM ADMINISTRATION

2.1 Claims Program. Defendants shall be responsible for establishing, funding, and executing the Claims Program to effect the Buyback and Lease Termination offers of the Recall Program. Such Claims Program will be established and administered under the supervision of an independent Program Supervisor, proposed by Defendants and agreed to by the United States and California prior to the Effective Date. The Claims Program shall be the process by which Eligible Owners and Eligible Lessees obtain the Buyback and Lease Termination offers ("Program Offers") required by Appendix A. The Claims Program shall be organized according to the requirements of this Section II of Appendix A-1.

2.1.1 Website and Registration. Defendants shall establish a website whereby Eligible Owners and Eligible Lessees can provide their (i) Vehicle Identification Number (VIN); (ii) name; (iii) email address; and (iv) zip code to receive relevant information about the Claims Program. All Eligible Owners and Eligible Lessees who provide the information required by this paragraph shall receive periodic updates as necessary communicating relevant Claims Program dates, availability of Buyback and Lease Termination offers, and any ending dates for relevant Claims Program offers.

2.1.2 Call Center. Defendants shall establish a Call Center for Eligible Owners and Eligible Lessees to talk to a Volkswagen, Audi, or Porsche representative for questions concerning the Claims Program.

2.2 Claimants. Eligible Owners and Lessees who have registered for the Claims Program shall be able to submit a claim online by uploading all necessary documents and information to a website portal for review and verification for eligibility. Once an Eligible Owner or Lessee has been verified by Defendants as eligible, he or she shall be considered a "Claimant."

2.2.1 Non-Standard Claims. The Program Supervisor shall determine the required documentation for non-standard Claims, including but not limited to Claims involving military personnel serving overseas, decedent estates, divorce, bankruptcy, stolen vehicles, and payment of child support and family or attorney liens.

2.2.2 Loan Obligations. If the Eligible Vehicle is under an outstanding loan obligation at the time of a Buyback, Defendants shall communicate with the Claimant's bank in advance of a Buyback, pursuant to a written consent form executed by the Claimant, to determine payoff amounts for loans. If an Eligible Owner electing a Buyback owes less than Retail Replacement Value on an Eligible Vehicle, Defendants shall pay that Eligible Owner's lender the full amount required to pay off the outstanding loan obligation and shall remit the remainder of the Retail Replacement Value to the Eligible Owner. If the Eligible Owner owes more than Retail Replacement Value on the Eligible Vehicle, Defendants shall pay the Eligible Owner's lender the Retail

Replacement Value, and the Eligible Owner shall retain the obligation to fulfill any additional outstanding loan obligation at the time of the Buyback.

2.2.3 Formal Notification. Claimants whose eligibility has been verified by the Program Supervisor shall be sent a Formal Notification setting forth the Buyback or Lease Termination terms. Once a Formal Notification is made, a Claimant may choose to proceed by signing and notarizing an offer package and uploading it to the Claims Portal.

2.3 Appointments. Claimants shall be allowed to schedule an appointment at their preferred Volkswagen, Audi, or Porsche dealership (corresponding to the make of the Eligible Vehicle) to complete the Claims Program and execute the Buyback or Lease Termination. Appointments for a Buyback shall be available within 90 days of a Claimant's acceptance of the terms set forth in the Formal Notification and Defendants' validation of the submitted offer package. Appointments for a Lease Termination shall be available within 45 days of acceptance. When the ability to schedule an appointment to obtain the selected remedy becomes available, the Claimant shall be notified and may then schedule the appointment online.

2.3.1 Scheduling. Appointments for Buybacks and Lease Terminations shall be made available on a first-come, first-served basis depending on the make of the Eligible Vehicle. Although the Buyback or Lease Termination will take place at a Volkswagen, Audi, or Porsche dealer, the appointments must be scheduled either online through the Claims Portal or via phone at a number that will be displayed prominently on the Claims Program website. Volkswagen, Audi, and Porsche dealers will not be able to schedule appointments for Buyback or Lease Termination directly.

2.3.2 Program Specialist. On the appointed day, Claimants will meet with a "Program Specialist" acting on behalf of Defendants at the Volkswagen, Audi, or Porsche dealer to complete the Buyback or Lease Termination. The Program Specialist will verify the identity of the Claimant and Eligible Vehicle, capture the current mileage of the Eligible vehicle, collect necessary documentation, take possession of the Eligible Vehicle, and trigger payment to the Claimant (and lenders, if applicable) of any amount due. Claimants electing the Lease Termination option will need to comply with lease terms concerning mileage and condition verification prior to termination.

2.4 Form of Buyback Payment. Buyback payments in the amount of Retail Replacement Value shall be made to the Claimant by electronic funds transfer or by check according to the preference expressed by each Claimant.

2.4.1 Electronic Funds Transfer. An electronic fund transfer will be submitted within three banking days of completion of the Claims Program following sale of the Eligible Vehicle to Defendants.

2.4.2 Check Processing. For Claimants opting to receive a check, a check for the full amount due will be available at the dealership, unless a mileage adjustment is required. If an upward mileage adjustment is required (resulting in a lower payment), the Claimant will not receive a check at the dealer but will be sent a check within three

banking days, or alternatively the Claimant can opt to reschedule the appointment. If a downward mileage adjustment is required (resulting in a higher payment), the Claimant will receive a check at the dealer that does not reflect the mileage adjustment and will be mailed an additional check within three banking days for the additional amount due as a result of the downward mileage adjustment.

2.4.3 Receipt. Claimants will be issued a receipt at the conclusion of their appointment at the Volkswagen, Audi, or Porsche dealership, including that they surrendered their Eligible Vehicle and providing specific information about exactly when and where their compensation will be received, as well as whom to call if it is not timely received.

2.5 Program Supervisor. The Claims Program shall be monitored by a Program Supervisor selected in accordance with Paragraph 2.5.2 below. In acting under this Consent Decree, the Program Supervisor is an agent of this Court, and solely the agent of this Court, and shall be accountable directly to this Court. With the exception of review of claims pursuant to Paragraph 2.5.3 below, the Program Supervisor shall not perform any of the claims processing functions associated with the Claims Program unless requested by or agreed to by the United States and California. The Program Supervisor has the power and authority to monitor Defendants' compliance with the Claims Program in accordance with this Section 2.5.

2.5.1 Program Supervisor Candidates. No later than fifteen (15) Days after the date of this Consent Decree is lodged with the Court, Defendants shall submit to the United States and California a list of three candidates for the position of Program Supervisor. Defendants shall:

2.5.1.1 Submit a resume, biographical information, and any relevant material concerning each of the candidate firms and its competence and qualifications to serve as Program Supervisor;

2.5.1.2 Describe any past, present, or future business or financial relationship that the candidate has with the Defendants, EPA, or CARB;

2.5.1.3 Verify that the candidate has agreed not to be employed by any Defendant, or its subsidiary, for a minimum of two years after the termination of its term as the Program Supervisor; and

2.5.1.4 Accompany all of the information listed above in Paragraph 2.5.1.1 through Paragraph 2.5.1.3 with a certification in accordance with Paragraph 34 of the Consent Decree for any candidate deemed acceptable by the United States and California.

2.5.2 Selection of Program Supervisor. After receiving the list of candidates from the Defendants, the United States, after consultation with California, shall select a Program Supervisor from among the candidates, and notify the Defendants of such

selection. If the United States does not select any of the candidates submitted by the Defendants, the process under Paragraph 2.5.1 shall be repeated until the Program Supervisor is selected.

2.5.3 The Program Supervisor shall review claims for payment of Retail Replacement Value under this Appendix A-1 and shall review the claims administration process to ensure that it is conducted in accord with this Appendix A-1, including ensuring that:

2.5.3.1 Retail Replacement Value is calculated and paid in compliance with this Appendix A-1;

2.5.3.2 Claims are processed in an efficient and consistent manner;

2.5.3.3 The calculations of approved payments to Eligible Owners comply with the Claims Program; and

2.5.3.4 Determinations of eligibility are proper under the Claims Program.

2.5.4 Within one month from the Effective Date and every three months thereafter until the end of the Claims Program with respect to all 3.0 Liter Subject Vehicles or May 31, 2020 (whichever is later), the Program Supervisor shall submit a report to the Court, with copies to the EPA, CARB, CA AG, and Defendants, concerning Defendants' performance of its obligations under this Appendix A-1, including:

2.5.4.1 The progress of the Claims Program, including but not limited to the participation rate in any Buyback or Lease Termination;

2.5.4.2 The length of time for Eligible Owners to receive any payment of Retail Replacement Value;

2.5.4.3 Any complaints regarding efforts by any Eligible Owners or Eligible Lessees to participate in any Buyback or Lease Termination;

2.5.4.4 The Program Supervisor's review of ineligible claims.

2.5.5 The Program Supervisor shall serve until May 31, 2020, unless ordered by this Court to continue.

2.5.6 Defendants shall in a timely manner provide the Program Supervisor full access to all documents and information necessary for the Program Supervisor to fulfill the Program Supervisor's duties pursuant to this Appendix A-1.

2.5.7 Defendants shall fully cooperate with any reasonable request of the Program Supervisor and shall take no action to interfere with or impede the Program

Supervisor's ability to monitor Defendants' compliance with the terms of this Consent Decree and its Appendices.

2.5.8 The Program Supervisor shall provide the United States and California accounting or other information related to compliance with the terms of this Appendix A-1 within 10 business days of a request, unless a longer time is agreed to by a United States or California representative in writing.

2.5.9 Defendants are responsible for all costs and fees relating to the Program Supervisor. Defendants, the United States, and California may agree, or the Program Supervisor may seek Court approval to employ, at Defendants' expense, such consultants, accountants, attorneys, and other representatives and assistants as are reasonably necessary to carry out the Program Supervisor's duties and responsibilities.

2.6 Claim Period. Defendants must hold open all Program Offers for at least two years, as required by Paragraphs 4.3 and 7.3 of Appendix A, and as set forth in this Paragraph 2.6 of Appendix A-1.

2.6.1 Generation 1.x Vehicles. For all Generation 1.x 3.0 Liter Eligible Vehicles, Defendants shall begin accepting and processing Buyback and Lease Termination Claims no later than thirty (30) Days after the Effective Date. Defendants shall continue to accept and process Claims for Buyback or Lease Termination through at least March 31, 2019. All eligible Claims shall be fully processed and all Buybacks and Lease Terminations for eligible Claims shall be completed no later than June 30, 2019.

2.6.2 Generation 2.x Vehicles. For any Test Group or combination of Test Groups of Generation 2.x 3.0 Liter Eligible Vehicles for which a Buyback and Lease Termination Program is triggered in accordance with the requirements of Section VII of Appendix A, Defendants must hold open the Generation 2.x Buyback and Lease Termination program for no less than two years. The last day to submit a valid Claim for a Buyback or Lease Termination of a Generation 2.x 3.0 liter Eligible Vehicle shall be no earlier than 90 days prior to the termination of the Buyback and Lease Termination program with respect to the applicable Generation 2.x vehicles.

III. RELATION TO OTHER SETTLEMENTS

3.1 Individual Consumer Releases. Defendants are strictly prohibited by the terms of this Consent Decree from obtaining any private party consumer release of liability solely for any Buyback payments required by the terms of this Decree. Nothing in this Consent Decree alters, affects, limits, authorizes, enlarges, or precludes Defendants' ability to obtain private party releases of liability in exchange for additional payments not required under this Consent Decree, to the extent permitted by law. If Defendants enter into and this Court approves a Parallel Agreement that provides for a class-wide release of individual claims by all class members and satisfies the terms of Paragraph 3.2 below, Defendants are not required by this Consent Decree to offer a Buyback or Lease Termination to Eligible Owners or Lessees who opt out of the Class Action Settlement.

3.2 Parallel Agreements. By fulfilling buyback, lease termination, and claims administration obligations of a future FTC Order, Class Action Settlement, or other order of the Court ("Parallel Agreement"), Defendants may satisfy (1) all Buyback and Lease Termination requirements of Sections IV and VII of Appendix A to this Consent Decree; and (2) all requirements contained in the Calculation of Retail Replacement Value (Section I) and Program Administration (Section II) Sections of this Appendix A-1, provided that the requirements in Sub-Paragraphs 3.2.1 through 3.2.6 below are satisfied:

3.2.1 The Parallel Agreement(s) must offer Buyback to 100% of all Eligible Owners of Generation 1.x 3.0 Liter Eligible Vehicles and Lease Termination to 100% of all Eligible Lessees of Generation 1.x 3.0 Liter Eligible Vehicles.

3.2.2 The Parallel Agreement(s) must offer Buyback or Lease Termination to 100% of all Eligible Owners of affected Generation 2.x 3.0 Liter Eligible Vehicles and Lease Termination to 100% of all Eligible Lessees of affected Generation 2.x 3.0 liter Eligible Vehicles if, with respect to any Test Group or Groups of Generation 2.x 3.0 Liter Eligible Vehicles, Defendants fail to timely submit, or withdraw and do not timely resubmit, an application for an Emissions Modification Proposal intended to meet Certified Exhaust Emissions Standards, or a Final Notice of Disapproval for a proposed Emissions Compliant Recall is issued by EPA/CARB in accordance with Sub-Paragraph 5.1.2(ii) of Appendix B of this Decree.

3.2.3 All Buyback payments required by the Parallel Agreement(s) must be equal to or in excess of Retail Replacement Value as calculated in Section I of this Appendix A-1.

3.2.4 All Notices required by the Parallel Agreement(s) must comply with the requirements of Section III of Appendix A (Notices) and Paragraph 3.3 of this Appendix A-1.

3.2.5 The United States and California must send notice to Defendants that the Parallel Agreement(s) satisfy (1) the Buyback and Lease Termination requirements of Sections IV and VII of Appendix A to this Consent Decree; and (2) all requirements contained in the Calculation of Retail Replacement Value (Section I) and Program Administration (Section II) Sections of this Appendix A-1.

3.2.6 Such Parallel Agreement(s) must be filed in this action, *In re Volkswagen "Clean Diesel" Marketing, Sales Practices, and Products Liability Litigation*, MDL No. 2672 (N.D. Cal.) and lodged or filed with this Court no later than January 31, 2017. With the agreement of all parties to this Consent Decree, this deadline may be extended for good cause shown by the Defendants by order of the Court to a date not later than March 1, 2017.

3.2.7 If the United States and California send the notice referenced in Sub-Paragraph 3.2.5 above, Defendants may satisfy all obligations in Sections IV and VII of Appendix A and all obligations in Sections I and II of Appendix A-1 by fulfilling all

obligations in the Parallel Agreement. To the extent that any obligations in Sections IV and VII of Appendix A or Sections I and II of Appendix A-1 are inconsistent with the requirements of a Parallel Agreement, the Parallel Agreement shall control, provided the United States and California have issued the notice referenced in Sub-Paragraph 3.2.5 of this Appendix A-1.

3.3 Class Action Notices. If the United States and California send the notice referenced in Sub-Paragraph 3.2.5 above, Defendants may use the class action notification process to satisfy notification requirements and deadline requirements in Section III of Appendix A, provided that EPA/CARB must continue to approve all notices that require approval under Section III of Appendix A.

3.4 Court Disapproval of Parallel Agreements. If for any reason the Court does not enter or grant final approval of the Parallel Agreement(s), Defendants must continue to comply with all requirements of this Consent Decree, including all requirements of Appendices A and A-1. Defendants may not use satisfaction of any Parallel Agreement to fulfill any obligations in this Consent Decree or its Appendices if (1) the Parallel Agreement is not entered as a final judgment by the Court; or (2) execution or entry of the Parallel Agreement is delayed, reversed, or vacated by an appellate court.

3.5 Stipulated Penalties. Nothing in Section III of this Appendix A-1 alters or affects EPA/CARB's ability to assess or collect any stipulated penalties under Section XII of Appendix A.

Appendix A-1 Table 1

State and Local Taxes Calculation

State	State Tax Rate	Avg. Local Tax Rate	Combined Rate/Formula
Alabama	2.00%	1.88%	3.88%
Alaska	None	1.78%	1.78%
Arizona	5.60%	2.65%	8.25%
Arkansas	6.50%	2.80% (on first $2,500)	6.50% + $70
California	7.50%	0.98%	8.48%
Colorado	2.90%	4.62%	7.52%
Connecticut	6.35% (vehicles under $50,000) or 7.75% (vehicles over $50,000)	0.00%	6.35% (vehicles under $50,000) or 7.75% (vehicles over $50,000)
Delaware	4.25%	0.00%	4.25%
District of Columbia	7.00% (vehicles 3,500 - 4,999 lbs.) or 8.00% (vehicles 5,000 lbs. or above)	0.00%	7.00% (vehicles 3,500 - 4,999 lbs.) or 8.00% (vehicles 5,000 lbs. or above)
Florida	6.00%	0.66% (first $5,000)	6.00% + $33.00
Georgia	7.00%	0.00%	7.00%
Hawaii	4.17% - 4.71%	0.00%	4.44%
Idaho	6.00%	0.00%	6.00%
Illinois	6.25%	2.39%	8.64%
Indiana	7.00%	0.00%	7.00%
Iowa	5.00%	0.00%	5.00%
Kansas	6.50%	2.10%	8.60%
Kentucky	6.00%	0.00%	6.00%
Louisana	5.00%	5.00%	10.00%
Maine	5.50%	0.00%	5.50%
Maryland	6.00%	0.00%	6.00%
Massachusetts	6.25%	0.00%	6.25%
Michigan	6.00%	0.00%	6.00%
Minnesota	6.50%	0.00%	6.50%
Mississippi	5.00%	0.00%	5.00%
Missouri	4.23%	3.64%	7.86%
Montana	0.00%	0.00%	0.00%
Nebraska	5.50%	1.37%	6.87%
Nevada	6.85%	1.13%	7.98%
New Hampshire	0.00%	0.00%	0.00%
New Jersey	7.00%	0.00%	7.00%
New Mexico	3.00%	0.00%	3.00%
New York	4.00%	4.49%	8.49%
North Carolina	3.00%	0.00%	3.00%
North Dakota	5.00%	0.00%	5.00%
Ohio	5.75%	1.39%	7.14%
Oklahoma	3.25% (new vehicles) or $20 on first $1,500 +3.25% on balance (used vehicles)	0.00%	3.25% * (vehicle value - $1,500) + $20
Oregon	0.00%	0.00%	0.00%

Appendix A-1 Table 1

State and Local Taxes Calculation

Pennsylvania	6.00%	1.50%	7.50%
Rhode Island	7.00%	0.00%	7.00%
South Carolina	5.00% (capped at $300)	0.00%	5.00% (capped at $300)
South Dakota	4.00%	0.00%	4.00%
Tennessee	7.00%	2.75% (on first $3,200)	7.00% + $88
Texas	6.25%	0.00%	6.25%
Utah	5.95%	0.74%	6.69%
Vermont	6.00%	0.17%	6.17%
Virginia	4.15%	0.00%	4.15%
Washington	6.80%	2.39%	9.19%
West Virginia	5.00%	0.00%	5.00%
Wisconsin	5.00%	0.41%	5.41%
Wyoming	4.00%	1.42%	5.42%

Appendix B
Vehicle Recall and Emissions Modification Program
For 3.0 Liter Subject Vehicles

APPENDIX B

VEHICLE RECALL AND EMISSIONS MODIFICATION PROGRAM FOR 3.0 LITER SUBJECT VEHICLES

I. PURPOSE

This Appendix B establishes how Defendants shall submit Proposed Emissions Modifications, and how the United States Environmental Protection Agency ("EPA") and the California Air Resources Board ("CARB") (collectively, "EPA and CARB" or "EPA/CARB") will approve or disapprove any such proposal, should Defendants choose, at their election, to submit a Proposed Emissions Modification. Defendants must comply with the requirements of this Appendix B. No Emissions Modification may be performed by, or on behalf of, Defendants unless and until EPA/CARB approve the applicable Proposed Emissions Modification. Following approval, any Emissions Modification performed by, or on behalf of, Defendants must conform to the applicable Approved Emissions Modification and the requirements set forth herein.

If Defendants submit a Proposed Emissions Modification according to the terms of this Appendix B, and EPA/CARB determine the proposal satisfies the requirements set forth herein, then EPA/CARB will approve that Proposed Emissions Modification. EPA/CARB will issue decisions, including decisions concerning the approval or disapproval of Proposed Emissions Modifications, in accordance with the definitions and decision-making authorities set forth in Paragraphs 21-23 of the Consent Decree. EPA/CARB will review any proposal according to this Appendix B, rather than according to the regulatory processes for reviewing applications for Certificates of Conformity, Executive Orders, or administrative recalls; provided, however, except as otherwise expressly stated herein, the applicable regulatory calculation methods, test procedures, protocols, processes, or procedures shall apply unless an alternative approach is approved by the agencies.

II. DEFINITIONS

2.1 Terms used in this Appendix B shall have the meanings set forth below. Terms that are not defined below but are defined in Section III (Definitions) of the Consent Decree shall have the meanings set forth therein.

2.2 "20º F FTP" means the FTP conducted at 20º Fahrenheit, as specified in 40 C.F.R. Part 1066, Subpart H.

2.3 "50º F FTP" means the FTP conducted at 50º Fahrenheit, as specified in Cal. Code Regs. tit. 13, § 1961 and the incorporated test procedures.

2.4 "A-to-B Emissions Demonstration Vehicle" means the vehicle(s) identified for use in A-to-B emissions demonstration purposes in Appendix B-3 to this Consent Decree.

2.5 "A-to-B Fuel Economy Demonstration Vehicle" means the vehicle(s) identified for use in A-to-B fuel economy demonstration purposes in Appendix B-3 to this Consent Decree.

2.6 "Adaptive Dosing to Prevent Deposits" (online dosing) means an AECD included in the Master Series Calibration that modifies DEF dosing such that NH_3 storage mode is no longer active. In the Master Series Calibration, Adaptive Dosing to Prevent Deposits does not activate and online dosing is inhibited during US06 and HWY emissions tests.

2.7 "Approved Emissions Modification" means an Emissions Modification submitted by Defendants and approved by EPA/CARB.

2.8 "Auxiliary Emission Control Device" or "AECD" has the meaning set forth in 40 C.F.R. § 86.1803-01.

2.9 "Calibration" means a specific parameterization of a vehicle computers' software, such as the ECU software, that determines how various processes in engine and exhaust aftertreatment are controlled under many different operating conditions, or the TCU software that determines when the transmission will shift gears and operate various actuators in the transmission. A common example of a process is fuel injection (timing and quantity) under different engine loads and ambient conditions.

2.10 "Combined Uphill/Downhill and Highway Route" means the driving route shown and described in Appendix B-4 to this Consent Decree.

2.11 "Critical OBD Demonstration" means the minimum set of OBD emission demonstration tests, pursuant to Cal. Code Regs. tit. 13, § 1968.2(h) (2013), that must be completed and included in the Emissions Modification Proposal, as follows: SCR Catalyst efficiency, SCR Dosing delivery performance underdosing, all injectors Fuel System Quantity and Timing minimum, all injectors Fuel System Quantity and Timing maximum, EGR Low Flow, EGR High Flow, EGR Slow Response, EGR cooling, Boost system over-boost, Boost system under-boost, Charge Air Under Cooling, DOC efficiency, Too Frequent Regeneration, NOx Sensors Upstream, and PM Filter efficiency. Additionally, for the Audi Q7 Generation 2.1 vehicle, Defendants must complete and submit with the applicable Emissions Modification Proposal a Critical OBD Demonstration of the DEF dosing delivery performance monitor.

2.12 "Customized SRC" means the mileage accumulation cycle used to age the 3.0 Liter Subject Vehicles for purposes of durability demonstrations and OBD demonstrations to achieve an acceleration factor of up to 1.8 for mileage accumulation to the equivalent of Full Useful Life, provided that if an acceleration factor of less than 1.8 is used for this purpose, that factor value must replace the 1.8 factor value for all purposes under this Appendix B, where (a) the TCM Step 3 mileage share is raised to at least 20 percent on average by artificially lifting the exit/entry modeled SCR-temperature during mileage accumulation; (b) the Mileage Safety Out Parameter is set to an applicable value, which is calculated by dividing the distance between two regenerations determined during the regulated SRC procedure by the acceleration factor; (c) the emission testing intervals will equate to equivalent mileage based on the acceleration factor up to 1.8, meaning 30,000 equivalent miles will result in a delta odometer mileage of 16,667 miles;

and (d) to adjust for accelerated aging, the Defendants must modify the mileage based aftertreatment device aging factors by dividing the existing distance based axis points by up to 1.8. Except as otherwise set forth in subparagraph 4.3.2, the Customized SRC shall be run on the DDVs for each Generation, and on any other vehicles for which the Customized SRC is applicable (as set forth in Appendix B-3), starting at the agreed mileage parameters set forth in subparagraph 4.3.2 for each test vehicle.

2.13 "Cylinder Pressure Sensor" means a sensor located in the cylinder head which directly or indirectly measures pressure or related characteristics inside the cylinder.

2.14 "Dealers" means Volkswagen, Audi, and Porsche authorized dealers and Volkswagen, Audi, and Porsche authorized service facilities.

2.15 "DEF System" means the combination of vehicle components used to store, filter, measure the level and quality of, thaw, and inject the DEF into the exhaust.

2.16 "Defeat Device" has the meaning provided under 42 U.S.C. § 7522(a)(3)(B) and 40 C.F.R. § 86.1803-01.

2.17 "Deterioration Factor" or "DF" means the number, determined pursuant to 40 C.F.R. § 86.1823-08, that represents the change in emissions performance during a vehicle's Full Useful Life. The DF is applied to emission results from the required test cycles, as provided in 40 C.F.R. § 86.1841-01 except as provided herein. DFs are used to estimate increases in emissions caused by deterioration of the emission control system as a vehicle ages over its Full Useful Life.

2.18 "Diesel Exhaust Fluid" or "DEF" means a liquid reducing agent used in conjunction with selective catalytic reduction to reduce NO_X emissions. DEF is generally understood to be an aqueous solution of urea conforming to the specification of ISO 22241. DEF is used in each Generation of the 3.0 Liter Subject Vehicles and is sometimes referred to by the trademarked name, "AdBlue."

2.19 "Diesel Oxidation Catalyst" or "DOC" means part of the emission control system that promotes chemical oxidation of CO, NO, and HC, as well as the SOF portion of diesel particulates. For 3.0 Liter Subject Vehicles that are passenger vehicles, the DOC is housed in the same housing part as the DPF and SCR components. All 3.0 Liter Subject Vehicles that are sport utility vehicles have separate housings for the DOC and the DPF.

2.20 "Diesel Particulate Filter" or "DPF" means part of the emissions control system designed to capture particle emissions through a combination of filtration mechanisms, such as diffusional deposition, inertial deposition, or flow-line interception. The process of regeneration removes collected particulates from the DPF. During active regeneration, the emissions control system is modulated to increase exhaust temperature to promote combustion of the particulate matter by oxygen. Additionally, particulate matter is passively and continuously regenerated by reaction with NO2 at lower temperatures (the Continuously Regenerating Trap or CRT effect).

2.21 "Drivability" means the smooth delivery of power, as demanded by the driver or operator. Typical elements of Drivability degradation are rough idling, misfiring, surging, increased hesitation, or insufficient power.

2.22 "Durability Demonstration Vehicle," "DDV," or "Official Durability Vehicle" means a vehicle with the final emission Calibration that is run on the Customized SRC to the equivalent of Full Useful Life. For Generation 1.2, Generation 2.1, and Generation 2.2 SUV, running the Customized SRC to the equivalent of Full Useful Life requires execution of at least 143 DPF regenerations. For Generation 2 PC, running the Customized SRC to the equivalent of Full Useful Life requires execution of at least 190 DPF regenerations. For Generation 1.1, Defendants must determine the number of regenerations required according to Paragraph 2.12 of this Appendix B. In accordance with the mileage intervals set forth in subparagraph 4.3.2 of this Appendix B, Defendants shall conduct emissions testing in the FTP75 on the Durability Demonstration Vehicle, and shall calculate the DF based on such periodic emissions tests. After completion of mileage accumulation to the equivalent of Full Useful Life and all applicable emissions tests, the vehicle must be reflashed with the final engine Calibration, which includes the final emissions Calibration (used during mileage accumulation to the equivalent of Full Useful Life) and the final OBD Calibration. To adjust such final engine Calibration for accelerated aging, Defendants must set the mileage based aftertreatment device aging factors by dividing the existing distance based axis points by 1.8. The reflashed vehicle is used for Full Useful Life emissions compliance and Final OBD Demonstration testing that shall be submitted according to subparagraph 3.1.11 of this Appendix B. The Durability Demonstration Vehicles for each Generation are set forth in Appendix B-3 to this Appendix B.

2.23 "Engine Control Unit" or "ECU" means the computer, including associated software, that controls various engine functions, including emission control system functions, and/or other functions that may impact vehicle emissions or OBD compliance by processing electrical signals from sensors and/or electronic signals from other electronic control modules on the vehicle (e.g., TCU, SCR control unit, stability control units, brake control units, the body control module, and the instrument cluster).

2.24 "Exhaust Gas Recirculation" or "EGR" means a device that directs a portion of the exhaust gas into the intake air stream for the purpose of controlling emissions.

2.25 "Emission Control System" means a unique group of emission control devices, auxiliary emission control devices, engine modifications and strategies, and other elements of design designated by EPA/CARB and used to control exhaust emissions of a vehicle.

2.26 "Emission Control System Data Parameters" means the data parameters that Defendants must record while conducting the Required Emissions Test Procedures, including the preconditioning cycles, and such other tests as set forth in this Appendix B. The Emission Control System Data Parameters applicable to each Generation are subject to prior-authorization of EPA/CARB. Prior to conducting the required test procedures for each Generation, Defendants must submit for EPA/CARB review and approval, the proposed emission control system data parameters to be recorded during test procedures for the applicable Generation.

2.27 "Emissions Increasing Auxiliary Emissions Control Device" or "EI-AECD" means any AECD, as defined in Cal. Code. Regs. tit. 13, § 1968.2(c), 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, provided that the need for such AECD is justified by the protection it provides against vehicle damage or accident. EI-AECDs do not include AECDs that do not sense, measure, or calculate any parameter or command or trigger any action, algorithm, or alternate strategy; or AECDs that are activated solely due to any of the following conditions: (1) operation of the vehicle above 8,000 feet in elevation; (2) ambient temperature; (3) when the engine is warming up and is not reactivated once the engine has warmed up in the same driving cycle; (4) failure detection (storage of a fault code) by the OBD system; (5) execution of an OBD monitor; or (6) execution of an infrequent regeneration event.

2.28 "Emissions Modification" means the alterations to 3.0 Liter Subject Vehicles including all software recalibrations, and the replacement, repair, installation, or upgrading of parts related to the Emission Control System, that are designed to reduce emissions, remove all Defeat Devices and bring the vehicles into compliance with the applicable emissions standards or limits, and the other requirements specified in this Appendix B.

2.29 "Emissions Modification Database" means a searchable database that Defendants make available online, by which users, including Eligible Owners, Eligible Lessees, and potential purchasers, may conduct a free-of-charge search by vehicle VIN to determine whether the Emissions Modification is available for, or has been applied to, a specific vehicle.

2.30 "Emissions Modification Proposal" means the required materials Defendants provide in a Submission or multiple Submissions for EPA/CARB review and approval or disapproval of any Proposed Emissions Modification, if Defendants elect to submit such a proposal.

2.31 "Engineering Durability Data" means data which is used to estimate the Official Durability Data. It may be based on a preliminary design of the Emission Modification. It may also be determined from an extrapolation of incomplete Official Durability Data or by simulating the mileage accumulation required under 40 C.F.R. § 86.1823-08.

2.32 "Engineering Durability Vehicle" means a vehicle used for testing to obtain Engineering Durability Data.

2.33 "EPA/CARB" means EPA and CARB when the agencies evaluate Defendants' Submissions and issue decisions, including decisions concerning the approval or disapproval of Proposed Emissions Modifications, in accordance with the definitions and decision-making authorities set forth in Paragraphs 21-23 of the Consent Decree.

2.34 "Federal Test Procedure" or "FTP75" means the driving schedule in 40 C.F.R. Part 86, Appendix I, Section (a) (EPA Urban Dynamometer Driving Schedule for Light-Duty Vehicles and Light-Duty Trucks).

2.35 "FTP-72" means the driving schedule defined in 40 C.F.R. Part 86, Appendix I(a)(3).

2.36 "Final OBD Demonstration" means all OBD emission demonstration testing required under Cal. Code. Regs. tit. 13, § 1968.2(h) (2013), provided, however, if Defendants assert that only a functional test is required because no failure or deterioration of the specific tested system could result in an engine's emissions exceeding the emission malfunction criteria, Defendants must still complete the OBD demonstration and submit with the proposal all emission and fault detection data from vehicles equipped with the Proposed Emissions Modification used to determine that only a functional test of the system(s) is required.

2.37 "FTP@1620m" means FTP testing at high-altitude conditions, i.e., a test altitude of 1,620 meters (5,315 feet), plus or minus 100 meters (328 feet), or equivalent observed barometric test conditions of 83.3±1 kilopascals.

2.38 "Full Useful Life" or "FUL" means the regulatory period in years or miles during which vehicles must meet the applicable emissions standards or limitations specified in this Appendix B. Full Useful Life is 10 years or 120,000 miles, whichever occurs first, for Model Year 2009-2016 3.0 Liter Subject Vehicles.

2.39 "Full Useful Life Emissions Demonstration Vehicle" means the vehicle(s) identified for demonstrating emissions compliance with the Full Useful Life Standards, set forth in Appendix B-3. Such standards are demonstrated with the inclusions of IRAF.

2.40 "Generation" means the different versions of emission control technology installed in various configurations of 3.0 Liter Subject Vehicles.

2.41 "Generation 1.1" or "GEN 1.1" means the following 3.0 Liter Subject Vehicles: Model Year 2009-2010 Audi Q7 and VW Touareg, within the Test Groups specified in Paragraph 2.9 of Appendix A to this Consent Decree.

2.42 "Generation 1.2" or "GEN 1.2" means the following 3.0 Liter Subject Vehicles: Model Year 2011-2012 Audi Q7 and VW Touareg, within the Test Groups specified in Paragraph 2.9 of Appendix A to this Consent Decree.

2.43 "Generation 2.1" or "GEN 2.1" means the following 3.0 Liter Subject Vehicles: Model Year 2013-2015 Audi Q7, and Model Year 2013-2014 VW Touareg and Porsche Cayenne, within the Test Groups specified in Paragraph 2.9 of Appendix A to this Consent Decree.

2.44 "Generation 2.2 SUV" or "GEN 2.2 SUV" means the following 3.0 Liter Subject Vehicles: Model Year 2015-2016 VW Touareg and Porsche Cayenne, within the Test Groups specified in Paragraph 2.9 of Appendix A to this Consent Decree.

2.45 "Generation 2 Passenger Cars" or "GEN 2 PCs" means the following 3.0 Liter Subject Vehicles: Model Year 2014-2016 Audi A6, A7, A8, A8L, and Q5, within the Test Groups specified in Paragraph 2.9 of Appendix A to this Consent Decree.

2.46 "Generation 2 SUV" or "GEN 2 SUV" means Generation 2.1 and Generation 2.2 SUV, collectively.

2.47 "Highway Fuel Economy Test," "HWFET," or "HWY FE" mean the test cycle that represents highway driving as described in 40 C.F.R. Part 600, Appendix I.

2.48 "Hydrocarbon Poisoning SCR Catalyst Strategy" means an AECD in the Master Series Calibration that models the amount of hydrocarbons stored on the SCR catalyst and that diminishes the ability to store NH_3 on the SCR catalyst so that the SCR efficiency is reduced, and therefore DEF dosing amount will be reduced within ammonia storage mode. The adjusted SCR efficiency was not employed during emissions testing. If the amount of hydrocarbons stored on the SCR catalyst exceeds a calibrated value, the Adaptive Dosing to Prevent Deposits AECD will activate.

2.49 "Include" and "Including," as used in this Appendix B, are not limiting terms.

2.50 "Infrequent Regeneration Adjustment Factor" or "IRAF" means the adjustment factor for each pollutant used to account for increased emissions caused by periodic regeneration of certain control devices, such as DPFs, performed by burning particulates that have accumulated in the control device. The increased emissions caused by such regeneration are accounted for by adjustment factors, or IRAFs, applicable to the pollutants NMOG, NOx, CO, and PM. Defendants shall calculate the IRAF using the method specified in 40 C.F.R. § 86.004-28(i) based on test vehicles at a minimum of 75% of Full Useful Life. For purposes of the IRAF calculation for GEN 1.1, Defendants shall use the method specified in 40 C.F.R. § 86.004-28(i), with the regulated SRC for the regeneration interval determination. For purposes of the IRAF calculation for GEN 2 PC, the regeneration frequency shall be 636 miles between regenerations. For purposes of the IRAF calculation for GEN 1.2 and GEN 2 SUV, the regeneration frequency shall be 840 miles between regenerations.

2.51 "Lambda Sensor" means a sensor located in a vehicle's exhaust system that measures oxygen or a related characteristic.

2.52 "Master Series Calibration" means the Calibration installed on Subject 3.0 Liter Vehicles when originally certified and introduced into commerce that controls Emission Control Systems in the vehicle. The Master Series Calibration includes the Temperature Conditioning Mode, Adaptive Dosing to Prevent Deposits, Hydrocarbon Poisoning SCR Catalyst Strategy, and the Transmission Warmup Mode.

2.53 "Maximum Emissions Modification Limits" means the emissions levels specified in Appendix B-1 to this Appendix B that the Modified Vehicles may not exceed.

2.54 "Mileage Safety Out Parameter" means the mileage value that is set within a Calibration which, when reached, is treated as the equivalent of a full DPF and triggers a DPF regeneration.

2.55 "Modified Vehicle" means a 3.0 Liter Subject Vehicle that Defendants, or an entity acting on behalf of Defendants, have modified in accordance with an Approved Emissions Modification.

2.56 "Noise Vibration and Harshness" means a measure of the noise level heard during driving, the vibrations felt during driving, and the harshness of the ride of the vehicle.

2.57 "Non-Methane Organic Gases" or "NMOG" means the sum of oxygenated and non-oxygenated hydrocarbons contained in a gas sample as measured using the procedures described in 40 C.F.R. § 1066.635.

2.58 "NOx" means oxides of nitrogen, i.e., the sum of the nitric oxide and nitrogen dioxide contained in a gas sample as if the nitric oxide were in the form of nitrogen dioxide.

2.59 "NOx Sensor" means a sensor located in a vehicle's exhaust system which directly or indirectly measures NOx or related characteristics.

2.60 "Official Durability Data" means emissions data obtained by periodic testing during the accumulation of the equivalent of at least 100% of Full Useful Life mileage accumulated using the Customized SRC on Durability Demonstration Vehicles, as described in 40 C.F.R. § 1823-08, and as required under this Appendix B. Official Durability Data is used to determine DFs.

2.61 "OBD Demonstration Vehicle" means the vehicle(s) identified for each Generation for OBD demonstration purposes in Appendix B-3 to this Consent Decree.

2.62 "Particulate Matter" or "PM" means particulates formed during the diesel combustion process and measured by the procedures specified in 40 C.F.R. Part 86, Subpart B.

2.63 "Particulate Matter Sensor" or "PM Sensor" means a sensor located in a vehicle's exhaust system which directly or indirectly measures particulate matter or related characteristics.

2.64 "Portable Emissions Measurement System" or "PEMS" means an emissions measurement system that complies with 40 C.F.R. Part 1065 and that measures emissions while a vehicle is driven on the road.

2.65 "Preconditioning" means taking steps consistent with the regulations to ensure that the exhaust system is stabilized. Preconditioning may include an initial one hour minimum soak and up to three driving cycles of the UDDS, as specified in 40 C.F.R. § 86.132-96(e)(2). Subject to prior authorization by EPA/CARB and provided that Defendants demonstrate a need for any additional preconditioning measure(s) specified in § 86.132-96(e)(2), EPA/CARB may allow such preconditioning, pursuant to 40 C.F.R. § 86.132-96(d).

2.66 "Proposed Emissions Modification" means the alterations to 3.0 Liter Subject Vehicles, including all software recalibrations, and, if applicable, the replacement, repair, installation, or upgrading of parts related to the Emission Control System, that Defendants may propose for EPA/CARB approval, and that are designed to reduce emissions, remove all Defeat

Devices, and bring the vehicles into compliance with the requirements specified in this Appendix B.

2.67 "Required Emissions Test Procedures" shall have the meaning specified in subparagraph 4.3.2(i) of this Appendix B.

2.68 "SC03" means the test cycle, described in 40 C.F.R. § 86.160-00 and listed in 40 C.F.R. Part 86, Appendix I, paragraph (h), which is designed to represent driving under urban conditions at elevated temperatures and high solar loading with the air conditioner on.

2.69 "Selective Catalytic Reduction" or "SCR" means an active emissions control technology system that injects a liquid-reductant agent into the exhaust stream onto a special catalyst. The reductant source is Diesel Exhaust Fluid (DEF).

2.70 "SCR Inducements" or "Inducements" means the limitations imposed on vehicle operation that occur when a vehicle runs out of DEF, has poor quality DEF, or when tampering occurs to the SCR system. Inducements might include limitations on vehicle speed or rendering inoperable the restart function of the vehicle.

2.71 "SCR System" means the combination of components necessary for NOx to be reduced by selective catalytic reduction. These components include the DEF tank, DEF injection system, SCR catalyst(s), and associated sensors and controllers.

2.72 "Standard Road Cycle" or "SRC" means the mileage accumulation cycle described in 40 C.F.R. Part 86, Appendix V. To accumulate miles on the SRC, the vehicle may be run on a track or on a mileage accumulation dynamometer.

2.73 "Sea Level" means common altitudes at which Defendants conduct certain tests (0-500 meters height).

2.74 "SFTP Composite" means emissions result weighted over three test cycles according to the following formula: SFTP Composite = 0.35 × (FTP) + 0.28 × (US06) + 0.37 × (SC03).

2.75 "Supplemental FTP" or "SFTP" mean the additional test procedures designed to measure emissions during aggressive and microtransient driving, as described in 40 C.F.R. § 86.159-00 over the US06 cycle, and also the test procedure designed to measure urban driving emissions while the vehicle's air conditioning system is operating, as described in 40 C.F.R. § 86.160-00 over the SC03 cycle.

2.76 "Temperature Conditioning Mode" or "TCM" means the AECD that controls engine out emissions and exhaust temperatures when the SCR system is below specified temperatures, consisting of three or more emission control strategy steps. As originally calibrated in the Master Series Calibration, the TCM operated the strategy steps during the regulatory test cycles in a different manner than when driving on the road.

2.77 "Test Group" means the basic classification unit within a durability group used for the purpose of demonstrating compliance with exhaust emission standards in accordance with 40 C.F.R. § 86.1841-01.

2.78 "Transmission Control Unit" or "TCU" means a computer module that regulates or impacts shifting and clutch functions of a vehicle's automatic transmission (which may impact fuel economy and emissions control) by processing electrical signals from the vehicle's ECU, other electronic control units (e.g., stability control units, brake control units) and/or sensors, potentially including the steering wheel position sensor, accelerometers, the brake pedal position sensor, the transmission fluid temperature sensor, the vehicle speed sensor, and the throttle position sensor.

2.79 "Transmission Warmup Mode" or "TWM" means a transmission control strategy designed to change transmission control during warm up to optimize emissions which may impact fuel economy (e.g., altered shift maps that achieve higher engine speed by preventing the gearbox from selecting the next gear, resulting in faster engine warm-up and decreased engine load which lowers raw NOx emissions).

2.80 "Urban/Downtown Los Angeles Route" means the driving route shown and described in Appendix B-4 to this Consent Decree.

2.81 "US06" means the driving schedule described in 40 C.F.R. § 86.159-08 and listed in 40 C.F.R. 86, Appendix I, section (g), as amended July 13, 2005, entitled, "EPA US06 Driving Schedule for Light-Duty Vehicles and Light-Duty Trucks" (e.g., hard acceleration, more power requirement, high speed, high load).

III. EMISSIONS MODIFICATION CRITERIA

3.1 Each Proposed Emissions Modification for any 3.0 Liter Subject Vehicle must meet the following criteria.

3.1.1 Required Emissions Performance.

i. For Generations 1.1, Modified Vehicles must comply with the emissions standards of Tier 2, Bin 7, as set forth in 40 C.F.R. §§ 86.1811-04(c)(6), (f) and (j) (hereafter "Tier 2, Bin 7"), with the exception of PM, which must be 0.01 g/mile.

ii. For Generation 1.2, Modified Vehicles must comply with the emissions standards of Tier 2, Bin 6, as set forth in 40 C.F.R. §§ 86.1811-04(c)(6), (f) and (j) (hereafter "Tier 2, Bin 6").

iii. Defendants must offer a Buyback for each Eligible 3.0 Liter Generation 1.1 and Generation 1.2 Vehicle. Eligible Owners and Eligible Lessees may elect such Buyback as an alternative to an Approved Emissions Modification or in the event a Proposed Emissions Modification is not available, as further specified in Appendix A to the Consent Decree.

iv. For Generation 2.1, Generation 2.2 SUV and Generation 2 PC, Modified Vehicles must comply with the emissions standards of Tier 2, Bin 5, as set forth in 40 C.F.R. §§ 86.1811-04(c)(6), (f), and (j) (hereafter "Tier 2, Bin 5"), and LEV 2/ULEV, as set forth in Cal. Code Regs. tit. 13, § 1961 (hereafter "LEV2/ULEV"). In the event EPA/CARB determine that Defendants have failed to demonstrate in the applicable proposal that a Proposed Emissions Modification for Generation 2.1, Generation 2.2 SUV, or Generation 2 PC will result in Modified Vehicles that comply with Tier 2, Bin 5 and LEV2/ULEV or meet the other requirements for approval pursuant to Section V of this Appendix B, then, as further specified in Appendix A to the Consent Decree, Defendants must offer a Buyback for each Eligible 3.0 Liter Vehicle within the relevant Test Group. For any Emissions Modification Proposal that fails to demonstrate that Modified Vehicles comply with Tier 2, Bin 5 and LEV2/ULEV, the Modified Vehicles must comply with the applicable Maximum Emissions Modification Limits of this Appendix B.

v. For each Generation, Defendants must demonstrate that Modified Vehicles comply with the applicable emissions standard or limitations by submitting the applicable Proposed Emissions Modification, including all results from the Required Emissions Test Procedures, and including all applicable data generated during any preconditioning cycles. Defendants must also submit all data from the Emission Control System Data Parameters recorded during the Required Emissions Test Procedures, and during any preconditioning cycles. Modified Vehicles must have the same Calibration as the test vehicles used to make this demonstration. For all Generations, Modified Vehicles must operate with the same transmission performance (including warm up) on the road and the dynamometer. Defendants must demonstrate that acceleration sensor malfunctions and any other sensors that are used directly or indirectly as part of the transmission warm up strategy will either (1) be monitored by the OBD system as required by Cal. Code. Regs. tit. 13, § 1968.2 or (2) do not affect the transmission warm up strategy and control strategies outside of transmission warm up conditions, either directly or indirectly, when the sensor is malfunctioning.

vi. Preconditioning cycles are subject to prior authorization by EPA/CARB. At least thirty (30) Days prior to running the Required Emissions Test Procedures, Defendants must submit for EPA/CARB review and approval a description of any proposed preconditioning cycles. Notwithstanding the approval by EPA/CARB of any preconditioning cycle, EPA/CARB may conduct emissions tests, and Defendants' vehicles are subject to applicable emissions limits, without such preconditioning measures. For purposes of this Appendix B, EPA/CARB have approved the following additional preconditioning measures: (1) an on-road regeneration if the DPF soot load is greater than 22 grams for SUVs, or greater than 19 grams for

Passenger Cars; and (2) for high altitude testing only, up to three FTP-72 test cycles separated by one hour soak times.

vii. For all emissions testing, Defendants must ensure that aging factors that adjust for aging by mechanisms other than mileage (e.g., temperature based aging) are representative of the equivalent mileage for which the vehicle is being tested.

3.1.2 Quantifiable Reduction in NOx. For any Proposed Emissions Modification that does not result in compliance with Tier 2, Bin 5 and LEV 2/ULEV, Defendants must demonstrate that the vehicles meet the Maximum Emissions Modification Limits and that the Proposed Emissions Modification results in a quantifiable reduction in NOx emissions over the Required Emissions Test Procedures, based on the results of the Required Emissions Test Procedures, and in A-to-B comparisons run on the applicable A-to-B Emissions Demonstration Vehicle for each of the Required Emissions Test Procedures that compare "Condition A" vehicles with "Condition B" vehicles as follows: Condition A vehicles are test vehicles with the Master Series Calibration installed and purposefully modified to represent on road emissions. At a minimum, this includes executing the procedure submitted by Defendants to EPA/CARB on November 28, 2016, or an alternative proposal approved by EPA and CARB. The Emission Control System Data Parameters must be recorded during the A-to-B comparison tests required under this subparagraph. Defendants must submit with each applicable Emissions Modification, a detailed description of the procedure that was executed when conducting the Condition A portion of these tests, including the Emission Control System Data Parameters, and, within ten (10) Days of EPA/CARB's request, provide any software and other devices not within EPA/CARB's reasonable possession, so that EPA/CARB are able to replicate Condition A. Condition B vehicles are the same test vehicles with the applicable Proposed Emissions Modification installed.

3.1.3 Emissions Durability Requirement. Modified Vehicles in each Generation must comply with the applicable emissions standard or limitation for such Test Group until the vehicle accumulates 120,000 miles. Defendants must demonstrate compliance with such durability requirement by submitting in-use durability test results in accordance with Section VI of this Appendix B (In-use Compliance Assurance for Modified Vehicles).

3.1.4 AECD Disclosure Requirement and Defeat Device, Unapproved AECD, and Previously Noncompliant Calibration Prohibition. Defendants must fully disclose all previously undisclosed AECDs. Defendants also must, as applicable, remove, or modify to make compliant, all Defeat Devices, unapproved AECDs, and previously noncompliant Calibrations, from each and every electronic control module on each and every Modified Vehicle. The requirements of this subparagraph 3.1.4 apply to, at least, but are not limited to the following functions, whether or not they constitute an AECD: the Temperature Conditioning Mode, Transmission Warmup Mode, Adaptive Dosing to Prevent Deposits, and the Hydrocarbon Poisoning SCR Catalyst Calibrations. Defendants must also provide evidence, as described in subparagraphs 4.3.6, 4.3.14, and 4.3.16, and

as may be additionally requested by EPA/CARB, to EPA and CARB that demonstrates that no electronic control module on the Modified Vehicles contains a Defeat Device or undisclosed AECD, and the Modified Vehicles do not otherwise have Defeat Devices or undisclosed AECDs.

3.1.5 General OBD Requirements. Modified Vehicles must comply with the OBD requirements, including the regulatory protocol, process, and test requirements, set forth in Cal. Code Regs. tit. 13, § 1968.2 (2013), except for any applicable permitted OBD noncompliances approved by EPA/CARB in accordance with this Appendix B, and except that (1) allowances for permitted OBD noncompliances set forth in this Appendix B shall apply instead of the deficiency provisions for OBD noncompliances in Cal. Code Regs. tit 13, § 1968.2(k) (2013); (2) test vehicle aging for monitoring system demonstration testing shall be conducted based on the provisions set forth in this Appendix B instead of Cal. Code Regs. tit. 13, § 1968.2(h)(2.3) (2013); and (3) the required demonstration tests shall be conducted based on this Appendix B instead of Cal. Code Regs. tit. 13, § 1968.2(h)(4) (2013). Other than as set forth in this Appendix B, the requirements under Cal. Code Regs. tit. 13, § 1968.2 related to OBD requirements for the corresponding model years shall apply to the respective Generations.

3.1.6 Permissible OBD Noncompliances. The permissible noncompliances applicable to each Generation are identified in Appendix B-2 and further described in the list submitted by Defendants to EPA/CARB on November 28, 2016 (together, the "Permissible OBD Noncompliances List"). In any Emissions Modification Proposal, Defendants may propose for EPA/CARB approval permitted OBD noncompliances in accordance with this Appendix B. Except as specified herein, each proposed permitted noncompliance must be drawn from the noncompliances specified in the Permissible OBD Noncompliances List applicable to each Generation, up to the total number allowed under subparagraph 3.1.8. If Defendants propose to use fewer than the total number of allowed noncompliances specified herein, Defendants may propose for EPA/CARB approval additional noncompliances within the limitations specified below ("Alternate Noncompliances").

3.1.7 Alternate OBD Noncompliances. If Defendants reach the maximum number of permitted noncompliances with noncompliances specified in the applicable Permissible OBD Noncompliances List, no Alternate Noncompliances shall be allowed. If Defendants demonstrate that the number of noncompliances specified in the Permissible OBD Noncompliances List is less than the maximum number allowed, Defendants may propose for EPA/CARB approval the substitution of an Alternate Noncompliance for each permissible noncompliance not needed, up to the number allowed. For Alternate Noncompliances, Defendants may propose OBD noncompliances that are not listed in the Permissible OBD Noncompliances List, provided that (1) no monitor that fails to demonstrate compliance within the regulatory OBD emission threshold will be approved; (2) no OBD deficiency or noncompliance that would trigger a recall under the OBD regulation, Cal. Code Reg. tit. 13, § 1968.5, will be approved; and

(3) Defendants must submit such a proposal no later than the submission deadline for the Final OBD Demonstration.

3.1.8 The number of permitted noncompliances and Alternate Noncompliances applicable to each Generation follows.

i. Generation 1.1: No more than a total of twenty-five (25) noncompliances shall be allowed, including five (5) carry-over noncompliances from the certification of the Master Series Calibration. If applicable, Defendants may propose up to four (4) Alternate Noncompliances.

ii. Generation 1.2: No more than a total of eighteen (18) noncompliances shall be allowed, including two (2) carry-over noncompliances from the certification of the Master Series Calibration. If applicable, Defendants may propose up to four (4) Alternate Noncompliances.

iii. Generation 2.1, Generation 2.2 SUV, and Generation 2 PC: No more than a total of sixteen (16) permitted noncompliances shall be allowed. If applicable, Defendants may propose up to four (4) Alternate Noncompliances.

3.1.9 Additional Warranty Extensions. If Defendants are unable to comply with the OBD requirements in subparagraphs 3.1.6 – 3.1.8 of this Appendix B, Defendants may propose and EPA/CARB may approve an increase in the number of permitted OBD noncompliances, provided that: (1) no monitor that fails to demonstrate compliance within the regulatory OBD threshold will be approved; (2) no OBD noncompliance that would trigger a recall under the OBD regulation will be approved; (3) Defendants must submit such a proposal no later than the applicable deadline for the Final OBD Demonstration; and (4) for each additional permitted OBD noncompliance, Defendants must extend by 6 months and 6,000 miles the Extended Emissions Warranty periods specified in subparagraph 3.9.3 ("Additional Warranty Extensions"). If such Additional Warranty Extension is approved after Defendants issued an Emissions Modification Disclosure pursuant to an Approved Emissions Modification, Defendants must issue an Additional Warranty Disclosure to Eligible Owners and Eligible Lessees, and include the Additional Warranty Extension in the Emissions Modification Database, pursuant to the disclosure requirements of this Appendix B, and the applicable notice requirements of Appendix A.

3.1.10 Critical OBD Demonstrations. For purposes of demonstrating in an Emissions Modification Proposal that Modified Vehicles meet the General OBD Requirements described in subparagraph 3.1.5, Defendants must conduct Critical OBD Demonstration testing on the Critical OBD Demonstration Vehicles for each Generation, aged to (a) 75% of the equivalent of Full Useful Life on the Customized SRC, and pursuant to 40 C.F.R. § 86.1823-08, or (b) for Generation 2 SUV, the mileage accumulated on the OBD Demonstration Vehicles must be no less than 70,000 miles; provided, however, that Defendants must also complete Final OBD Demonstrations in

accordance with subparagraph 3.1.11 of this Appendix B. To obtain EPA/CARB approval to sell or lease vehicles, Defendants must conduct the Critical OBD Demonstration testing, as further specified in subparagraph 7.2.2 For purposes of Critical OBD Demonstrations, pursuant to this subparagraph 3.1.10 and Final OBD Demonstrations, pursuant to subparagraph 3.1.11, the following vehicles shall be tested: GEN 1.1 SUV, LDT3 configuration; GEN 1.2 SUV, LDT3 configuration; GEN 2 SUV; and GEN 2 PC (PC Configuration). Additionally, for the GEN 2.1 Audi Q7 vehicle, the DEF dosing delivery performance monitor shall be demonstrated as this vehicle has a unique dosing system.

3.1.11 Final OBD Demonstrations. After approval of a Proposed Emissions Modification, and for each Generation, Defendants must also demonstrate compliance with applicable OBD requirements by completing Final OBD Demonstration testing on the applicable OBD Demonstration Vehicles. To complete the Final OBD Demonstration, Defendants must continue the Critical OBD Demonstration using the same Durability Demonstration Vehicle(s) for each Generation, as specified in Appendix B-3, aged to the equivalent of Full Useful Life on the Customized SRC. Except as otherwise provided in this Appendix B, Engineering Durability Data vehicles may not be used for Final OBD Demonstration testing. Defendants must complete Final OBD Demonstration testing no later than August 10, 2018, for Generation 1.1 and Generation 1.2 vehicles; March 16, 2018, for Generation 2 SUV vehicles; and July 20, 2018, for Generation 2 Passenger Cars. Defendants may not use oven-aged parts to represent Full Useful Life aging during Final OBD Demonstration testing. Relaxed soak times (8-hour minimum to 60-hour maximum) may only be used for Final OBD demonstration testing; provided that EPA/CARB may use soak times described in the official test procedures during confirmatory and/or enforcement testing. Defendants must supply all results of the Final OBD Demonstration tests for each Generation to EPA and CARB upon completion of such tests. If the Final OBD Demonstration indicates additional OBD noncompliances that were not described in the applicable Proposed Emissions Modification, Defendants may propose to use Alternate Noncompliances, if applicable under subparagraph 3.1.7, or to extend the Emissions Modification Warranty in accordance with subparagraph 3.1.9. For any OBD noncompliance discovered in use or during the Final OBD Demonstration that is not permitted under this Appendix B (as a Permitted Noncompliance, or an Alternate Noncompliance, or for which Defendants offer an Additional Warranty Extension), Defendants must pay a Stipulated Penalty pursuant to subparagraph 8.2.8 of this Appendix B. Defendants must certify the Final OBD Demonstration test results in

accordance with subparagraph 4.3.18 of this Appendix B. With respect to the test vehicle for Final OBD Demonstration testing, Defendants must:

i. Test vehicles that meet the mileage and other requirements described in subparagraph 4.3.2(i).

ii. Upon request by EPA/CARB, for each Generation, provide a vehicle and all test equipment (e.g., malfunction simulators, deteriorated components, etc.) necessary to duplicate the Defendants' tests.

3.1.12 Fuel Economy and Emissions Impacts. Defendants must measure, and provide to EPA and CARB, the fuel economy and emissions impacts of the Proposed Emissions Modification by using the FTP, US06, SC03, HWFET, and 20° F and 50° F FTP test cycles, based on A-to-B testing on the applicable A-to-B Fuel Economy Demonstration Vehicles that compares "Condition A" vehicles with "Condition B" vehicles as follows: Condition A vehicles are test vehicles with the Master Series Calibration installed and purposefully modified to represent on road emissions. At a minimum, this includes executing the procedure submitted by Defendants to EPA/CARB on November 28, 2016, or an alternative procedure subject to EPA/CARB approval. The Emission Control System Data Parameters must be recorded during all A-to-B comparison tests required under this subparagraph. Defendants must submit with each applicable Emissions Modification, a detailed description of the procedure that was executed when conducting the Condition A portion of these tests, including the Emission Control System Data Parameters, and, within ten (10) Days of EPA/CARB's request, provide any software and other devices not within EPA/CARB's reasonable possession, so that EPA/CARB are able to replicate Condition A. Condition B vehicles are test vehicles to which Defendants have applied the Proposed Emissions Modification. This comparison testing must be conducted on the same vehicle, and using the same testing parameters that could affect emissions, including but not limited to fuel. Defendants must conduct such test cycles on the A-to-B Emission and A-to-B Fuel Economy Demonstration Vehicles. The comparisons may be conducted in "D" mode. Defendants must provide all emissions and fuel consumption data for all cycles for the tests described in this subparagraph. Fuel economy must be calculated according to the vehicle specific five-cycle methodology described in 40 C.F.R. Part 600. Additionally, new fuel economy label values must be calculated based on the Proposed Emissions Modification. These fuel economy label values may be determined by applying a percentage difference between the fuel economy of the test vehicles for each Generation tested in Condition B above and the fuel economy of the same vehicle tested under Condition C, which is the Master Series Calibration as originally produced. The fuel economy label values will be calculated for each model type by applying the B-to-C percentage difference to all fuel economy test data used to determine the original fuel economy label values for all vehicles for such model type, unless Defendants choose to provide specific measurements for specific vehicle types.

i. If the Defendants choose to utilize the percent difference from the B-to-C testing to determine the fuel economy label values, the Defendants must

make a reasonable attempt to provide to EPA and CARB a vehicle from the same configuration or sub-configuration, and for Generation 2 PC and Generation 2 SUV, with mileage that is within 4,000 miles of the mileage accumulated on the vehicle used to make the comparison. For Generation 1.1 and Generation 1.2, Defendants must provide a vehicle pursuant to section 3.1.14 within 10,000 miles of the mileage accumulated on the vehicle used to make the comparison. Such vehicle(s) submitted pursuant to this subparagraph shall be counted as test vehicles submitted to EPA/CARB pursuant to subparagraph 3.1.14.

ii. As an alternative, Defendants have the option of providing to EPA/CARB the vehicle used to make this B-to-C comparison.

3.1.13 Labeling Requirements. Defendants must permanently affix the labels described in this subparagraph 3.1.13, and in the form approved by EPA/CARB, to each and every Modified Vehicle. Such labels must (1) not cover any previously affixed labels; (2) inform potential vehicle purchasers and potential Lessees that the vehicle has received the applicable Approved Emissions Modification, in accordance with this Appendix B; (3) clearly specify, in the form and manner required for the applicable labels, the applicable emissions standard, and the fuel economy rating of the Modified Vehicle; and (4) identify all emission control components installed in accordance with the applicable Approved Emissions Modification. The form of, information contained in, and application of the labels must conform with the Vehicle Emissions Compliance Information ("VECI") label required under 40 C.F.R. § 86.1807-01, the recall label required under 40 C.F.R. Part 85, Subpart S, and the current EPA fuel economy label. Defendants may provide the required fuel economy information to Eligible Owners and Eligible Lessees that elect the Emissions Modification in a notice printed on paper, provided that the Defendants provide such notice upon returning the Modified Vehicle to such Owners and Lessees. For each Modified Vehicle offered for sale or lease by Defendants or Dealers, a temporary Monroney fuel economy label must be affixed by Defendants or Dealers on the window of such Modified Vehicle.

3.1.14 Test Vehicles Submittal. Defendants must, within 10 Days of submitting a Proposed Emissions Modification, provide EPA and CARB with the applicable test vehicles for each Proposed Emissions Modification, as follows: four test vehicles from each of the following Generations: Generation 1.1, Generation 1.2, and Generation 2 PC; and two test vehicles from each of the following Generations: Generation 2.1 and Generation 2.2 SUV; for a total of sixteen (16) vehicles. EPA and CARB will notify Defendants of the place for delivery for each vehicle, and whether such vehicles should have the Master Series Calibration or the final Calibration under the applicable Proposed Emissions Modification installed. If test vehicles are delivered with the Master Series Calibration installed, subsequently, and within 5 Days of EPA/CARB's request, Defendants must install on such vehicles the final Calibration under the applicable Proposed Emissions Modification. EPA/CARB will maintain such test vehicles for the purpose of (1) evaluating the Proposed Emissions Modification to determine whether such vehicles meet the requirements of this Appendix B, and (2) conducting in-use

compliance testing after approval. If Defendants deliver such test vehicles after 10 Days following submission of any proposal, the EPA/CARB expected response dates shall be extended by the length of delay in delivery, beginning from the date the proposal was submitted. Upon delivering Modified Vehicles for testing purposes, and upon modifying unmodified test vehicles as described above, Defendants must certify, in accordance with the certification requirements of subparagraph 4.3.18 of this Appendix B, that each such test vehicle provided to EPA and CARB has the same Calibration as Eligible Vehicles will receive with the applicable Proposed Emissions Modification.

3.1.15 Limited Export of Vehicles for Testing Purposes. Subject to prior authorization by EPA, Defendants may export a reasonable number of Subject 3.0 Liter Vehicles for testing purposes only. Prior to exporting such vehicles, Defendants must inform EPA of the configuration, VIN number, and mileage of such vehicles for tracking purposes. Subject to prior authorization by EPA, vehicles exported pursuant to this subparagraph may be reimported and delivered to EPA for testing purposes only. Nothing in this subparagraph shall affect Defendants' obligations to comply with other applicable export, import, customs, or other law, including under 40 C.F.R. §§ 85.1709 and 85.1511 with respect to export or reimport of such vehicles. In no event may any such vehicles be sold, leased, or transferred to any other party, or used on public roads except for purposes related to testing. Exporting any such vehicles shall have no impact on the Generation 1.x Recall Rate or the Generation 2.x Recall Rate, as those terms are defined in Appendix A to this Consent Decree.

3.1.16 Test Vehicle Criteria. With respect to the vehicle used for Official Durability Demonstration, in the event parts that are not part of the emission control system, or are not covered by the Extended Emissions Warranty described in Paragraph 3.9, break down, the parties will meet and confer and, subject to EPA/CARB approval, Defendants may replace such failed parts with parts from an Engineering Durability Vehicle, in accordance with the requirements of 40 C.F.R. § 86.1834-01. If during the durability testing, the Defendants determine that an emission control system has a catastrophic failure, then the Official Durability Demonstration must be restarted or, subject to EPA/CARB approval, may be completed on the respective Backup Durability Demonstration Vehicles, as specified in Appendix B-3. In the event of catastrophic failure, and prior to completing the demonstration on a Backup DDV, Defendants must submit to EPA/CARB a proposal for the agencies to review and approve or disapprove. Such proposal must describe the catastrophic failure event and explain the justification for using a Backup DDV in place of the DDV. Aging procedures for, and emissions tests of, Backup Durability Demonstration Vehicles are to be run concurrently with the respective DDVs and must be of the same generation, model, and meet similar mileage requirements and other characteristics as the respective test vehicle identified in Appendix B-3. Defendants will age the Backup DDV in accordance with 40 C.F.R. § 86.1823-08(c)(1)(i), provided, however, that Defendants may not age the Backup DDV on the engine dynamometer.

3.1.17 Emissions Modification Database. Defendants must make available online a searchable database, as defined in Paragraph 2.29, that includes all Subject 3.0 Liter

Vehicles, by which users, including Eligible Owners, Eligible Lessees, and prospective purchasers, may conduct a free-of-charge search by vehicle VIN to determine if an Emissions Modification is available for such vehicle. The website must display the Approved Emissions Modification disclosure and Approved Extended Emissions Warranty, including any Additional Warranty Extension under subparagraph 3.1.9, applicable to a specific vehicle when a user inputs the vehicle VIN.

3.1.18 Emissions Modification Disclosure. Defendants must disseminate the approved Emissions Modification Disclosure (1) within 15 Days of approval of each Proposed Emissions Modification, by mailing the Disclosure to each Eligible Owner and each Eligible Lessee and (2) within 2 business days of approval of each Proposed Emissions Modification, by posting and maintaining the applicable Disclosure on the webpage for each 3.0 Liter Subject Vehicle within the Emissions Modification Database.

3.2 Additional Requirements for Generation 1.1 3.0 Liter Subject Vehicles: In addition to the requirements of Paragraph 3.1, each Proposed Emissions Modification for any Generation 1.1 3.0 Liter Subject Vehicle must also:

3.2.1 Require the installation of two new Cylinder Pressure Sensors.

3.2.2 Comply with the OBD requirements under Cal. Code Regs. tit. 13, § 1968.2 (2013), except for the applicable permitted noncompliances specified in the Permitted Noncompliances Table and as set forth under this Appendix B.

3.3 Additional Requirements for Generation 1.2 3.0 Liter Subject Vehicles: In addition to the requirements of Paragraph 3.1, each Proposed Emissions Modification for any Generation 1.2 3.0 Liter Subject Vehicle must also:

3.3.1 Require the installation of two new Cylinder Pressure Sensors, a NOx Sensor (for model year 2011 only), and SCR catalyst DF500B, including a turbine mixer and DEF dosing valve, as proposed by Defendants to EPA and CARB on September 9, 2016.

3.3.2 Comply with the OBD requirements under Cal. Code Regs. tit. 13, § 1968.2 (2013), except for the applicable permitted noncompliances specified in the Permitted Noncompliances Table and as set forth in this Appendix B.

3.4 Additional Requirements for Generation 2.1 3.0 Liter Subject Vehicles: In addition to the requirements of Paragraph 3.1, each Proposed Emissions Modification for a Generation 2.1 3.0 Liter Subject Vehicle must also:

3.4.1 Require the installation of the SCR catalyst DF500B, including a turbine mixer and DEF dosing valve, on all Q7 model years within Generation 2.1. Require the installation of an updated Cylinder Pressure Sensor for all model year 2013-2014 vehicles. Require the installation of the SCR catalyst DF500B, including a turbine mixer and DEF dosing valve, on all Cayenne and Touareg model years within Generation 2.1. Require the replacement of a PM Sensor on all GEN 2.1 vehicles.

3.4.2 Comply with the OBD requirements under Cal. Code Regs. tit. 13, § 1968.2 (2013), except for the permitted noncompliances specified in the Permitted Noncompliances Table and as set forth under this Appendix B.

3.5 Additional Requirements for Generation 2.2 SUV 3.0 Liter Subject Vehicles: In addition to the requirements of Paragraph 3.1, each Proposed Emissions Modification for a Generation 2.2 SUV 3.0 Liter Subject Vehicle must also:

3.5.1 Comply with the OBD requirements under Cal. Code Regs. tit. 13, § 1968.2 (2013), except for the permitted noncompliances set forth in the Permitted Noncompliances Table and as set forth under this Appendix B.

3.6 Additional Requirements for Generation 2 Passenger Car 3.0 Liter Subject Vehicles: In addition to the requirements of Paragraph 3.1, each Proposed Emissions Modification for a Generation 2 PC 3.0 Liter Subject Vehicle must also:

3.6.1 Require the installation of a new Lambda Sensor for all model year vehicles within Generation 2 PC, and a new Cylinder Pressure Sensor for model year 2014 vehicles only.

3.6.2 Comply with the OBD requirements under Cal. Code Regs. tit. 13, § 1968.2 (2013), except for the applicable noncompliances specified in the Permitted Noncompliances Table and as set forth in this Appendix B.

3.7 Continued Compliance: Except as otherwise stated in this Appendix B, and as if the vehicles were originally certified to the applicable emissions standard required under any Approved Emissions Modification, if tested at any mileage or time during the useful life of the vehicles, Modified Vehicle test groups remain subject to, and Defendants must comply with: (1) all EPA and CARB requirements for in-use testing under 40 C.F.R. Part 86, Subpart S, and Cal. Code Regs. tit. 13, §§ 2111-2140; (2) OBD enforcement pursuant to Cal. Code Regs. tit. 13, § 1968.5; (3) federal defect reporting requirements under 40 C.F.R. Part 85, Subpart T; and (4) California Emissions Warranty and Information Reporting requirements under Cal. Code Regs. tit. 13, §§ 2141-2146. As stated in Section VIII of this Appendix B (Stipulated Penalties and Other Stipulated Remedies for Noncompliance), EPA and CARB reserve all rights and authorities to impose consequences if Defendants fail to comply with these testing and reporting requirements, including if such testing demonstrates that the Modified Vehicles exceed the applicable emissions standard, Maximum Emissions Modification Limits, or the OBD noncompliances set forth in and approved pursuant to this Appendix B. For OBD in-use compliance measurements, no add-ons are granted.

3.8 Costs: Defendants must incur and satisfy the costs associated with each Approved Emissions Modification, as specified in Appendix A.

3.9 Warranty: Defendants must provide an Emission Control System and an Engine Long Block warranty (collectively, the "Extended Emissions Warranty") for each Subject 3.0 Liter Vehicle receiving an Approved Emissions Modification. The Extended Emissions

Warranty shall cover all parts and labor, as well as the cost or provision of a loaner vehicle for warranty service lasting longer than 3 hours. Defendants must not impose on consumers any fees or charges, and must pay any fees or charges imposed by its dealers related to the warranty service. The Extended Emissions Warranty shall provide warranty coverage as follows.

3.9.1 The Emission Control System warranty must cover the entire emission control system including (1) all components that are replaced, repaired, installed, upgraded, or otherwise modified as part of the Approved Emissions Modification; (2) all components listed in subparagraphs 3.9.1 and 3.9.2; (3) and any other component that can reasonably be impacted by effects of the Approved Emissions Modification. The Emission Control System warranty must cover, at a minimum, the following parts:

i. The entire exhaust aftertreatment system including the DOC, the DPF, the SCR catalyst, the dosing injector and other DEF system components, all sensors and actuators, and any exhaust flap;

ii. The entire fuel system, including the fuel pumps, high pressure common rail, fuel injectors, and all sensors and actuators;

iii. The EGR system including the EGR valve, EGR bypass valve, EGR cooler, EGR filter, all related hoses and pipes, and all sensors and actuators;

iv. The turbocharger system including all related hoses and pipes, all sensors and actuators;

v. The OBD System and any malfunctions detected by the OBD systems; and

vi. The ECU and the TCU.

3.9.2 The Engine Long Block warranty must cover the engine sub-assembly that consists of the assembled block, crankshaft, cylinder head, camshaft, and valve train.

3.9.3 The warranty period for the Extended Emissions Warranty shall be the greater of:

i. 10 years or 120,000 actual miles whichever comes first; and

ii. 4 years or 48,000 miles, whichever comes first, from date and mileage of implementing the Emissions Modification, except for vehicles offered for resale, in which case, from the date and mileage of the first resale transaction after the modification to the first person who in good faith purchases the vehicle for purposes other than resale.

3.9.4 Defendants must make available online a searchable database that includes all 3.0 Liter Subject Vehicles, by which users, including Eligible Owners, Eligible

Lessees, and prospective purchasers, may conduct a free-of-charge search by vehicle VIN to determine whether the Extended Emissions Warranty, and any Additional Warranty Extension, applies to a specific vehicle. To satisfy this requirement, Defendants may include a webpage that meets these specifications on the Emissions Modification Database, pursuant to subparagraph 3.1.17. Upon the modification of each and every Modified Vehicle, Defendants must identify whether such vehicle is covered by the Extended Emissions Warranty by displaying the applicable warranty disclosure statements when a user enters the VIN. Defendants must provide the VINs for all such vehicles to EPA/CARB within fifteen (15) Days of EPA/CARB's request.

3.9.5 Defendants must also maintain a database that includes all 3.0 Liter Subject Vehicles, by which Dealers shall search by vehicle VIN to determine whether the Extended Emissions Warranty applies to a specific 3.0 Liter Subject Vehicle. Defendants shall establish procedures such that the vehicle VIN shall dictate component or system coverage described in the approved Extended Emissions Warranty Component List. Such procedures shall include a feature on the database by which Dealers shall enter the identification number for any part pertaining to a Modified Vehicle and the database shall inform all Dealers whether such part is covered by the Extended Emissions Warranty, in accordance with the approved Extended Emissions Warranty Component List. Defendants must maintain the Extended Emissions Warranty Component List and the Dealer database to ensure current part identification numbers are listed. In no event shall warranty coverage be subject to service writers' discretion.

3.9.6 The Extended Emissions Warranty is associated with the car, and remains available to any and all subsequent owners and operators.

3.9.7 The Extended Emissions Warranty shall not supersede or void any outstanding warranty. To the extent there is a conflict in any provision(s) of this warranty and any outstanding warranty, that conflict shall be resolved to the benefit of the consumer.

3.9.8 The Extended Emissions Warranty shall not modify, limit, or affect any state, local or federal legal rights available to the owners.

3.9.9 The Lemon Law Provisions and other warranty provisions set forth in Appendix A shall apply.

3.9.10 Any waiver of any provision of the Extended Emissions Warranty by an owner is null and void.

3.9.11 For Eligible Owners and Eligible Lessees who decline to receive the Emissions Modification for an Eligible Vehicle, Defendants must continue to service such Eligible Vehicle in accordance with existing applicable warranty provisions, provided that if service of the ECU is needed, in no event may Defendants install the Master Series Calibration. Such requirements, and the potential effect on Eligible Owners

and Eligible Lessees must be clearly described in the Emissions Modification Disclosure Statement under subparagraph 4.3.10.

IV. EMISSIONS MODIFICATION PROPOSAL REQUIREMENTS

4.1 Defendants may submit to EPA and CARB, for any Test Group or combination of Test Groups of the 3.0 Liter Subject Vehicles, an Emissions Modification Proposal according to the schedule and requirements specified in this Section IV. In addition to the requirements specified herein, the Emissions Modification Proposal must contain all the elements of an Ordered Recall Plan/Remedial Plan, pursuant to 40 C.F.R. Part 85, Subpart S and Cal. Code Regs., tit. 13, § 2125. EPA/CARB will not approve an Emissions Modification Proposal unless and until Defendants have provided in a Submission or Submissions all materials required under Section IV of this Appendix B to EPA/CARB.

4.2 Each Emissions Modification Proposal must be submitted by Defendants to EPA and CARB on or before the dates and as specified in the chart below. EPA/CARB will use the agencies' best efforts to either approve or disapprove each complete proposal (as detailed herein) within 45 Days of the actual Submission. To facilitate an expeditious review and approval process, Defendants may submit data and Emissions Modifications Proposals at any time before the deadlines below. Regardless of the time of Submission, no Approval can be made until after the Effective Date of the Consent Decree. If any of the Final Submittal Deadlines below expire prior to the Date of Entry, such deadlines will be extended to fourteen (14) Days beyond the Date of Entry.

Generation	Defendants' Expected Submittal Date	Defendants' Final Submittal Deadline
1.1	August 25, 2017	November 10, 2017
1.2	August 25, 2017	November 10, 2017
2.1	February 24, 2017	May 12, 2017
2.2 SUV	February 11, 2017	April 25, 2017
2 PC	April 7, 2017	June 23, 2017

4.3 Emissions Modification Proposal, Part A: For any Emissions Modification Proposal, Defendants must submit the following information in a submission clearly marked as

"Proposed Emissions Modification, Part A: [corresponding test group or combination of test groups of 3.0 Liter Subject Vehicles]."

4.3.1 Applicable Required Emissions Performance. Statement specifying the applicable emissions standard or Maximum Emissions Modification Limits, as demonstrated by the Required Emissions Test Procedure results concerning the corresponding vehicles, in accordance with subparagraph 3.1.1, above. For Generation 2.1, Generation 2 PC, and/or Generation 2.2 SUV, Defendants may propose in a single Emissions Modification Proposal to comply with Tier 2/Bin 5 and LEV2/ULEV or, in the alternative, the applicable Maximum Emissions Modification Limits set forth in Appendix B-1 to this Appendix B.

4.3.2 Required Emissions Test Procedures and Data. All emissions data from a vehicle that has been modified pursuant to the Proposed Emissions Modification that demonstrates each of the following:

i. Compliance to the applicable emissions standard or Maximum Emissions Modification Limits. Defendants must make this demonstration with all data from emissions tests conducted according to the FTP, US06, SC03, and HWY FE, 20° F FTP (no specific compliance limits), and 50° F FTP (no specific compliance limits) test procedures specified in 40 C.F.R. Parts 86 and 600, and the applicable California regulations (the Required Emissions Test Procedures), including the Emission Control System Data Parameters, for all tests, and including any preconditioning tests. The FTP test must be performed at Sea Level and an FTP@1620m must also be performed. Defendants must conduct all tests in driving mode "D." Consistent with the regulations, EPA/CARB may conduct tests in any driving mode, and noncompliance indicated by such tests may form the basis for disapproval. Defendants may conduct the Required Emissions Test Procedures in regular default mode only, provided that the worst-case configuration is selected (e.g., 4WD-capable vehicles must be tested with the vehicle in 4WD mode), and provided that any compliance tests conducted by EPA/CARB may be conducted in any user-selected mode, as allowed under EPA or CARB regulations. Such demonstration must account for emissions deterioration by conducting the Required Emissions Test Procedures on each Durability Demonstration Vehicle aged to the equivalent of Full Useful Life and must also account for IRAFs, as defined in Paragraph 2.50. For all Generations, a DF shall be calculated according to the requirements of this Appendix B. A DF slope shall be calculated using the incremental increase in NOx based on the delta between the 50K and 120K mile emissions values, and the DF shall be applied based on application of the DF slope to the mileage of the applicable test vehicle for vehicles with the equivalent of less than 120,000 miles. Defendants must conduct emissions demonstrations using only the applicable Durability Demonstration Vehicles and, subject to prior authorization from EPA/CARB, may precondition the test vehicle. Defendants must conduct

the Required Emissions Test Procedures and calculate the DF according to the following specifications:

a. Generation 1.1 and Generation 1.2: Defendants may conduct the required tests using a vehicle with miles accumulated in-use of less than or greater than 60,000 miles. If less than 60,000, Defendants must age the vehicle with the installed Emissions Modification on the Customized SRC to the equivalent of Full Useful Life. If more than 60,000, Defendants must age the vehicle with the installed Emissions Modification on the Customized SRC for at least the equivalent of 60,000 miles, and treat the resulting mileage as Full Useful Life. For example, if the test vehicle has 50,000 miles, Defendants must install the Emissions Modification and age the vehicle for the equivalent of 70,000 miles, for a total of the equivalent of 120,000 miles. If the vehicle has 80,000 miles, Defendants must install the Emissions Modification and then age the vehicle for the equivalent of 60,000 miles for a total of the equivalent of 140,000 miles that will be treated as the equivalent of 120,000 miles. To generate the DF, Defendants must run emissions tests on the vehicles according to the following intervals: (1) as received, (2) at the Modified baseline, (3) at 30,000 miles, and (4) at 60,000 miles. Before the baseline test, degreening for between 500 and 1000 miles is to be conducted including Preconditioning. As an alternative to the previously-described procedure, Defendants may acquire a Generation 1 vehicle of any mileage and install a new powertrain and exhaust system and age the resulting vehicle to the equivalent of 120,000 miles on the Customized SRC.

b. Generation 2 SUV and Generation 2 PC Full Useful Life Aging: Defendants must conduct aging to the equivalent of Full Useful Life on the Customized SRC. For purposes of this subparagraph, Defendants procured two GEN 2 SUVs and two GEN 2 PCs with approximately 20,000 customer driven miles and then ran the Customized SRC with an average mileage share of TCM Step 3 of approximately thirty-two (32) percent for approximately 50,000 miles. For the remaining miles to Full Useful Life, Defendants will age the vehicle according to subparagraph 4.3.2(i)(a) using the Customized SRC.

c. Generation 2 SUV and Generation 2 PC DF Estimates: Defendants must submit a deterioration factor estimate for GEN 2 SUVs based on GEN 2 SUV engineering test vehicle data, subject to EPA/CARB approval. EPA/CARB will use this DF estimate in evaluating the Full Useful Life performance of

GEN 2 SUVs submitted to the agencies for evaluation. Defendants must submit a DF estimate for GEN 2 PCs. To do so, Defendants will further age a GEN 2 SUV to the equivalent of FUL for a GEN 2 PC based on the number of regenerations for GEN 2 PCs set forth in Paragraph 2.22 and submit a DF estimate based on test results for this GEN 2 SUV at FUL and from GEN 2 SUV engineering test vehicle data. EPA/CARB will use this DF estimate in evaluating the Full Useful Life performance of GEN 2 PCs submitted to the agencies for evaluation.

ii. Fuel economy measured by using the FTP, US06, SC03, HWFET, and 20° F FTP test procedures, based on A-to-B testing for each Generation using the same basic testing conditions, including but not limited to fuel and the test conditions for Condition A testing set forth in subparagraph 3.1.12 of this Appendix B, on the same vehicle that compares Condition A, vehicles with the Master Series Calibration installed and purposefully modified to represent on road emissions in accordance with the specifications of subparagraph 3.1.12 and Condition B, vehicles with the Proposed Emissions Modification installed;

iii. Fuel economy and emissions test results for all fuel economy data vehicles as required by 40 C.F.R. Part 600 to determine the fuel economy label values of each model type, and the fuel economy label values for each model type as determined by the B-to-C testing set forth in subparagraph 3.1.12 of this Appendix B; and

iv. All emissions results at 50 degrees Fahrenheit and 20 degrees Fahrenheit over the FTP test cycle (no specific compliance limits).

4.3.3 For formaldehyde emissions, in lieu of test results, Defendants may provide a statement in the Proposed Emissions Modification that the Modified Vehicles comply with the emissions standard for formaldehyde, in accordance with 40 C.F.R. § 86.1829-01(b)(iii)(E).

4.3.4 If Defendants cannot meet the mileage specifications of subparagraph 4.3.2, EPA/CARB may provide approval for any Generation based on Official Durability Data generated by running the applicable test vehicle on the Customized SRC to the equivalent of 75% Full Useful Life; provided, however, that Defendants must also submit projected durability data, to 120,000 miles. For projected durability data to 120,000 miles, Defendants must apply the IRAF, and then apply an upward adjustment of 5% in anticipation of increased emissions deterioration during the second half of useful life. The

procedure for generating the IRAF, as described in Paragraph 2.50 of this Appendix B, must be described in the Emissions Modification Proposal.

4.3.5 Defendants must complete Official Durability Data testing for all Generations no later than the applicable Final Submittal Deadline specified in Paragraph 4.2. Such data must include without limitation:

i. For each Generation, Defendants must provide all data from all Durability Demonstration tests on the DDVs and the Backup Vehicles that Defendants conducted using preliminary software and Calibration data. Defendants must also provide to EPA and CARB all software and Calibration data changes made during the course of durability testing. All Official Durability Data test results must demonstrate compliance with the applicable emissions standards or Maximum Emissions Modification Limits.

ii. Defendants must provide EPA and CARB with all Full Useful Life emissions durability testing results at a minimum of 75% of Full Useful Life mileage for each Generation, within 3 weeks of completing such testing, and include any adjustments to DFs observed concerning vehicles that have been modified pursuant to the Approved Emissions Modification. Subsequently, Defendants must complete 100% Full Useful Life emissions durability testing and provide EPA and CARB with all testing results within 3 weeks of completing such testing, including such data demonstrating that the Modified Vehicles remain compliant for 120,000 miles.

4.3.6 A complete and extensively detailed list of each and every AECD and EI-AECD, including descriptions of SCR Inducements, that the Modified Vehicles, including all electronic control modules, will have after receiving the applicable Proposed Emissions Modification. For any AECD that results in a reduction in effectiveness of the Emission Control System, the list must include the rationale for why the AECD is not a Defeat Device. Non-existent EI-AECD counters, as that term is defined in Cal. Code Regs. tit. 13, § 1968.2, will constitute only one noncompliance. No further EI-AECD counters will be requested by EPA/CARB. EPA/CARB will approve only those AECDs that are not Defeat Devices (and that are consistent with EPA and CARB policies and guidelines for approval of AECDs). Defendants must provide a list of all EI-AECD counters existing at the time the Proposed Emissions Modification is submitted.

4.3.7 A description of the procedure for developing the IRAF, as approved by EPA/CARB, for each Generation.

4.3.8 A description of any and all reasonably predictable changes, adverse or otherwise, on vehicle attributes which may reasonably be important to vehicle owners, including: fuel economy, reliability, durability, Noise Vibration and Harshness, vehicle

performance (for example, 0-60 mph time, top speed, etc.), and drivability, including transmission shifting characteristics.

4.3.9 A description of any and all reasonably predictable changes, adverse or otherwise, on aspects of vehicle maintenance which may reasonably be important to vehicle owners, including but not limited to oil changes, EGR cleaning, DEF refill, and DPF replacement.

4.3.10 A draft Emissions Modification Disclosure for EPA/CARB Approval regarding the Proposed Emissions Modification, designed for dissemination to Eligible Owners, Eligible Lessees and, as applicable, prospective purchasers, as required under subparagraph 3.1.18, that describes in plain language:

i. The Proposed Emissions Modification generally, including but not limited to, if applicable, any increased emissions resulting from the Proposed Emissions Modification relative to the levels contained in the previously issued certificates of conformity for the vehicles;

ii. All software changes;

iii. All hardware changes, including but not limited to any and all future recalls associated with the Proposed Emissions Modification, such as any modifications of the OBD system;

iv. To the extent Defendants elect not to retain original parts associated with the Master Series Calibration for future service of vehicles that have not received an Approved Emissions Modification, Defendants must include in the Emissions Modification Disclosure an explanation in plain language that such parts may not be available after a certain time. Defendants must also describe the potential effect this may have on Eligible Vehicles, including the potential that in the event parts that are no longer available need to be replaced, the ECU associated with an Approved Emissions Modification may need to be installed on the vehicle;

v. Any and all reasonably predictable changes, resulting from the Proposed Emissions Modification, including the following:

    a. Reliability, durability, fuel economy, Noise Vibration and Harshness, vehicle performance (for example, 0-60 mph time, top speed, etc.), drivability (including transmission shifting characteristics), and any other vehicle attributes that may reasonably be important to vehicle owners; and

    b. Oil changes, EGR cleaning, DEF refill, DPF replacement, and any other aspects of vehicle maintenance that may reasonably be important to vehicle owners;

vi. A basic summary of how Eligible Owners and Eligible Lessees can obtain the Proposed Emissions Modification and the logistics involved in doing so;

vii. OBD system limitations that make identification and repair of any components difficult or even impossible, compromise warranty coverage, or may reduce the effectiveness of inspection and maintenance program vehicle inspections; and

viii. Any other disclosures required under Appendix A of the Consent Decree and under this Appendix B.

4.3.11 A draft Extended Emissions Warranty statement in plain language intended for dissemination to Eligible Owners, Eligible Lessees, and, as applicable, prospective purchasers.

4.3.12 A list of all parts, including part identification numbers, covered by the Extended Emissions Warranty (the "Extended Emissions Warranty Parts Coverage List"). Defendants must include in this proposal:

i. All parts replaced, installed, repaired, upgraded, or otherwise modified as part of the Proposed Emissions Modification;

ii. All emission control system parts and all engine long block parts;

iii. All other parts and components which can reasonably be impacted by effects of the Approved Emissions Modification; and

iv. All parts enumerated in subparagraphs 3.9.1 (i) – (vi) and 3.9.2 of this Appendix B.

4.3.13 Draft labels for EPA/CARB approval, with correct label values for each model type corresponding to the Emissions Modification Proposal, designed to be permanently affixed to each and every Modified Vehicle, as required under subparagraph 3.1.13 of this Appendix B.

4.3.14 For the ECU, the complete software functional description document in the German language, and the table of contents of the functional description document in the English language, the compiled software files (e.g., .HEX Files), and the complete memory map (e.g., .A2L File); for the TCU AL551 transmission, a .HEX file containing data and software code, and an .A2L file containing a description of map addressing and measure points; and for the TCU AL1000 transmission, a .HEX file containing data and software code, and an .A2L file containing a description of map addressing and measure points. For each of the TCU AL551 transmission and the TCU AL1000 transmission, Defendants must also submit a list that identifies all core software functions that are not included in the submission. Such list must also include all descriptive information that is available to Defendants, and include sufficient information for EPA/CARB to identify

and understand which modules and/or software functions have been excluded from the submissions, provided that in the event such information is not in Defendants' possession and Defendants are unable through best efforts to obtain such information from third parties, Defendants must document and submit to EPA/CARB all efforts to obtain such information. Submissions required under this subparagraph must include all such data applicable to the vehicles eligible for modification under the Proposed Emissions Modification before and after application of the Proposed Emissions Modification. Additionally, Defendants must submit a description of any changes to the code functionality on any controller on the vehicle that was for the purpose of removing or modifying to make compliant a Defeat Device, a previously unapproved AECD, or a previously noncompliant Calibration, including a description of all Defeat Devices, previously undisclosed AECDs, previously unapproved AECDs, and previously noncompliant Calibrations in the original software for any computer module that contained a Defeat Device, an undisclosed AECD, a previously unapproved AECD, or previously noncompliant Calibration, and how such software functions were removed or modified to be made compliant and any Calibration changes resulting from the Proposed Emissions Modification. Defendants must provide additional documents, software files, memory maps, and English language translations of excerpts of the functional description document in response to reasonable requests by EPA/CARB.

4.3.15 Repair instructions concerning the Modified Vehicles that Defendants must, upon receiving EPA/CARB's Notice of Approved Emissions Modification, distribute to Dealers, in accordance with Cal. Code Regs. tit. 13, § 1969. Defendants must also provide contemporaneously to EPA and CARB a copy of each communication concerning the Approved Emissions Modification directed at Dealers.

4.3.16 For each Generation, all software analysis by FEV, and any subcontractors of FEV (together, "FEV"), which shall include FEV's analysis of (a) the Master Series Calibration (including analysis of the ECU and the TCU) and (b) the Proposed Emissions Modification Calibrations (including analysis of the ECU and the TCU) (the "Final FEV Analysis"), and (c) all related analysis, emissions test results, reports, and other data created or recorded by FEV to date (the "Underlying Data"). In the event that the Final FEV Analysis is not complete on or before the applicable Final Submission Deadline, Defendants shall provide with the proposal the Underlying Data and the most recent report available from FEV, and must subsequently submit the Underlying Data and the Final FEV Analysis upon completion and no later than November 30, 2017 with respect to the analysis of the ECU, and February 28, 2018 with respect to the analysis of the TCU.

4.3.17 An affidavit from, for proposals concerning Audi and Volkswagen vehicles, a United States Volkswagen Group of America corporate official, a German Volkswagen AG corporate official, and a German AUDI AG corporate official, and for proposals concerning Porsche vehicles, a German Volkswagen AG corporate official, a German AUDI AG corporate official, a United States Porsche corporate official, and a German Porsche AG corporate official certifying, in accordance with Paragraphs 34-36

of the Consent Decree, that once the Emissions Modification is applied, the resulting Modified Vehicle contains no Defeat Devices.

4.3.18 Certification, in accordance with Paragraphs 34-36 of the Consent Decree, with respect to all information contained in the Emissions Modification Proposal.

4.4 Emissions Modification Proposal, Part B: For any Emissions Modification Proposal, Defendants must submit the following information in a submission clearly marked as "Proposed Emissions Modification, Part B: [corresponding test group or combination of test groups of 3.0 Liter Subject Vehicles]."

4.4.1 Statement of OBD Compliance: A statement, if applicable, based on the OBD demonstrations to date, that Defendants believe the OBD system fully complies with the requirements of Cal. Code Regs. tit. 13, § 1968.2.

4.4.2 Statement of OBD Noncompliances: A statement, if applicable, based on the OBD demonstrations to date, that Defendants believe the OBD system does not fully comply with Cal. Code Regs. tit. 13, § 1968. Defendants must specify, and provide a description of, all known and expected OBD noncompliances, including, if applicable, all (1) proposed OBD noncompliances under the Permissible OBD Noncompliance List, (2) proposed Alternate Noncompliances, and (3) all proposed additional OBD noncompliances and associated Additional Warranty Extensions.

4.4.3 For Critical OBD Demonstrations defined in this Appendix B, all data necessary for EPA and CARB to evaluate Defendants' demonstrations of OBD compliance, using the protocols and processes required under Cal. Code Regs. tit. 13, § 1968.2(h).

4.4.4 A summary table for the Proposed Emissions Modification Calibration, monitoring checklist, descriptions of monitoring strategies that were changed between the original Calibration and the Proposed Emissions Modification Calibration, and testing and reporting as required by Cal. Code Regs. tit. 13, § 1968.2(j)(1) (i.e., verification of standardized requirements on production vehicles).

4.4.5 A list of proposed test vehicles, including VIN, odometer reading, and model year, to be used for purposes of OBD PVE testing, pursuant to Cal. Code Regs., tit. 13, § 1968.2(j)(2)(2.2.2) and (2.2.3), as required under subparagraph 6.1.7 of this Appendix B.

4.5 Emissions Modification Proposal, Part C: For any Emissions Modification Proposal, Defendants must submit the following information in a submission clearly marked as "Proposed Emissions Modification, Part C: [corresponding test group or combination of test groups of 3.0 Liter Subject Vehicles]."

4.5.1 PEMS Test Results. All emission data from PEMS testing on one vehicle from each Generation that has received the Proposed Emissions Modification, and from PEMS A-to-B testing comparing (A) vehicles with the Master Series Calibration with (B)

vehicles with the Proposed Emissions Modification applied. PEMS A-to-B testing is to be conducted using two vehicles of the same Generation, engine type, and body type, with the vehicles chasing each other on the road. PEMS testing must be conducted on one Generation 2.2 SUV vehicle and one Generation 2 PC vehicle that have each received the Proposed Emissions Modification. Defendants must generate these data by testing over the Urban/Downtown Los Angeles Route and the Combined Uphill/Downhill and Highway Route. Defendants must submit all raw data generated by the PEMS testing, including speed, load, and second-by-second emissions data, etc., in a CSV format that can be imported into a spreadsheet or database. From these data, Defendants must calculate average emissions results for NOx, THC, CO, and CO2.

4.5.2 In-use Compliance Test Results. All emissions data from in-use vehicles that have received the applicable Proposed Emissions Modification, including data demonstrating compliance to the applicable emissions standard, over the Required Emissions Test Procedures (FTP, US06, SC03, and HWFET), accounting for IRAFs and DF as measured in the durability runs. For each Proposed Emissions Modification, two in-use vehicles are required. For all Proposed Emissions Modifications for Model Year 2012 and prior years, each in-use vehicle must have between 80,000 – 100,000 miles, accumulated before the vehicle received the applicable Approved Emissions Modification. At a minimum, one of the two in-use vehicles must have accumulated at least 90,000 miles. For all Proposed Emissions Modifications for Model Year 2013 and newer, each Model Year must have accumulated at least 15,000 miles on average per year in use.

V. APPROVAL OR DISAPPROVAL OF PROPOSED EMISSIONS MODIFICATIONS

5.1 EPA/CARB will approve or disapprove each Proposed Emissions Modification according to the schedule and criteria in this Appendix B.

5.1.1 Approve: If EPA/CARB determine that a Proposed Emissions Modification satisfies all requirements herein, then EPA/CARB will timely notify Defendants by letter clearly titled: "Approved Emissions Modification: [corresponding test group or combination of test groups of 3.0 Liter Subject Vehicles]," after which Defendants must implement the Approved Emissions Modification in accordance with the schedules and procedures set forth in Appendix A of the Consent Decree.

5.1.2 Disapprove:

i. Generation 1.1 and 1.2:

a. If EPA/CARB determine that a Proposed Emissions Modification fails to satisfy any requirement herein, then EPA/CARB will timely notify Defendants by letter clearly titled: "Notice of Disapproval of Proposed Emissions Modification: [corresponding test group or combination of test

groups of 3.0 Liter Subject Vehicles]" that identifies the bases for the disapproval. Within 30 Days of EPA/CARB's letter(s), Defendants may provide a proposed remedy, and within 90 Days of EPA/CARB's letter(s), Defendants may submit one revised Proposed Emissions Modification that must resolve all of EPA/CARB's bases for disapproval. EPA/CARB will then issue either a "Final Notice(s) of Disapproval of Proposed Emissions Modification: [corresponding test group or combination of test groups of 3.0 Liter Subject Vehicles]" or an "Approved Emissions Modification: [corresponding test group or combination of test groups of 3.0 Liter Subject Vehicles]."

b. Defendants may dispute EPA/CARB's Final Notice(s) of Disapproval of a Proposed Emissions Modification in accordance with the dispute resolution procedures set forth in Section IX of the Consent Decree (Dispute Resolution).

ii. Generation 2.1, Generation 2.2 SUV, Generation 2 PC:

a. If EPA/CARB determine that a Proposed Emissions Modification fails to satisfy any requirement herein, then EPA/CARB will timely notify Defendants by letter clearly titled: "Notice of Disapproval of Proposed Emissions Modification: [corresponding test group or combination of test groups of 3.0 Liter Subject Vehicles]" that identifies the bases for the disapproval.

b. If, in a single proposal, Defendants proposed to comply with Tier 2/Bin 5 and LEV 2/ULEV, or, in the alternative, the Maximum Emissions Modification Limits in accordance with subparagraph 4.3.1, and EPA/CARB determine that such proposal fails to demonstrate compliance with Tier 2/Bin 5 and LEV 2/ULEV, but demonstrates compliance with the Maximum Emissions Modification Limits and satisfies all other requirements herein, EPA/CARB will timely notify Defendants by letter clearly titled: "Notice of Disapproval in Part and Approval in Part of Proposed Emissions Modification: [corresponding test group or combination of test groups of 3.0 Liter Subject Vehicles]" that identifies the bases for the disapproval.

c. Within 30 Days of EPA/CARB's letter(s) described above, Defendants may provide a proposed remedy, and within 90 Days of EPA/CARB's letter(s), Defendants may submit one revised Proposed Emissions Modification that must resolve all

of EPA/CARB's bases for disapproval. EPA/CARB will then issue a "Final Notice(s) of Disapproval of Proposed Emissions Modification: [corresponding test group or combination of test groups of 3.0 Liter Subject Vehicles]," an "Approved Emissions Modification: [corresponding test group or combination of test groups of 3.0 Liter Subject Vehicles]," or a "Final Notice(s) of Disapproval in Part and Approval in Part of Proposed Emissions Modification [corresponding test group or combination of test groups of 3.0 Liter Subject Vehicles]."

d. Defendants may dispute EPA/CARB's Final Notice(s) of Disapproval of a Proposed Emissions Modification in accordance with the dispute resolution procedures set forth in Section IX of the Consent Decree (Dispute Resolution).

5.1.3 If, in their review, EPA/CARB identify any off-cycle increase or increases in emissions that could potentially be the result of a Defeat Device, then, within 30 Days of notice of the increase or increases by EPA/CARB, Defendants must supplement its Proposed Emissions Modification with a detailed technical explanation of the cause of the increase or increases. EPA/CARB will provide available information to Defendants concerning the increase or increases in emissions. EPA/CARB's response time to approve or disapprove the Proposed Emissions Modification shall be extended to no less than 20 Days from its receipt of Defendants' supplement.

5.1.4 As stated in Section VIII (Stipulated Penalties and Other Stipulated Remedies for Noncompliance), EPA/CARB reserve all rights and authorities to impose consequences in the event the agencies discover a Defeat Device in any Modified Vehicle after either agency approved the corresponding Emissions Modification for that Modified Vehicle.

VI. IN-USE COMPLIANCE ASSURANCE FOR MODIFIED VEHICLES

6.1 In each of the five calendar years following the Effective Date of the Consent Decree, for two vehicles from each of (a) GEN 1.1, (b) GEN 1.2, (c) GEN 2 SUV, and (d) GEN 2 PC on which Defendants have performed an Approved Emissions Modification, Defendants must, no later than October 1 of each year (except as otherwise provided herein):

6.1.1. Notify EPA and CARB 30 Days prior to conducting all in-use testing so that the agencies can arrange to observe the testing.

6.1.2. Use the regulatory in-use compliance vehicle selection process to select vehicles to be tested, as required under 40 C.F.R. § 86.1845-04 and Cal. Code Regs. tit. 13, § 2137, except that vehicles tested may include those that are up to the Full Useful Life in terms of mileage and age, shall be reasonably maintained and may not be excluded solely for lack of maintenance records, multiple owners and/or repairs due to the Emissions Modification. EPA/CARB reserve the right to specify to Defendants the

test group, model, and mileage targets for the two vehicles to be tested, provided that EPA/CARB provide such specifications to Defendants by December 1 of the year preceding the year in which testing will be conducted. Defendants must then randomly select the vehicles within such specifications. Vehicles used for the Final OBD demonstration may not be used to satisfy the requirements of this Section VI (In-Use Compliance Assurance for Modified Vehicles).

6.1.3. Provide EPA and CARB all downloads of all standardized OBD data, in accordance with Cal. Code Regs. tit. 13, § 1968.2, of the tested vehicles. This data shall be collected both pre- and post-testing, on the as-received vehicles.

6.1.4. Generate all emissions data from two in-use Modified Vehicles for each Generation within the Full Useful Life mileage (i.e., 120,000 miles for each Generation) over all required test cycles (FTP, US06, SC03, and HWFET) accounting for Infrequent Regeneration Adjustment Factors, and provide all these data to EPA and CARB. Defendants must complete the tests and provide to EPA and CARB the results, no later than October 1 of each year.

6.1.5. If the test results of any one in-use Modified Vehicle fails the applicable emissions standard for Full Useful Life in high altitude testing, Defendants must formally notify the agencies within 72 hours of the failure. In the event of such failure, Defendants must follow the manufacturer in-use confirmatory testing program, as defined in 40 C.F.R. § 86.1846-01(b). The criteria used for such additional in-use vehicle testing and any additional reporting requirements must be identical to the official regulatory in-use testing and reporting program under 40 C.F.R. § 86.1846-01, except that vehicles selected for additional testing may include vehicles up to the applicable Full Useful Life in terms of mileage and age, shall be reasonably maintained and shall not be excluded solely for such things as lack of maintenance records, multiple owners and/or repairs as a result of the Emissions Modification. As stated in Section VIII (Stipulated Penalties and Other Stipulated Remedies for Noncompliance), EPA and CARB reserve all rights and authorities to impose consequences if a Modified Vehicle fails an applicable emissions standard during the Full Useful Life period.

6.1.6. If the test results of any one in-use Modified Vehicle fails the applicable emissions standard for Full Useful Life in sea level testing, Defendants must formally notify the agencies within 72 hours of the failure. In the event of such failure, Defendants must conduct an In-Use Confirmatory Program. Prior to conducting the In-Use Confirmatory Program, the Defendants must submit a test plan for EPA/CARB review and approval. The criteria used for such additional in-use vehicle testing and any additional reporting requirements must be identical to the official regulatory in-use testing and reporting program under 40 C.F.R. § 86.1846-01, except that vehicles selected for additional testing may include vehicles up to the applicable Full Useful Life in terms of mileage and age, shall be reasonably maintained and shall not be excluded solely for such things as lack of maintenance records, multiple owners and/or repairs as a result of the Emissions Modification. As stated in Section VIII (Stipulated Penalties and Other Stipulated Remedies for Noncompliance), EPA and CARB reserve all rights and

authorities to impose consequences if a Modified Vehicle fails an applicable emissions standard during the Full Useful Life period.

6.1.7. For each Approved Emission Modification, Defendants must perform OBD testing and reporting, in accordance with the requirements of Cal. Code Regs. tit. 13, §§ 1968.2 (j)(2) and (3) (i.e., verification of monitoring requirements on production vehicles, and verification and reporting of in-use monitoring performance on production vehicles, respectively). Pursuant to these regulations, Defendants must complete reporting under Cal. Code Regs. tit. 13, § 1968.2(j)(2) within 180 calendar Days after the first 3.0 Liter Subject Vehicle is modified in accordance with an Approved Emissions Modification, and must complete data collection and reporting required under Cal. Code Regs. tit. 13, § 1968.2(j)(3) within 360 calendar Days after the first 3.0 Liter Subject Vehicle is modified in accordance with the applicable Approved Emissions Modification. In the event this testing demonstrates that any Modified Vehicles do not comply with the applicable OBD requirements, Defendants must submit a remedial plan to EPA and CARB for any such noncompliant Modified Vehicles.

6.1.8. Starting on April 30, 2018, and annually for the following 5 years, Defendants must provide EPA and CARB with a "Report on In-Use Compliance Assurance for Modified Vehicles" that summarizes the testing performed pursuant to this Section in the preceding year. The two vehicles tested under this Section shall be two of the vehicles procured by the Defendants during the Defendants' compliance with the in-use reporting and compliance requirements in 40 C.F.R. § 86.1845-04 and Cal. Code Regs. tit. 13, § 2137.

6.1.9. Defendants must certify all In-Use Compliance test results required under this Section VI, and submitted to EPA and CARB, in accordance with the certification requirements of Paragraphs 34-36 of the Consent Decree.

VII. ADDITIONAL REQUIREMENTS

7.1 FEV Software Analysis. Defendants shall continue to pay for, provide test vehicles, and otherwise cooperate with FEV's analysis of the software in the ECU and TCU of the Subject 3.0 Liter Vehicles and Proposed Emissions Modifications specified in subparagraph 4.3.16.

7.2 For all Generations, Defendants may not sell or cause to be sold, resell or cause to be resold, or lease or cause to be leased, any 3.0 Liter Subject Vehicle in Defendants' possession, or obtained by Defendants in the future, until:

7.2.1. Defendants complete at least the equivalent of 100% Full Useful Life durability testing on an Official Durability Vehicle aged on the Customized SRC, and Defendants provide all data to EPA and CARB;

7.2.2. Defendants complete the Critical OBD Demonstration Testing on a vehicle aged on the Customized SRC to the equivalent of 75% of Full Useful Life, and Defendants provide all data to EPA/CARB;

7.2.3. Defendants remedy any and all OBD noncompliances that are not provided for under this Appendix B and that are known at the time the OBD demonstration required under subparagraph 7.2.2 is completed, and Defendants provide all necessary data and information showing noncompliances reported under subparagraph 7.2.2 are remedied;

7.2.4. Defendants perform an applicable Approved Emissions Modification on any such vehicle and comply with all other requirements applicable to such vehicle under this Appendix B;

7.2.5. Defendants execute all emission-related service actions and repairs required to bring the vehicle into compliance with this Appendix B, apply any and all other recalls concerning the vehicle, and execute any other required service actions;

7.2.6. Defendants submit a Proposed Plan for Sale and Lease of Modified Vehicles, including the materials set forth below:

i. A statement that the Modified Vehicles comply with the requirements in this Appendix B;

ii. If the Modified Vehicles do not comply with this Appendix B, a statement of all actions to be undertaken to alter the Emissions Modification to ensure compliance with this Appendix B;

iii. As necessary, an updated list of OBD noncompliances that were identified during the testing required under subparagraph 7.2.2; and

iv. Defendants certify the Proposed Plan for Sale and Lease of Modified Vehicles in accordance with the certification requirements set forth in Paragraphs 4.3.17 of this Appendix B;

7.2.7. EPA/CARB approve the Proposed Plan for Sale and Lease of Modified Vehicles. EPA/CARB will respond to the proposal within 14 Days of submittal;

7.2.8. For five years following the Effective Date of this Appendix B, Defendants must submit quarterly reports, certified in accordance with the certification requirements under Paragraphs 34-36 of the Consent Decree, to EPA/CARB to include the following information:

i. Each vehicle, by VIN, that has been acquired by Defendants, modified with an Approved Emissions Modification (including Modified Vehicles that have been returned to Eligible Owners and Lessors), sold, exported, or destroyed, including the dates of each occurrence; and

ii. By VIN, the repairs and alterations to each 3.0 Liter Subject Vehicle conducted to remedy OBD noncompliances and other defects in the relevant Approved Emissions Modification.

7.3 If the Final OBD Demonstration; Full (or equivalent) Useful Life Durability; testing, data, or reports created or recorded by FEV; or tests by EPA/CARB show that Modified Vehicles do not comply with this Appendix B, or if a substantial number of Modified Vehicles exceed the applicable emissions standards in-use, the Approved Emissions Modification shall be suspended. When an Approved Emissions Modification is suspended, it may not be applied, and no sales, leases, or exports, of relevant Modified Vehicles will be permitted, until such time Defendants correct the defects in the Approved Emissions Modification in accordance with the applicable regulations.

7.4 Defendants must make all disclosures to vehicle owners as required by the Consent Decree and consistent with Appendix A. These requirements are meant to ensure owners are able to make an informed decision about participation in the Emissions Modification and the availability of the Extended Emissions Warranty.

7.5 Defendants must also comply with any additional labeling, disclosure, and warranty requirements set forth in Appendix A.

7.6 Defendants may not terminate the Emissions Modification Program.

VIII. STIPULATED PENALTIES AND OTHER STIPULATED REMEDIES FOR NONCOMPLIANCE

8.1 With respect to Defendants' noncompliance with the provisions of this Appendix B, EPA and CARB reserve all rights to address such noncompliance under applicable laws and regulations, including without limitation, civil, criminal, and administrative enforcement authorities, such as the imposition of penalties and equitable remedies.

8.2 Defendants must pay stipulated penalties to the United States and CARB, and be liable for the following remedies, for each violation of this Appendix B, in accordance with the following paragraphs. Except as otherwise provided herein, 75% of any stipulated penalties due under these subparagraphs shall be paid to the United States, and 25% shall be paid to CARB.

8.2.1. Failure to Disclose AECDs. If, after issuing a Notice of Approved Emissions Modification, EPA/CARB determine that Defendants failed to provide a complete list of each AECD and EI-AECD in the Emissions Modification Proposal that EPA/CARB approved, Defendants must pay to the United States and CARB a stipulated penalty of $150,000 for each AECD and $2,000,000 for each EI-AECD not included in the list.

8.2.2. Failure to Comply with Labeling Requirements. If Defendants fail to permanently affix a label to any 3.0 Liter Subject Vehicle, as required under subparagraph 3.1.13 before such vehicle is sold, leased, offered for sale or lease, otherwise introduced into commerce, or returned to the Eligible Owner or Eligible

Lessee, or if the information included in any label is incorrect, Defendants must pay to the United States and CARB a stipulated penalty of $15 per label, per vehicle, and for each Day that Defendants fail to apply the required label, provided that if Defendants affix the label within 30 Days of selling or leasing the vehicle or returning the vehicle to the Eligible Owner or Lessee, no stipulated penalty shall be required for that vehicle.

8.2.3. Failure to Perform Emissions Modification. If Defendants sell or lease, offer for sale or lease, or otherwise introduce into commerce, or return to an Eligible Owner or Lessee who requested an Emissions Modification, any 3.0 Liter Subject Vehicle that has not received the applicable Approved Emissions Modification, Defendants must (1) make a Mitigation Trust Payment to the Trust Account in accordance with the Consent Decree in the amount of $50,000 per vehicle; and (2) offer to buy back and terminate the leases for each and every such vehicle, in accordance with the terms and requirements of Appendix A of the Consent Decree. For each such vehicle that Defendants fail to buy back or execute a lease termination, as applicable, within 18 months following EPA/CARB's demand for the stipulated remedy under this subparagraph, Defendants must pay a Mitigation Trust Payment to the Trust Account in accordance with the Consent Decree in the amount of $25,000 per vehicle.

8.2.4. Failure to Comply with the Applicable Emissions Standard or Limitation. If any test required under this Appendix B, or such other compliance test, as specified in this Appendix B and conducted by EPA/CARB, demonstrates that any Modified Vehicle Test Group exceeds the applicable emissions standard or Maximum Emissions Modification Limit, the following stipulated remedies apply.

i. Defendants must pay a Mitigation Trust Payment to the Trust Account in accordance with the Consent Decree, an amount based on Formula 1. The Mitigation Trust Payment amount shall be calculated based on the emissions exceedance demonstrated by testing conducted during the 1 year period preceding the EPA/CARB demand for payment. EPA/CARB may issue a separate demand for an additional Mitigation Trust Payment for each year in which the Modified Vehicle exceeds the applicable emissions limit. For Modified Vehicles that exceed more than one emissions limit, the amount of exceedance will be based on the greatest amount by which any emissions limit is exceeded.

Formula 1

[Vehicles not removed from service (number of vehicles in the applicable Generation less the number of vehicles Defendants demonstrate are bought back and destroyed)] x [g/mile (amount of exceedance)] x [15,000 miles] x [grams to tons conversion factor] x [70,000] = [Mitigation Trust Payment in dollars]

8.2.5. Failure to Provide EPA or CARB with Test Vehicles. If Defendants fail to provide any test vehicle within 45 Days of a request by EPA/CARB, as provided in

subparagraph 3.1.14, Defendants must pay to the United States and CARB the following stipulated penalties for each test vehicle and for each Day the vehicles are not provided:

$5,000	1st through 14th Day
$20,000	15th through 30th Day
$50,000	31st Day and beyond

8.2.6. Failure to Remove Defeat Devices. If, after EPA/CARB approve the applicable Emissions Modification, Defendants install software, or a Dealer installs software provided by Defendants, for purposes of modifying the vehicle as provided under this Appendix B, and subsequent to such installation, the vehicle contains a Defeat Device, Defendants must offer to buy back, and terminate the leases for, each and every such vehicle that has been purchased or leased, or that has been returned to an Eligible Owner or Lessee who requested an Emissions Modification, and Defendants must also pay to the United States and CARB a stipulated penalty of $25,000,000 for each Defeat Device (but not for each vehicle that contains such Defeat Device).

8.2.7. Failure to Complete Final OBD Demonstration Testing. If Defendants fail to complete the Final OBD Demonstration testing by the dates required under subparagraph 3.1.11, Defendants must pay to the United States and CARB (at a 50/50 split) the following stipulated penalty for each Day that Defendants fail to complete such testing:

$5,000	1st through 14th Day
$20,000	15th through 30th Day
$75,000	31st Day and beyond

8.2.8. Failure to Comply with OBD System Requirements. If the Final OBD Demonstration testing, or such other test conducted by EPA/CARB pursuant to the OBD enforcement regulation Cal. Code Regs. tit. 13, § 1968.5, demonstrates that the Modified Vehicles do not meet the OBD System Requirements set forth in this Appendix B, Defendants must pay to the United States and CARB (at a 50/50 split) a stipulated penalty of $15,000,000 for each noncompliance (but not for each vehicle that contains such noncompliance) demonstrated by the test(s), and Defendants must also continue to conduct the in-use compliance testing required under Section VI of this Appendix B for an additional 3 year period. If such additional in-use compliance testing demonstrates that the Modified Vehicles exceed any of the applicable emissions standards, then the stipulated remedies under subparagraph 8.2.4 apply.

8.2.9. Failure to Install Hardware Required for Generation 1.1 and Generation 1.2 Vehicles. If Defendants fail to install on any Generation 1.1 or Generation 1.2 3.0 Liter Subject Vehicle the applicable hardware, as required under subparagraphs 3.2.1 and 3.3.1, Defendants must recall each and every such vehicle and install the required hardware, and must pay to the United States and CARB a stipulated penalty of $500 per vehicle per device that Defendants fail to install.

8.2.10. Failure to Install Hardware Required for Generation 2.1 Vehicles. If Defendants fail to install on any Generation 2.1 3.0 Liter Subject Vehicle the applicable hardware, as required under subparagraph 3.4.1, Defendants must recall each and every such vehicle and install the required hardware and must pay to the United States and CARB a stipulated penalty of $500 per vehicle per device that Defendants fail to install.

8.2.11. Failure to Install Hardware Required for Generation 2 Passenger Cars. If Defendants fail to install on any Generation 2 PC 3.0 Liter Subject Vehicle the applicable hardware, as required under subparagraph 3.6.1, Defendants must recall each and every such vehicle and install the required hardware and must pay to the United States and CARB (at a 50/50 split) a stipulated penalty of $500 per vehicle per device that Defendants fail to install.

8.2.12. Failure to Honor Warranty. If Defendants fail to honor the Extended Emissions Warranty under Paragraph 3.9 of this Appendix B, including by failing to cover all costs of parts and labor, or by failing to pay for or provide a loaner car for repairs of more than 3 hours, Defendants must pay to the United States and CARB (at a 50/50 split) a stipulated penalty of $40,000 per failure, except for failing to pay for or provide a loaner car, for which Defendants must pay a stipulated penalty of $1,000 per failure.

8.2.13. Failure to Disseminate the Emissions Modification Disclosure and the Additional Emissions Warranty Extensions. If Defendants fail to timely execute the disclosures required under subparagraphs 3.1.9 or 3.1.18, Defendants must pay to the United States and CARB (at a 50/50 split) the following stipulated penalties for each Day such notice is not provided:

$2,000	1st through 14th Day
$10,000	15th through 30th Day
$50,000	31st Day and beyond

8.2.14. Failure to Maintain a VIN-Searchable Database with the Required Emissions Modifications Disclosures and Specifying Warranty Coverage. If Defendants fail to maintain an accurate and complete database specifying the warranty coverage for each 3.0 Liter Subject Vehicle, the Defendants must pay to the United States and CARB (at a 50/50 split) the following stipulated penalties for each Day the database is not maintained, and for each covered part omitted:

$2,000	1st through 14th Day
$10,000	15th through 30th Day
$50,000	31st Day and beyond

8.2.15. Failure to Comply with In-Use Compliance Testing, Notice, or Reporting Requirements. If Defendants fail to conduct the tests or fail to comply with the reporting or notice requirements under Section VI of this Appendix B (In-Use Compliance Assurance), Defendants must make Mitigation Trust Payments to the Trust Account in

accordance with the Consent Decree in the following amounts for each requirement Defendants fail to meet, and for each Day of such failure:

$50,000	1st through 14th Day
$100,000	15th through 30th Day
$500,000	31st Day and beyond

8.2.16. Failure to Comply with Other Testing Requirements. If Defendants fail to conduct any other test or timely submit the results as required under this Appendix B, including any test Defendants are required to conduct after EPA and CARB issue a Notice of Approved Emissions Modification, but excluding tests required under Section VI of this Appendix B, Defendants must pay to the United States and CARB (in a 50/50 split) the following stipulated penalties for each requirement Defendants failed to meet, and for each Day of such failure:

$5,000	1st through 14th Day
$20,000	15th through 30th Day
$50,000	31st Day and beyond

8.2.17. Failure to Comply with Other Notice or Reporting Requirements. If Defendants fail to meet any of the other notice or reporting requirements under this Appendix B, Defendants must pay to the United States and CARB (at a 50/50 split) the following stipulated penalty for each requirement and for each Day Defendants fail to meet such requirements:

$2,000	1st through 14th Day
$5,000	15th through 30th Day
$25,000	31st Day and beyond

8.2.18. Failure to Comply with an Approved Emissions Modification. Except as otherwise provided herein, if an Emissions Modification performed by or on behalf of Defendants fails to conform to any of the requirements of the applicable Approved Emissions Modification, Defendants must pay to the United States and CARB (at a 50/50 split) a stipulated penalty of $5,000 for each nonconformance with the Approved Emissions Modification and for each Modified Vehicle that contains a nonconformance.

8.3 These stipulated penalties in this Appendix B shall not apply if, at any time prior to instituting an Emission Modification Program, the Defendants decide not to pursue an Emission Modification Program.

IX. DISPUTE RESOLUTION

9.1 Disputes under this Appendix B shall be governed by the dispute resolution procedures set forth in Section IX of the Consent Decree.

9.2 With respect to any dispute under this Appendix B, in any judicial proceeding conducted pursuant to the dispute resolution procedures set forth in Section IX of the Consent

Decree, Defendants shall have the burden of demonstrating that EPA/CARB's determination or action was arbitrary and capricious or otherwise not in accordance with the law based on the administrative record.

X. SUBMISSIONS

10.1 Except as otherwise provided herein, Defendants must provide EPA and CARB with all correspondence required hereunder concurrently, by the method and in the form specified in Section XIII (Notices) of the Consent Decree.

10.2 EPA and CARB will provide Defendants with all correspondence required hereunder by the method and in the form specified in Section XIII (Notices) of the Consent Decree.

XI. CONFIDENTIAL BUSINESS INFORMATION

11.1 Defendants may assert claims that their Submissions contain Confidential Business Information, as specified in the Consent Decree.

Appendix B-1
Maximum Emissions Modification Limits

Gen 1.1 - Tier 2, Bin 7 with 0.01 g/mi PM Emission Standards.

	NOx (g/mi)		NMOG (g/mi)		CO (g/mi)			PM (g/mi)		Formaldehyde (g/mi)		NMHC+NOx (g/mi)
Test Procedure	50 kmi	120 kmi	50 kmi	120 kmi	4 kmi	50 kmi	120 kmi	50 kmi	120 kmi	50 kmi	120 kmi	4 kmi
FTP 75 / FTP@1620m	0.11	0.15	0.075	0.090	/	3.4	4.2	0.01	0.01	0.015	0.018	/
HWY FET	0.15	0.20	/	/	/	/	/	/	/	/	/	/
SFTP Composite	1.44 @ 120 kmi				/	/	/	0.09	0.09	/	/	/
US06	/	/	/	/	11.8	19.3	19.3	/	/	/	/	0.6
SC03	/	/	/	/	4.0	6.4	6.4	/	/	/	/	0.44

"/" = no applicable limit
Note: California limits, if different from federal limits, are designated in brackets ("[]")

Gen 1.2 (Audi Q7) Tier 2, Bin 6 Emission Standards.

	NOx (g/mi)		NMOG (g/mi)		CO (g/mi)			PM (g/mi)		Formaldehyde (g/mi)		NMHC+NOx (g/mi)
Test Procedure	50 kmi	120 kmi	50 kmi	120 kmi	4 kmi	50 kmi	120 kmi	50 kmi	120 kmi	50 kmi	120 kmi	4 kmi
FTP 75 / FTP@1620m	0.08	0.10	0.075	0.090	/	3.4	4.2	0.01	0.01	0.015	0.018	/
HWY FET	0.11	0.13	/	/	/	/	/	/	/	/	/	/
SFTP Composite	1.43 @ 120 kmi				/	/	/	0.08	0.08	/	/	/
US06	/	/	/	/	11.8	19.3	19.3	/	/	/	/	0.6
SC03	/	/	/	/	4.0	6.4	6.4	/	/	/	/	0.44

"/" = no applicable limit
Note: California limits, if different from federal limits, are designated in brackets ("[]")

Gen 1.2 (VW Touareg) Tier 2, Bin 6 Emission Standards.

	NOx (g/mi)		NMOG (g/mi)		CO (g/mi)			PM (g/mi)		Formaldehyde (g/mi)		NMHC+NOx (g/mi)
Test Procedure	50 kmi	120 kmi	50 kmi	120 kmi	4 kmi	50 kmi	120 kmi	50 kmi	120 kmi	50 kmi	120 kmi	4 kmi
FTP 75 / FTP@1620m	0.08	0.10	0.075	0.090		3.4	4.2	0.01	0.01	0.015	0.018	
HWY FET	0.11	0.13	/	/	/	/	/	/	/	/	/	/
SFTP Composite	1.00 @ 120 kmi				/	/	/	0.07	0.07	/	/	/
US06	/	/	/	/	10.5	16.9	16.9	/	/	/	/	0.4
SC03	/	/	/	/	3.5	5.6	5.6	/	/	/	/	0.31

"/" = no applicable limit
Note: California limits, if different from federal limits, are designated in brackets ("[]")

Gen 2.1 (Audi Q7) Tier 2, Bin 5 [LEV2 ULEV] Emission Standards and Maximum Emissions Modification Limits.

	NOx (g/mi)		NMOG (g/mi)		CO (g/mi)			PM (g/mi)			Formaldehyde (g/mi)		NMHC+NOx (g/mi)
Test Procedure	50 kmi	120 kmi	50 kmi	120 kmi	4 kmi	50 kmi	120 kmi	4 kmi	50 kmi	120 kmi	50 kmi	120 kmi	4 kmi
FTP 75					/			/					/

FTP@1620m	0.05	0.07	0.075 [0.040]	0.090 [0.055]		3.4 [1.7]	4.2 [2.1]		0.01	0.01	0.015 [0.008]	0.018 [0.011]	
HWY FET	0.07	0.09	/	/	/	/	/	/	/	/	/	/	/
SFTP Composite	1.41 @ 120 kmi [/]				/	/	/	/	0.08 [/]	0.08 [/]	/	/	/
US06	/	/	/	/	11.8	19.3 [/]	19.3 [/]	0.08 [/]	/	/	/	/	0.60
SC03	/	/	/	/	4.0	6.4 [/]	6.4 [/]	/	/	/	/	/	0.44

"/" = no applicable limit
Note: California limits, if different from federal limits, are designated in brackets ("[]")
The maximum emissions modification limits are 0.09 and 0.11 g/mi NOx for 50 kmi and 120 kmi, respectively, using FTP75 and FTP@1620m test procedures; all other limits remain unchanged.

Gen 2.1 (VW Touareg and Porsche Cayenne) Tier 2, Bin 5 [LEV2 ULEV] Emission Standards and Maximum Emissions Modification Limits.

	NOx (g/mi)		NMOG (g/mi)		CO (g/mi)			PM (g/mi)			Formaldehyde (g/mi)		NMHC+NOx (g/mi)
Test Procedure	50 kmi	120 kmi	50 kmi	120 kmi	4 kmi	50 kmi	120 kmi	4 kmi	50 kmi	120 kmi	50 kmi	120 kmi	4 kmi
FTP 75 / FTP@1620m	0.05	0.07	0.075 [0.040]	0.090 [0.055]	/	3.4 [1.7]	4.2 [2.1]	/	0.01	0.01	0.015 [0.008]	0.018 [0.011]	/
HWY FET	0.07	0.09	/	/	/	/	/	/	/	/	/	/	/
SFTP Composite	0.99 @ 120 kmi [/]				/	/	/	/	0.07 [/]	0.07 [/]	/	/	/
US06	/	/	/	/	10.5	16.9	16.9	0.07 [/]	/	/	/	/	0.40
SC03	/	/	/	/	3.5	5.6 [/]	5.6 [/]	/	/	/	/	/	0.31

"/" = no applicable limit
Note: California limits, if different from federal limits, are designated in brackets ("[]")
The maximum emissions modification limits are 0.09 and 0.11 g/mi NOx for 50 kmi and 120 kmi, respectively, using FTP75 and FTP@1620m test procedures; all other limits remain unchanged.

Gen 2.2 (VW Touareg and Porsche Cayenne) Tier 2, Bin 5 [LEV2 ULEV] Emission Standards and Maximum Emissions Modification Limits.

	NOx (g/mi)		NMOG (g/mi)		CO (g/mi)			PM (g/mi)			Formaldehyde (g/mi)		NMHC+NOx (g/mi)
Test Procedures	50 kmi	120 kmi	50 kmi	120 kmi	4 kmi	50 kmi	120 kmi	4 kmi	50 kmi	120 kmi	50 kmi	120 kmi	4 kmi
FTP 75 / FTP@1620m	0.05	0.07	0.075 [0.040]	0.090 [0.055]	/	3.4 [1.7]	4.2 [2.1]	/	0.01	0.01	0.015 [0.008]	0.018 [0.011]	/
HWY FET	0.07	0.09	/	/	/	/	/	/	/	/	/	/	/
SFTP Composite	0.99 @ 120 kmi[/]				/	/	/	/	0.07 [/]	0.07 [/]	/	/	/
US06	/	/	/	/	10.5	16.9 [/]	16.9 [/]	0.07 [/]	/	/	/	/	0.40
SC03	/	/	/	/	3.5	5.6 [/]	5.6 [/]	/	/	/	/	/	0.31

"/" = no applicable limit
Note: California limits, if different from federal limits, are designated in brackets ("[]")
The maximum emissions modification limits are 0.09 and 0.11 g/mi NOx for 50 kmi and 120 kmi, respectively, using FTP75 and FTP@1620m test procedures; all other limits remain unchanged.

Gen 2 PC Tier 2, Bin 5 [LEV2 ULEV] Emission Standards and Maximum Emissions Modification Limits.

	NOx (g/mi)		NMOG (g/mi)		CO (g/mi)			PM (g/mi)			Formaldehyde (g/mi)		NMHC+NOx (g/mi)
Test Procedures	50 kmi	120 kmi	50 kmi	120 kmi	4 kmi	50 kmi	120 kmi	4 kmi	50 kmi	120 kmi	50 kmi	120 kmi	4 kmi
FTP 75 FTP@1620m	0.05	0.07	0.075 [0.040]	0.090 [0.055]	/	3.4 [1.7]	4.2 [2.1]	/	0.01	0.01	0.015 [0.008]	0.018 [0.011]	/
HWY FET	0.07	0.09	/	/	/	/	/	/	/	/	/	/	/
SFTP Composite	0.65 @ 120 kmi[/]				/	/	/	/	0.07 [/]	0.07 [/]	/	/	/
US06	/	/	/	/	8.0	11.1	11.1 [/]	0.07 [/]	/	/	/	/	0.14
SC03	/	/	/	/	2.7	3.7 [/]	3.7 [/]	/	/	/	/	/	0.20

"/" = no applicable limit
Note: California limits, if different from federal limits, are designated in brackets ("[]")
The maximum emissions modification limits are 0.09 and 0.11 g/mi NOx for 50 kmi and 120 kmi, respectively, and 0.075 and 0.090 g/mi NMOG for 50 kmi and 120 kmi, respectively using FTP75 and FTP@1620m test procedures; all other limits remain unchanged.

Appendix B-2
Permissible OBD Noncompliances

This list represents the allowable OBD noncompliances but does not indicate that any particular noncompliance is present on any particular vehicle.

PERMISSIBLE OBD NONCOMPLIANCES FOR GEN 1.1, 1.2	
1	Acceleration/steering angle sensor - rationality monitoring
2	Ambient air temperature sensor monitoring - incorrect fault code
3	ATF temperature sensor - rationality monitoring
4	Boost system monitoring - incorrect fault code
5	Boost system monitoring - underboost malfunction criteria
6	CSERS monitoring - individual elements (MY 10/11/12 only)
7	CSERS monitoring - no emission threshold monitor (MY 10/11/12 only)
8	Cylinder pressure sensor - rationality monitoring
9	DOC monitoring malfunction criteria exceedance
10	Downstream NOx sensor - monitoring frequency
11	DPF filter monitoring malfunction criteria exceedance
12	DPF monitoring - monitor demonstration
13	DPF monitoring - monitor robustness
14	EGR cooling system component monitoring
15	EGR micro catalyst - no monitoring
16	EGR system monitoring - low flow and response malfunction criteria
17	Fuel system monitoring - no monitoring of idle balance control
18	Fuel system monitoring - no monitoring of time to closed loop
19	Fuel system quantity and timing monitoring - frequency and fault demonstration
20	Fuel system quantity and timing monitoring - malfunction criteria exceedance
21	NOx sensors - monitoring frequency
22	Other emission control strategies - SCR temperature control
23	Other emission control system - cylinder pressure based injection timing control monitoring
24	SCR system monitoring - delivery performance malfunction criteria
25	SCR system monitoring - wrong medium detection
26	Standardization - EI-AECD tracking (MY 10 only)
27	Standardization - NOx sensors CVN (MY 09 only)
28	Standardized test results - fuel system monitoring
29	Upstream NOx sensor - monitoring frequency

This list represents the allowable OBD noncompliances but does not indicate that any particular noncompliance is present on any particular vehicle.

PERMISSIBLE OBD NONCOMPLIANCES FOR GEN 2.1 & 2.2 SUV, GEN 2 PC	
1	Acceleration/steering angle sensor - rationality monitoring
2	ATF sensor - rationality monitoring
3	Boost pressure monitoring - incorrect fault code
4	Catalyzed DPF - no monitoring of NHMC conversion (MY 15/16 only)
5	CSERS monitoring - individual elements
6	CSERS monitoring - no emission threshold monitor
7	Cylinder pressure sensor - rationality monitoring
8	DOC - no monitoring of feedgas generation (MY 15/16 only)
9	DOC monitoring malfunction criteria exceedance
10	DPF filter monitoring malfunction criteria exceedance
11	EGR system monitoring - low flow malfunction criteria
12	Fuel system components - no monitoring of tolerance compensation features (MY 15/16 only)
13	Fuel system quantity and timing monitoring - malfunction criteria exceedance
14	Grill shutter components - no monitoring (Porsche Cayenne MY 15/16 only)
15	NOx sensors - monitoring frequency
16	Other emission control strategies - SCR temperature control
17	Other emission control system - cylinder based injection timing control monitoring
18	SCR system monitoring - delivery performance malfunction criteria
19	Standardization - Exhaust sensor heater readiness
20	Standardization - fuel system test results
21	Start-stop system components - no monitoring (PC MY 15/16 only)

Appendix B-3
Test Vehicles

Summary Family Grouping

Generation	Family	Emission Level (most stringent)	SFTP Emission Level	Transmission	DDV/DF Confi-guration*	UAF Confi-guration*	OBD Confi-guration	OBD Confi-guration (Critical/Final)	Emission compliance Configuration*	A - B - C Confi-guration*
Gen 1.1 SUV	Touareg MY 09-10 LDT4	Tier2 Bin7	LDT4 at FUL against FUL standard	AL750 6Q	Q7	Q7	Q7	Q7 FUL	Q7	Q7
	Q7 MY 09-10 LDT4									
Gen 1.2 SUV	Touareg MY 11-12 LDT3	Tier2 Bin6	LDT3 at FUL against FUL standard	AL1000 8Q	Touareg	Touareg	Q7	Q7 FUL	Q7	Q7
	Q7 MY 11-12 LDT4									
Gen 2 SUV	Q7 MY 13-15 LDT4	Tier2 Bin5/ ULEV II	LDT3 at FUL against 4kmi and FUL standard	AL1000 8Q			Touareg	Touareg 75% FUL Touareg FUL	Q7	Q7
	Touareg MY 13-16 LDT3									
	Cayenne MY 13-16 LDT3									
Gen 2 PC	A6 MY 14-16 PC	Tier2 Bin5/ ULEV II	PC at FUL against 4kmi and FUL standard	AL551 8Q		A7	A6	A6 75% FUL A6 FUL	A7	Q5
	A7 MY 14-16 PC									
	A8 MY 14-16 PC									
	Q5 MY 14-16 LDT2									

* Configuration means that the subject vehicle will represent the test weight class and road load horsepower by means of dynamometer derivation.

UAF, OBD Demo, Durability, Family Grouping with the SW Field Fix Master

Family	Compliance with	test vehicle	Transmission	SCR	carry over to other family member Models	UAF	UAF VIN /Odometer	OBD Demo	OBD VIN /Odometer	Durability	Durability VIN/Odometer
Gen 1.1 LDT 3 & 4 MY 09_10	Tier 2 Bin 7	Q7	AL750 6Q	DF 310E	Touareg MY 09 / 10	DDV or representative 75% FUL aged vehicle (customized SRC)	WVGFK7A98AD00 0800 104446 mi	two OBD Demo vehicle aged customized to 120 kmi (customer vehicle with less than 60 kmi to start)	WVGFK7A97AD0 00299 (71200 mi) AND another car pending	DDV vehicle aged customized to 120 kmi (see Appendix B Section 4.3.2(i)(a))	WVGFK7A98AD0 00800 104446 mi
Gen 1.2 LDT 3 & 4 MY 11_12	Tier 2 Bin 6	Q7	AL1000 8Q	DF 500 B	Touareg MY 11 / 12 Q7 MY 11 / 12	Carry across from Gen2 LDT 3/4 since same family		two OBD Demo vehicle aged customized to 120 kmi (customer vehicle with less than 60 kmi to start)	WA1WMAFE4BD 009779 about 32000mi WA1VMAFE5BD0 02528 about 20000mi	DDV vehicle aged customized to 120 kmi (see Appendix B Section 4.3.2(i)(a))	WA1WMAFE4BD 009779 about 32000mi
Gen 2 LDT3&4 MY 13_16	Tier 2 Bin 5 / ULEV II	Touareg MY 16 OBD Demo vehicles aged in customized SRC to equivalent of 120 kmi	AL1000 8Q	DF 500 B	Q7 MY 13-15 Touareg MY 13 - 16 Cayenne MY 13 - 16	Touareg MY 16 @ 75% FUL	WVGEP9BP4FD00 01889 76354 mi	2x Touareg MY 16 see representative vehicle	WVGEP9BP4FD0 001889 76354 mi WVGEP9BP4FD0 07358 75039 mi	DF derived on the basis of three vehicles	WVGEP9BP4FD 0001889 76354 mi WVGEP9BP4FD 000340 WVGEP9BP0FD 000268
Gen 2 PC MY 14_16	Tier 2 Bin 5 / ULEV II	A6/A7 MY15 OBD Demo vehicles aged in customized SRC to equivalent of 120 kmi	AL551 8Q	DF 500 B	A7 MY 14-16 A6 MY 14-16 A8 MY 14 - 16 Q5 MY 14 - 16	A7 @ 75-100% FUL	WAU2MAFC4FN0 11211 about 70000 mi	1 x A6 MY 15 see representative vehicle	WAUFMAFC3FN0 03182 about 71770mi	Carry across from Gen2 LDT 3/4 with additional miles	

Emission Compliance Family Grouping with the SW Field Fix Master

Emission Compliance Family	Compliance with	test vehicle	Transmission	SCR	Compliance determination method	Family member Models	Emission compliance Test Vehicles	odometer vehicle (Nov. 7, 2016)	desired equivalent Mileage
Gen 1.1 SUV	Tier 2 Bin 7 LTD4	Touareg	AL750 6Q	DF 310E	FUL aged vehicle (with customized SRC)	Touareg MY 09 / 10	WVGFK7A98AD000800 installation of new powertrain and exhaust system	104446 mi	120.000 mi
						Q7 MY 09 / 10			
Gen 1.2 SUV	Tier 2 Bin 6 LTD3 more stringent standard using LDT4 configuration	Q7	AL1000 8Q	DF 500 B	FUL aged vehicle (with customized SRC)	Touareg MY 11 / 12	WA1LMAFE3BD008903	about 35000 mi	120.000 mi
						Q7 MY 11/12			
Gen 2 LDT 3/4 MY 13_16	Tier 2 Bin 5 / ULEV II more stringent standard using LDT4 configuration	Touareg MY 15	AL1000 8Q	DF 500 B	FUL aged vehicle (with customized SRC)	Q7 MY 13/14/15	WVGEP9BP0 FD0007358 or WVGEP9BP4FD0001889 dependent of availability	70017 mi or 76354 mi expected measurement start @ 120 kmi equivalent	120.000 mi
						Touareg MY 13/14/15/16			
						Cayenne MY 13/14/15/16			
Gen 2 PC MY 14_16	Tier 2 Bin 5 / ULEV II PC	A7	AL551 8Q	DF 500 B	FUL aged vehicle (with customized SRC)	A6 MY 14-16	WAU2MAFC4FN011211	about 70000 mi	120.000 mi
						A7 MY 14-16			
						A8 MY 14 - 16			
						Q5 MY 14 - 16			

Customer Impact NOx and Fuel economy A to B AND B to C

A-to-B testing	test vehicle	Carry Over	Justification	VIN	odometer vehicle
Gen 1.1 LDT 3 & 4 MY 09_10	Q7	Touareg MY 09/ 10, Q7 MY 9/10	worst FE in family more stringent standard using LDT4 configuration	WA1AM74L09D035465	92851 mi installation of new powertrain and exhaust system
Gen 1.2 LDT 3 & 4 MY 11_12	Q7	Touareg MY 11/ 12, Q7 MY 11/12	worst FE in family more stringent standard using LDT4 configuration	WA1WMAFEXCD001557	84806 mi installation of new powertrain and exhaust system
Gen 2 LDT 3/4 MY 13_16	Touareg MY 15 or Cayenne MY 16	Q7 MY 13- 15	worst FE in family more stringent standard using LDT4 configuration	WVGEP9BP0FD000268 or WP1AF2A23GKA47468	7484 mi or 0 mi
		Touareg MY 13-16			
		Cayenne MY 13-16			
Gen 2 PC MY 14_16	Q5 MY 14	A6/A7 MY 16	worst FE in family more stringent standard using LDT2 configuration	WA1VMAFP6EA084082	26567 mi
		A8 MY 14/15/16 A6/A7 MY 14/15			
		Q5 MY 15/16			

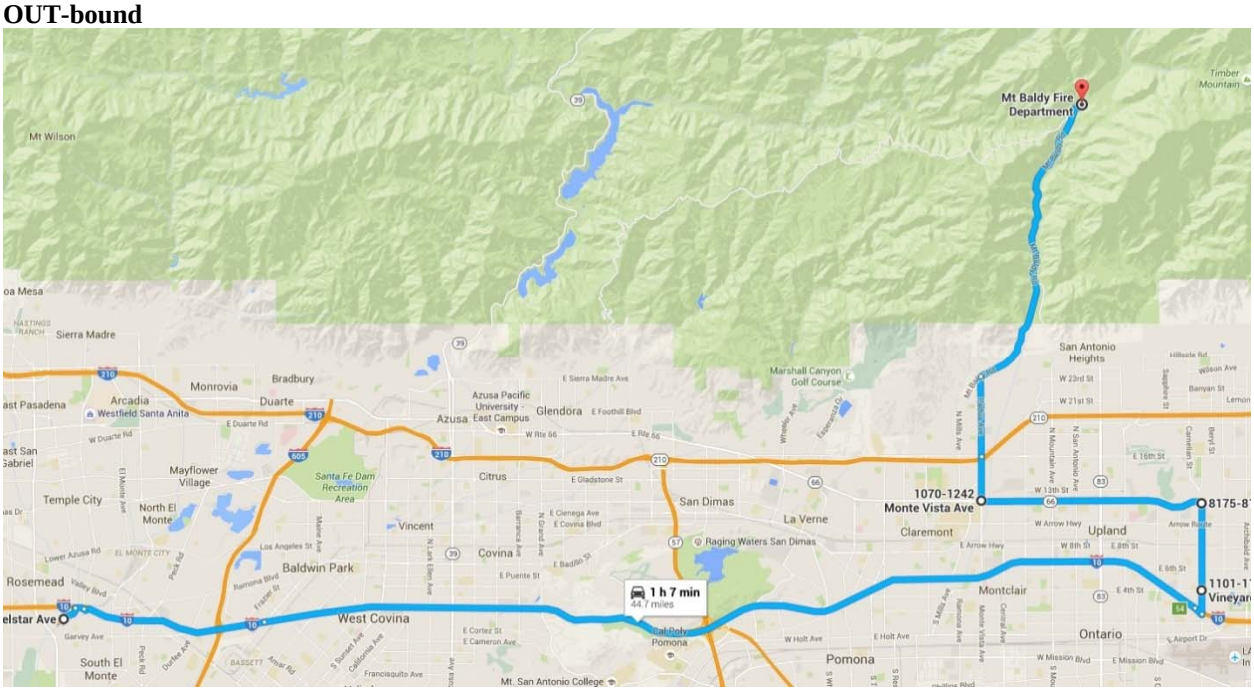
In Use V6 TDI

IN USE V6 TDI	Model Year							
	2009	2010	2011	2012	2013	2014	2015	2016
Audi Q7 LDT 4	Gen 1.1 LDT 3 & 4 MY 09_10	Gen 1.1 LDT 3 & 4 MY 09_10	Gen 1.2 LDT 3 & 4 MY 11_12	Gen 1.2 LDT 3 & 4 MY 11_12	Gen 2 LDT 3 & 4 MY 13_15	Gen 2 LDT 3 & 4 MY 13_15	Gen 2 LDT 3 & 4 MY 13_15	-
VW Touareg LDT 3	Gen 1.1 LDT 3 & 4 MY 09_10	Gen 1.1 LDT 3 & 4 MY 09_10	Gen 1.2 LDT 3 & 4 MY 11_12	Gen 1.2 LDT 3 & 4 MY 11_12	Gen 2 LDT 3 & 4 MY 13_16	Gen 2 LDT 3 & 4 MY 13_16	Gen 2 LDT 3 & 4 MY 13_16	Gen 2 LDT 3 & 4 MY 13_16
Porsche Cayenne LDT 3					Gen 2 LDT 3 & 4 MY 13_16	Gen 2 LDT 3 & 4 MY 13_16	Gen 2 LDT 3 & 4 MY 13_16	Gen 2 LDT 3 & 4 MY 13_16
Audi A6/A7 PC					-	Gen 2 PC 14_16	Gen 2 PC 14_16	Gen 2 PC 14_16
Audi A8 PC					-	Gen 2 PC 14_16	Gen 2 PC 14_16	Gen 2 PC 14_16
Audi Q5 PC					-	Gen 2 PC 14_16	Gen 2 PC 14_16	Gen 2 PC 14_16
	Gen 1				Gen 2			

Appendix B-4
PEMS Routes

COMBINED TEST ROUTE
(Freeway and Uphill/Downhill)

OUT-bound



Summary: 44.7 mi (1 hour, 7 min)

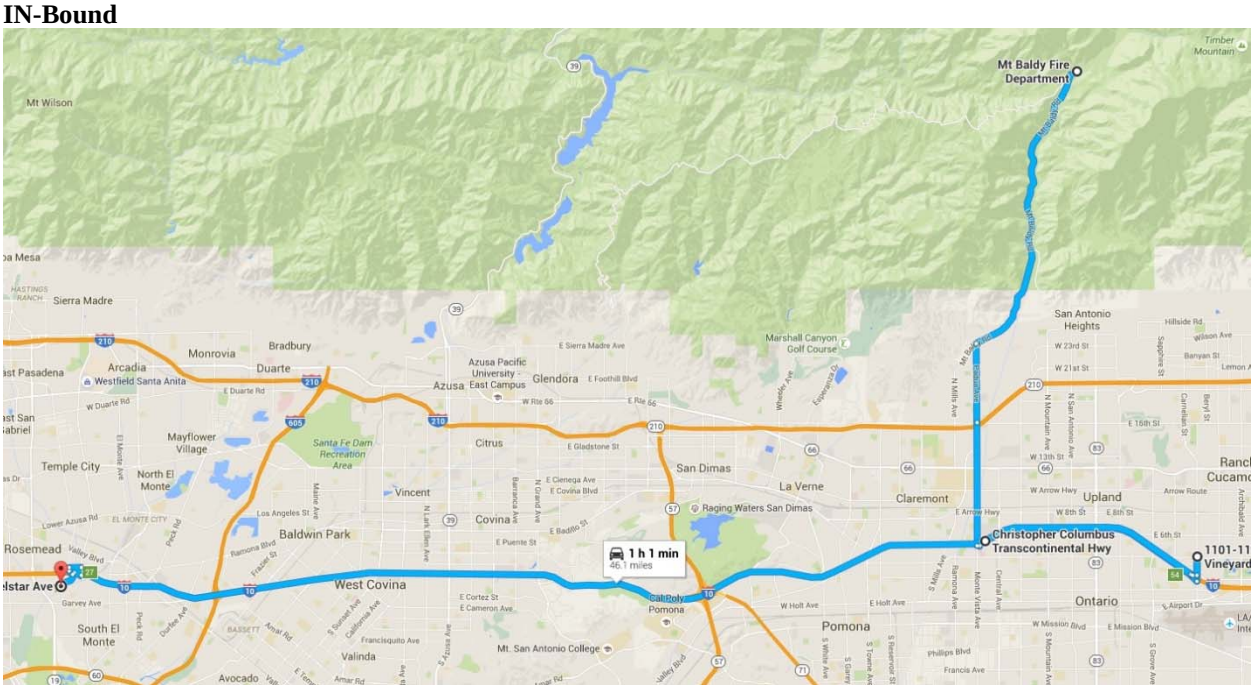
Route Parsing

A1, Freeway, ARB to Ontario intersection of East 4 th and Vineyard Avenue(~27.7 miles)
A2, Uphill, East 4 th and Vineyard Avenue to Mount Baldy, Fire Department) (~17 miles)
B1, Downhill, Mount Baldy, Fire Department to East 4th and Vineyard Avenue(~17.9miles)
B2, Freeway, East 4th and Vineyard Avenue to ARB (~28.5 miles)

Depart 9528 Telstar Ave, El Monte CA 91731
Head east on Telstar Ave toward Fletcher Ave
0.4 mi Turn right onto Flair Dr
0.2 mi Turn right to merge onto I-10 E
26.2 mi Take exit 54 for Vineyard Ave
Use the left 2 lanes to turn left onto N Vineyard Ave
Head north on N Vineyard Ave toward E Harvard Privado
4.2 mi Use the left 2 lanes to turn left onto E Foothill Blvd
5.1 mi Turn right onto Monte Vista Ave
2.8 mi Continue onto Padua Ave
7.2 mi Turn right onto Mt Baldy Rd
Total Distance 44.7 mi

COMBINED TEST ROUTE (CONTINUED)

IN-Bound

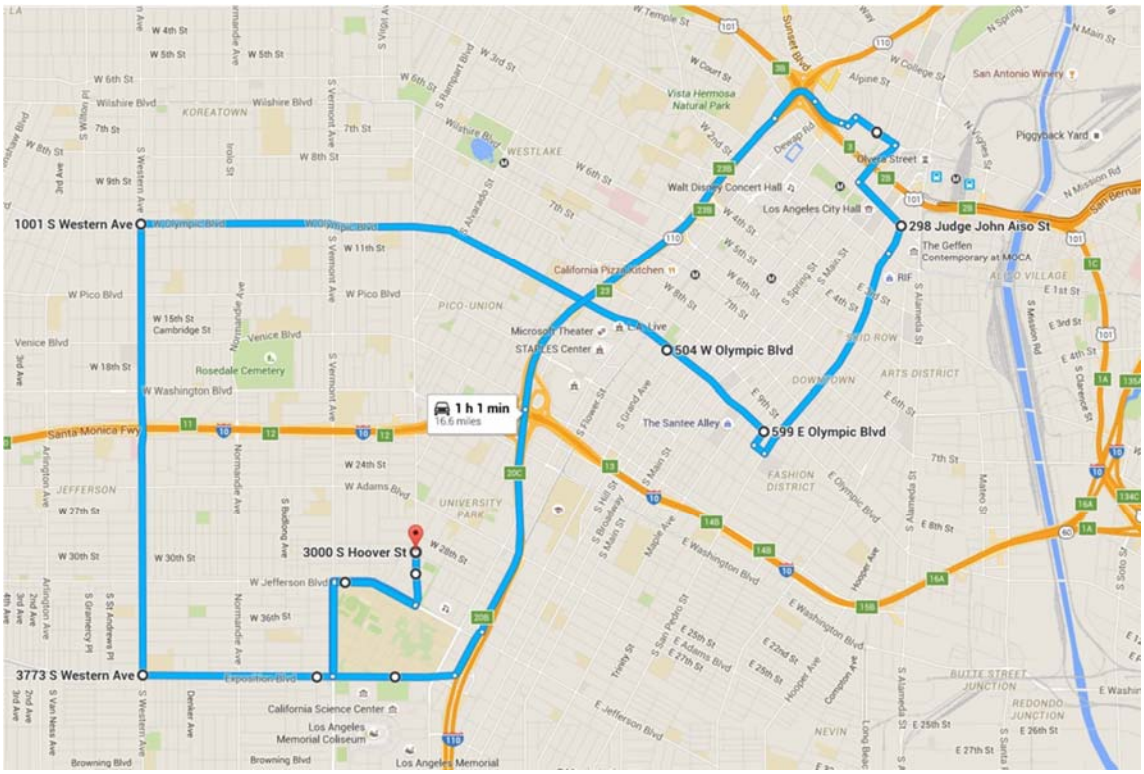


Summary: 46.1 mi (61 min)

Depart 6736 Mount Baldy Road, Mount Baldy, CA 91759
Head west on Mt Baldy Rd toward Central Ave
7.2 mi Turn left onto Padua Ave
1.8 mi Continue onto Monte Vista Ave
2.8 mi Turn left onto Palo Verde St
344 ft Use the left 2 lanes to turn left to merge onto I-10 E toward San Bernardino
Head northeast on I-10 E
5.0 mi Take exit 54 for Vineyard Ave
0.2 mi Use the left 2 lanes to turn left onto N Vineyard Ave
Destination will be on the left
1101-1119 N Vineyard Ave, Ontario CA 91764
0.5 mi Get on I-10 W
26.5 mi Follow I-10 W to Temple City Blvd in Rosemead. Take exit 27 from I-10 W
1.2 mi Take Loftus Dr to Telstar Ave in El Monte

Total Distance
46.1 mi

URBAN/DOWNTOWN LOS ANGELES ROUTE



Summary: 16.6 miles (61 minutes)

Depart 3000 S Hoover St, Los Angeles, CA 90007

Head south on S Hoover St

0.5mi	Turn RIGHT on W Jefferson Blvd
0.4mi	Turn **LEFT** on S. Vermont Ave.
0.5mi	Turn **RIGHT** on W. Exposition Blvd.
1.0mi	Turn **RIGHT** on S. Western Ave.
2.4mi	Turn **RIGHT** onto W. Olympic Blvd.
3.6mi	Turn **RIGHT** onto San Julian St.
446ft	Turn **LEFT** onto E. 11th St.
361ft	Turn **LEFT** onto S. San Pedro St.
1.2mi	Continue **STRAIGHT** as S. San Pedro St. becomes Judge John Aiso St.
0.2mi	Turn **LEFT** on E. Temple St.
0.3mi	Turn **RIGHT** onto N. Broadway
0.3mi	Turn **LEFT** onto W. Cesar E. Chavez Ave.
0.3mi	Use the second turn lane from the left to turn **LEFT** onto N. Grand Ave.
276ft	Turn **RIGHT** onto the CA-110/I-110 fwy ramp
82ft	Keep **RIGHT** at the fork and follow the signs for CA-110/I-110
0.2mi	Keep **LEFT** at the second fork and follow the sign for I-110 South - San Pedro
0.3mi	Merge **LEFT** onto the I-110 South - San Pedro
1.5mi	Continue on the CA-110 South/I-110 South towards Exposition Blvd.Take Exit 20 B from I-110 S
1.8mi	Take the Exposition Blvd. Exit (20B)
0.3mi	Use the right two lanes to slightly turn and continue **STRAIGHT** on W. Exposition Blvd.
0.6mi	Turn **RIGHT** onto S. Vermont Ave.
0.5mi	Turn **RIGHT** onto W. Jefferson Blvd.
0.4mi	**850 W Jefferson Blvd, Los Angeles, CA 90007**

Initial 3.0 Liter
Mitigation Allocation Appendix

INITIAL 3.0 LITER MITIGATION ALLOCATION APPENDIX

INITIAL SUBACCOUNTS	INITIAL ALLOCATIONS ($)	INITIAL ALLOCATIONS (%)
Puerto Rico	$ 625,000.00	0.28%
North Dakota	$ 625,000.00	0.28%
Hawaii	$ 625,000.00	0.28%
Mississippi	$ 625,000.00	0.28%
West Virginia	$ 625,000.00	0.28%
District of Columbia	$ 625,000.00	0.28%
South Dakota	$ 625,000.00	0.28%
Wyoming	$ 625,000.00	0.28%
Alaska	$ 625,000.00	0.28%
Delaware	$ 625,000.00	0.28%
Arkansas	$ 696,692.86	0.31%
Nebraska	$ 719,535.25	0.32%
Maine	$ 796,628.31	0.35%
Kansas	$ 870,866.08	0.39%
Rhode Island	$ 873,721.37	0.39%
Vermont	$ 890,853.17	0.40%
Montana	$ 1,002,209.81	0.45%
Iowa	$ 1,022,196.90	0.45%
New Mexico	$ 1,082,158.17	0.48%
Idaho	$ 1,102,145.26	0.49%
Kentucky	$ 1,330,569.15	0.59%
New Hampshire	$ 1,370,543.33	0.61%
Alabama	$ 1,396,241.02	0.62%
Oklahoma	$ 1,835,957.01	0.82%
Louisiana	$ 1,838,812.30	0.82%
Indiana	$ 2,015,840.82	0.90%
Missouri	$ 2,067,236.19	0.92%
South Carolina	$ 2,258,541.20	1.00%
Nevada	$ 2,618,308.82	1.16%
Utah	$ 2,821,035.03	1.25%
Tennessee	$ 3,352,120.57	1.49%
Minnesota	$ 3,363,541.76	1.49%
Wisconsin	$ 3,523,438.48	1.57%
Arizona	$ 3,646,216.32	1.62%
Ohio	$ 3,883,206.11	1.73%
Connecticut	$ 4,085,932.31	1.82%
Michigan	$ 4,477,108.22	1.99%
Maryland	$ 4,668,413.23	2.07%
Oregon	$ 4,728,374.50	2.10%
North Carolina	$ 4,868,284.13	2.16%
Georgia	$ 5,519,292.21	2.45%
Massachusetts	$ 5,990,416.48	2.66%
Virginia	$ 6,044,667.16	2.69%
New Jersey	$ 6,886,980.25	3.06%
Colorado	$ 7,432,342.28	3.30%
Pennsylvania	$ 7,829,228.79	3.48%
Washington	$ 8,788,609.12	3.91%
New York	$ 10,299,062.08	4.58%
Illinois	$ 10,978,623.15	4.88%
Florida	$ 13,899,593.63	6.18%
Texas	$ 17,377,347.34	7.72%
California	$ 41,356,145.05	18.38%
TRIBES[1]	$ 4,795,063.51	2.13%
ADMIN	$ 2,250,000.00	1.00%
TRIBAL ADMIN	$ 95,901.27	0.04%
Grand Total	**$ 225,000,000.00**	**100.00%**

[1] "Tribes" mean "Indian tribe" as defined in the First Partial Consent Decree.