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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

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

MDL 2672 CRB (JSC)

This Document Relates to:

*Napleton et al. v. Volkswagen Group of  
America, Inc. et al.*, No. 16-02086

**VOLKSWAGEN BRANDED  
FRANCHISE DEALER CLASS ACTION  
SETTLEMENT AGREEMENT AND  
RELEASE**

The Honorable Charles R. Breyer

NAPLETON ORLANDO IMPORTS, LLC  
d/b/a NAPLETON’S VOLKSWAGEN OF  
ORLANDO, an Illinois limited liability  
company, NAPLETON SANFORD  
IMPORTS, LLC d/b/a NAPLETON’S  
VOLKSWAGEN OF SANFORD, an  
Illinois limited liability company, and  
NAPLETON AUTOMOTIVE OF  
URBANA, LLC d/b/a NAPLETON  
VOLKSWAGEN OF URBANA, a Florida  
limited liability company J. BERTOLET,  
INC. dba J. BERTOLET VOLKSWAGEN,  
a Pennsylvania corporation, on behalf of  
itself and all similarly situated persons and  
entities,

Plaintiffs,

v.

VOLKSWAGEN GROUP OF AMERICA,  
INC., a New Jersey Corporation, VW  
CREDIT, INC., a Delaware corporation,  
VOLKSWAGEN AG, a German corporation,  
ROBERT BOSCH, LLC, a Michigan limited  
liability company, and ROBERT BOSCH  
GmbH, a German corporation.

Defendants.

1     **1.     THE PROPOSED SETTLEMENT**

2           In September 2015 and November 2015, the U.S. Environmental Protection Agency  
3 (“EPA”) issued a notice of violation to Volkswagen AG, Audi AG, and Volkswagen Group of  
4 America, Inc. (collectively “Volkswagen”), alleging that certain Volkswagen and Audi branded  
5 turbocharged direct-injection (“TDI”) diesel vehicles in the United States were equipped with  
6 “defeat device” software designed to reduce the effectiveness of the vehicles’ emission control  
7 systems with respect to nitrogen oxides (“NOx”). On April 6, 2016, three Volkswagen  
8 dealerships, Napleton’s Volkswagen of Orlando, Napleton’s Volkswagen of Sanford, and  
9 Napleton Volkswagen of Urbana, filed a complaint on behalf of a purported class of authorized  
10 Volkswagen brand dealers in the United States District Court for the Northern District of Illinois  
11 against, among others, Volkswagen Group of America, Inc. (“VWGoA”), VW Credit, Inc. (“VW  
12 Credit” or “VCI”) and Volkswagen AG (“VWAG”) (the “Action”). On April 19, 2016, the  
13 Action was transferred by the United States Judicial Panel on Multidistrict Litigation to the  
14 United States District Court for the Northern District of California to join the Multidistrict  
15 Litigation before the Honorable Charles R. Breyer, captioned as *In re: Volkswagen “Clean  
16 Diesel” Marketing, Sales Practices, and Products Liability Litigation*, MDL No. 3:15-md-02672-  
17 CRB (“MDL”), Case No. 16-02086. (Conditional Transfer Order (CTO-33)), Docket No. 1427.)

18           On September 30, 2016, a Volkswagen-Branded Franchise Dealer Class Action  
19 Complaint (the “Franchise Dealer Complaint”) was filed directly in the MDL. J. Bertolet, Inc.,  
20 dba J. Bertolet Volkswagen is the proposed Class Representative in the Franchise Dealer  
21 Complaint, and seeks to represent a class of all VW-branded franchise dealers in the United  
22 States as of September 18, 2015 (the “Franchise Dealer Class”) for their alleged loss in dealership  
23 value as a result of the emissions issues surrounding the Volkswagen 2.0 liter and 3.0 liter TDI  
24 vehicles (“TDI Vehicles”).

25           On July 26, 2016, a settlement agreement was filed to resolve the Consumer Lawsuits (the  
26 “Consumer Settlement”), and certain claims of government regulators relating to the 2.0 liter TDI  
27 vehicles were resolved through a consent decree. Under the Consumer Settlement, owners and

1 lessees of 2.0 liter TDI Vehicles can elect to have Volkswagen buy back their vehicle, or if  
2 available, can elect to have it fixed to conform to EPA and CARB standards. In either case,  
3 consumer class members will receive a restitution payment in addition to the buyback or repair.  
4 The Consumer Settlement expressly excluded the claims of VW-branded franchise dealers.

5 After negotiations taking place over the course of several months, Volkswagen and  
6 counsel representing VW-branded franchise dealers reached this Volkswagen Branded Franchise  
7 Dealer Class Action Settlement Agreement and Release (“Franchise Dealer Class Agreement” or  
8 “Agreement”) to settle the claims of VW-branded franchise dealers relating to TDI Vehicles and  
9 other alleged action or inaction by Volkswagen raised in the complaints. This Agreement applies  
10 solely to VW-branded franchise dealers, as well as to corporations and other organizations that  
11 own VW-branded franchise dealers. The Parties to this Franchise Dealer Class Agreement agree  
12 to settle all claims of all authorized Volkswagen dealers in the United States as of September 18,  
13 2015 (who do not opt-out of the Settlement), asserted against the Released Parties in the amended  
14 Franchise Dealer Complaint to compensate Dealer Settlement Class Members for alleged  
15 diminution in value of their franchises resulting from the TDI Matter and other alleged action or  
16 inaction by Volkswagen as described herein, on the terms set forth herein. Subject to Section  
17 14.4 of this Franchise Dealer Class Agreement, the Individual Dealer Settlement Payments to  
18 Dealer Settlement Class Members are intended as compensation for alleged diminution in value  
19 of franchise dealers’ capital and goodwill.

20 This Franchise Dealer Class Agreement will become effective only if it is approved by the  
21 Court.

## 22 **2. DEFINITIONS**

23 As used in this Franchise Dealer Class Agreement, including the attached Exhibits, the  
24 terms defined herein have the following meanings, unless this Franchise Dealer Class Agreement  
25 specifically provides otherwise.

26 2.1. “Action” means the class action originally filed in the United States District Court  
27 for the Northern District of Illinois, *Napleton’s Volkswagen of Orlando et al. v. Volkswagen*

1 *Group of America, Inc., et al.*, No. 1:16-cv-04071 (N.D. Ill. Apr. 6, 2016), subsequently  
2 transferred to the United States District Court for the Northern District of California as part of the  
3 Multidistrict Litigation before the Honorable Charles R. Breyer, captioned as *In re: Volkswagen*  
4 *“Clean Diesel” Marketing, Sales Practices, and Products Liability Litigation*, MDL No. 3:15-  
5 md-02672-CRB (“MDL”). (Conditional Transfer Order (CTO -33)), Docket No. 1427.) And  
6 “Action” means the amended Volkswagen-Branded Franchise Dealer Class Action Complaint.

7 2.2. “Affected Vehicles” means the following 2.0 liter and 3.0 liter TDI vehicles:

8 2.2.1. VW Jetta TDI (Model Years 2009-2015);

9 2.2.2. VW Jetta SportWagen TDI (Model Years 2009-2014);

10 2.2.3. VW Golf TDI (Model Years 2010-2015);

11 2.2.4. VW Golf SportWagen TDI (Model Year 2015);

12 2.2.5. VW Beetle TDI and VW Beetle Convertible TDI (Model Years 2012-  
13 2015);

14 2.2.6. VW Passat TDI (Model Years 2012-2015);

15 2.2.7. VW Touareg TDI (Model Years 2009-2016);

16 2.2.8. Used Audi A3 (Model Years 2010-13, 2015-16);

17 2.2.9. Used Audi A6 Quattro (Model Years 2014-2016);

18 2.2.10. Used Audi A7 Quattro (Model Years 2014-2016);

19 2.2.11. Used Audi A8L (Model Years 2014-2016);

20 2.2.12. Used Audi Q5 (Model Years 2014-2016); and

21 2.2.13. Used Audi Q7 (Model Years 2009-2015).

22 2.3. “Approved Emissions Modification” has the same meaning as the defined term  
23 Approved Emissions Modification set forth in the Consumer Class Action Settlement Agreement.

24 2.4. “Class” or “Franchise Dealer Class” means, for purposes of this Franchise Dealer  
25 Class Settlement only, a nationwide class of all authorized Volkswagen dealers in the United  
26 States who, on September 18, 2015, operated a Volkswagen branded dealership pursuant to a  
27 valid Volkswagen Dealer Agreement.

1           2.5. “Class Notice” means the Class Notice substantially in the form attached hereto as  
2 Exhibit 1.

3           2.6. “Class Representative” or “Settlement Class Representative” means J. Bertolet  
4 Volkswagen.

5           2.7. “Consumer Settlement Agreement” means the Consumer Class Action Settlement  
6 Agreement And Release (Amended) filed on July 26, 2016 in the MDL in this Court (Dkt.  
7 No. 1685).

8           2.8. “Court” means the United States District Court for the Northern District of  
9 California, San Francisco Division.

10           2.9. “Defeat Device” has the same meaning as in 40 C.F.R. § 86.1803-01 or 42 U.S.C.  
11 § 7522(a)(3)(B).

12           2.10. “Dealer Settlement Class Members” means Eligible Dealers who do not opt-out of  
13 the Franchise Dealer Class.

14           2.11. “Effective Date” means the latest date on which the Final Approval Order  
15 approving this Franchise Dealer Class Agreement becomes final. For purposes of this Franchise  
16 Dealer Class Agreement:

17                   2.11.1. if no appeal has been taken from the Final Approval Order, “Effective  
18                   Date” means the date on which the time to appeal therefrom has expired;

19                   2.11.2. if any appeal has been taken from the Final Approval Order, “Effective  
20                   Date” means the date on which all appeals therefrom, including petitions  
21                   for rehearing or reargument, petitions for rehearing *en banc* and petitions  
22                   for a writ of *certiorari* or any other form of review, have been fully  
23                   disposed of in a manner that affirms the Final Approval Order; or

24           2.12. “Eligible Dealers” means the 652 authorized Volkswagen dealers in the United  
25 States on September 18, 2015.

26           2.13. “EPA” means the United States Environmental Protection Agency.

27           2.14. “Fairness Hearing” means the hearing held by the Court for the purpose of

1 determining whether to approve this Franchise Dealer Class Agreement as fair, reasonable, and  
2 adequate.

3 2.15. “Franchise Dealer Class Agreement” means this settlement agreement and the  
4 exhibits attached hereto, including any subsequent amendments or any exhibits to such  
5 amendments.

6 2.16. “Franchise Dealer Complaint” means the amended Volkswagen-Branded  
7 Franchise Dealer Class Action Complaint filed on September 30, 2016, in Case No. 16-02086 in  
8 the United States District Court for the Northern District of California.

9 2.17. “Individual Release” means the Individual Release substantially in the form  
10 attached hereto as Exhibit 2.

11 2.18. “Maximum Settlement Amount” means the \$1,208,000,000.00, the maximum  
12 aggregate amount that will be paid to Eligible Dealers if 100% of the 652 Eligible Dealers  
13 participate in this Franchise Dealer Class Agreement and none opt out.

14 2.19. “Net Settlement Amount” means the actual amount to be paid to those Eligible  
15 Dealers that do not opt-out of this Franchise Dealer Class Agreement and, therefore, are Dealer  
16 Settlement Class Members. Subject to Section 14.4 of this Franchise Dealer Class Agreement, the  
17 Net Settlement Amount is intended as compensation for the alleged diminution in the value of the  
18 Dealer Settlement Class Members’ capital and goodwill in their Volkswagen-branded franchise  
19 dealerships.

20 2.20. “Opt-Out Deadline” means the last day an Eligible Dealer may opt out of the  
21 Franchise Dealer Class, which is 30 days after class notice is sent to Dealer Settlement Class  
22 Members.

23 2.21. “Parties” means the Class Representative and Volkswagen, collectively, as each of  
24 those terms is defined in this Franchise Dealer Class Agreement.

25 2.22. “Plaintiffs’ Counsel” means Hagens, Berman, Sobol, Shapiro LLP and Bass Sox  
26 Mercer.

27 2.23. “Release” means the release and waiver described in Section 9 of this Franchise

1 Dealer Class Agreement and in the Final Approval Order.

2 2.24. “Released Claims” has the definition set forth in Section 9.3 of this Franchise  
3 Dealer Class Agreement.

4 2.25. “Released Party” or “Released Parties” has the definition set forth in Section 9.2 of  
5 this Franchise Dealer Class Agreement.

6 2.26. “Releasing Party” or “Releasing Parties” has the definition set forth in Section 9.3  
7 of this Franchise Dealer Class Agreement.

8 2.27. “TDI Matter” means all assertions and claims related to (1) the alleged installation  
9 or presence of any Defeat Device or other auxiliary emission control device in any Affected  
10 Vehicle; (2) the alleged design, manufacture, assembly, testing, or development of any Defeat  
11 Device or other auxiliary emission control device used or for use in an Affected Vehicle; (3) the  
12 alleged marketing or advertisement of any Affected Vehicle as green, environmentally friendly,  
13 and/or compliant with state or federal emissions standards; (4) the alleged noncompliance of any  
14 Affected Vehicle with state or federal emissions standards; and/or (5) the subject matter of the  
15 Action, as well as any related events or allegations, with respect to Affected Vehicles.

16 2.28. “Volkswagen,” “VW,” or “Volkswagen Entities” means Volkswagen AG, Audi  
17 AG, and Volkswagen Group of America, Inc. (d/b/a Volkswagen of America, Inc. or Audi of  
18 America, Inc.).

19 2.29. “Volkswagen Dealer Agreement” means the agreements between VWGoA and  
20 any Eligible Dealer that authorize the Eligible Dealer to sell and service authorized Volkswagen  
21 products.

22 2.30. “Volkswagen’s Lead Counsel” means Robert J. Giuffra, Jr. and Sharon L. Nelles  
23 of Sullivan & Cromwell LLP.

24 2.31. Other capitalized terms used in this Franchise Dealer Class Agreement but not  
25 defined in this Section shall have the meanings ascribed to them elsewhere in this Franchise  
26 Dealer Class Agreement.

27 2.32. The term “he or she” and “his or her” include “it” or “its” where applicable.

1 **3. PRELIMINARY APPROVAL BY THE COURT AND CLASS CERTIFICATION**

2 3.1. Promptly after this Franchise Dealer Class Agreement is signed, but by no later  
3 than September 30, 2016, the Parties shall file this Franchise Dealer Class Agreement with the  
4 Court, together with a Motion for Preliminary Approval of the Franchise Dealer Class Agreement  
5 and Approval of Class Notice. Simultaneously, the Class Representative(s) shall move for  
6 certification of the Franchise Dealer Class for settlement purposes only, pursuant to Federal Rule  
7 of Civil Procedure (“Fed. R. Civ. P.”) 23(a), 23(b)(3), and 23(e). It is expressly agreed that any  
8 certification of the Franchise Dealer Class shall be for settlement purposes only, and Volkswagen  
9 does not waive any arguments that it may have that class certification for any other purpose  
10 would be improper.

11 3.2. The Parties agree to take all actions and steps reasonably necessary to obtain a  
12 Preliminary Approval Order from the Court.

13 **4. DEALER COMPENSATION AND REMEDIES**

14 4.1. **Monetary Compensation:**

15 4.1.1. VWGoA shall make settlement payments directly to individual Dealer  
16 Settlement Class Members on the terms set forth more specifically below  
17 (“Individual Dealer Settlement Payment”). Subject to Section 14.4 of this  
18 Franchise Dealer Class Agreement, Individual Dealer Settlement  
19 Payments are intended as compensation for the alleged diminution in the  
20 value of Dealer Settlement Class Members’ capital and goodwill in their  
21 Volkswagen-branded franchise dealerships.

22 4.1.2. Volkswagen shall pay a Maximum Settlement Amount of  
23 \$1,208,000,000.00 if there is participation of 100% of all Eligible  
24 Dealers; *i.e.*, no Eligible Dealer chooses to opt-out of this Franchise  
25 Dealer Class Agreement. The Net Settlement Amount is the actual  
26 amount to be paid to those Eligible Dealers that do not opt-out of this  
27 Franchise Dealer Class Agreement and, therefore, are Dealer Settlement

1 Class Members. This is a claims-paid settlement—every Eligible Dealer  
2 who does not opt-out of the settlement shall be paid their share of the Net  
3 Settlement Amount by Volkswagen according to the formula set forth in  
4 Section 4.1.6.

5 4.1.3. VWGoA shall pay each Dealer Settlement Class Member 50% of the  
6 Individual Dealer Settlement Payment under the Franchise Dealer Class  
7 Agreement as an “Initial Payment.”

8 4.1.4. The remainder shall be paid by VWGoA in 18 equal monthly payments to  
9 Dealer Settlement Class Members (the “Monthly Installment Payments”).

10 4.1.5. VWGoA shall make Individual Dealer Settlement Payments without  
11 regard to the Effective Date of this Settlement, contingent upon each  
12 Dealer Settlement Class Member signing the Individual Release attached  
13 hereto as Exhibit 2 and providing such signed Individual Release to  
14 Plaintiffs’ Counsel. Those Dealer Settlement Class Members that meet  
15 the above contingencies shall receive (a) the Initial Payment within 30  
16 days of the later of: (1) the Opt-Out Deadline; or (2) the date their signed  
17 release is obtained, and (b) the 18 equal Monthly Installment Payments  
18 starting within 30 days after the Initial Payment is made. Any Dealer  
19 Settlement Class Members who do not sign and return the Individual  
20 Release will receive: (a) the Initial Payment within 30 days after the  
21 Effective Date; and (b) the Monthly Installment Payments starting within  
22 thirty days of the Initial Payment.

23 4.1.6. **Determination of Net Settlement Amount and Apportionment Among**  
24 **Dealer Settlement Class Members:**

25 4.1.6.1 Each Dealer Settlement Class Member shall receive an Individual  
26 Dealer Settlement Payment equal to their *pro rata* share of the  
27 Monthly Financial Assistance Payments that Volkswagen paid to

1 Eligible Dealers in November 2015. For clarity, if Eligible Dealer A  
2 received \$26,000.00 in November 2015 in Monthly Financial  
3 Assistance Payments, and Volkswagen paid a total of \$16,930,330.00  
4 in November 2015 to all Eligible Dealers for Monthly Financial  
5 Assistance Payments, then Dealer A will receive an Individual Dealer  
6 Settlement Payment of  $(\$26,000.00/\$16,930,330.00) \times$   
7  $\$1,208,000,000.00 = \$1,855,132.18$ . The Net Settlement Amount is  
8 the sum of all Individual Dealer Settlement Payments.

9 **4.1.7. Assignability of Individual Dealer Settlement Payments:** Dealer  
10 Settlement Class Members may assign their right to receive Individual  
11 Dealer Settlement Payments to any subsequent transferee as part of a  
12 valid transfer of dealership assets (with such transfer subject to the  
13 approval of VWGoA and relevant state laws). In the event a Dealer  
14 Settlement Class Member has already transferred his/her dealership, or  
15 transfers such dealership before the entire Individual Dealer Settlement  
16 Payment has been made to such Dealer Settlement Class Member, the  
17 Individual Dealer Settlement Payment, if not assigned pursuant to this  
18 paragraph, is the only benefit to the Dealer Settlement Class Member  
19 under this Settlement Agreement that will continue past the effective date  
20 of such transfer.

21 **4.1.8. VIP and CSI Payments to be Continued for Twelve Months:** VWGoA  
22 further agrees to continue to pay all Dealer Settlement Class Members,  
23 for a period of twelve (12) months starting from the earlier of (a) thirty  
24 (30) days after the Opt-Out Deadline or (b) the date the first Individual  
25 Dealer Settlement Payments are made to the Dealer Settlement Class  
26 Members, the Volkswagen Volume-based Incentive Program (VIP) Level  
27 3 incentives and CSI incentives being paid to Eligible Dealers as of the

1 date of this Franchise Dealer Class Agreement, at the amounts being paid  
2 as of the date of this Franchise Dealer Class Agreement.

3 4.1.9. **Monthly Financial Assistance Payments to Continue Until Thirty**  
4 **Days After the Opt-Out Deadline.** VWGoA further agrees to continue  
5 to pay Dealer Settlement Class Members the monthly financial assistance  
6 it is currently paying Eligible Dealers at the current amounts as of the  
7 date of this Franchise Dealer Class Agreement until the earlier of (a)  
8 thirty (30) days after the Opt-Out Deadline or (b) the date the first  
9 Individual Dealer Settlement Payments are made to the Dealer Settlement  
10 Class Members.

11 4.1.10. **No Additional Monetary Payments:** VWGoA is not and will not be  
12 obligated to continue bonuses, incentives, or any other similar programs,  
13 at existing levels or otherwise, under the terms of this Franchise Dealer  
14 Class Agreement, except as set forth above in Sections 4.1.8-9. However,  
15 VWGoA may resume bonuses, incentives, and other similar programs in  
16 its sole discretion during the normal course of business consistent with  
17 VWGoA's policies and procedures. All bonuses, incentives, and any  
18 other similar programs (except as specified in Sections 4.1.8-9 above)  
19 will be based on then-current market needs and conditions as determined  
20 by VWGoA. For avoidance of doubt, VWGoA will provide market-  
21 based incentives to its customers at its discretion in response to market  
22 demand as it determines necessary and appropriate, including customer  
23 loyalty programs.

24 4.1.11. Subject to Section 14.4 of this Franchise Dealer Class Agreement,  
25 Individual Dealer Settlement Payments are intended as compensation to  
26 Dealer Settlement Class Members for alleged diminution in value of the  
27 capital and goodwill in their franchises resulting from the TDI Matter and

1 other alleged action or inaction by Volkswagen to the extent such action  
2 or inaction is covered in the Released Claims (as that term is defined in  
3 Section 9.3 of this Franchise Dealer Class Agreement).

4 4.2. **Non-monetary Consideration:** VWGoA shall provide the following non-  
5 monetary consideration to Dealer Settlement Class Members:

6 4.2.1. A Dealer Settlement Class Member may, at its option, elect to defer any  
7 affirmative obligations pursuant to any pending Letter of Intent, prior  
8 Relocation Approval Letter, prior transfer of dealership assets, or any  
9 other contractual requirement, entered into pursuant to any Volkswagen  
10 Dealer Agreement, to renovate or construct dealership facilities, or  
11 otherwise make capital investments in their real property or facilities for a  
12 period of two years after the Opt-Out Deadline.

13 4.2.2. For any future transfer of a Dealer Settlement Class Member's  
14 Volkswagen dealership assets pursuant to Article 12 of the Volkswagen  
15 Dealer Agreement, Standard Provisions, VWGoA shall not require, as a  
16 condition of approval of such transfer, that the proposed transferee  
17 undertake any facility renovation or construction obligations, or other  
18 capital investments in their real property or facilities, to the extent not  
19 already assumed by the transferring Dealer Settlement Class Member,  
20 provided such transfer is proposed to VWGoA on or before one year after  
21 the Opt-Out Deadline. To the extent the transferring Dealer Settlement  
22 Class Member previously has assumed facility obligations that could be  
23 extended by the preceding paragraph of this Franchise Dealer Class  
24 Agreement, the Dealer Settlement Class Member's transferee shall be  
25 entitled to elect to defer such obligations in the manner set forth in the  
26 preceding provision.

1 **5. DEALER INVENTORY OF AFFECTED VEHICLES**

2 5.1. Within ten (10) days of Final Approval, each Dealer Settlement Class Member  
3 shall transmit to VWGoA the Affected Vehicle Inventory List (“AVIL”), which includes the VIN  
4 number for each Affected Vehicle owned by such Dealer Settlement Class Member.

5 **5.2. Dealer Inventory of Affected Vehicles Without Approved Emissions**  
6 **Modification (“AEM”).**

7 5.2.1. Within thirty (30) days of its determination that any make, model and  
8 year of Affected Vehicle will not have an Approved Emissions  
9 Modification (a “No AEM Vehicle”), VWGoA shall:

10 5.2.1.1 For each used No AEM Vehicle, pay the Dealer Settlement Class  
11 Member the same gross amount that an Eligible Owner would receive  
12 (a) under the Consumer Settlement Agreement for 2.0 liter used No  
13 AEM Vehicles, and (b) under a future potential consumer settlement,  
14 if any, for 3.0 liter used No AEM Vehicles; and

15 5.2.1.2 For each new No AEM Vehicle, pay the Dealer Settlement Class  
16 Member the net wholesale cost to the Dealer Settlement Class  
17 Member of such No AEM Vehicle.

18 5.2.2. VWGoA shall retrieve at its sole expense from each Dealer Settlement  
19 Class Member all No AEM Vehicles. If VWGoA fails to retrieve a No  
20 AEM Vehicle listed on an AVIL within thirty (30) days of its  
21 determination of no AEM, it shall not be a breach of this Agreement;  
22 however, VWGoA shall pay all reasonable carrying and storage costs  
23 relating to such No AEM Vehicle from the date such vehicle is  
24 determined to have no AEM.

25 5.2.3. If VWGoA fails to retrieve a No AEM Vehicle that was listed on a Dealer  
26 Settlement Class Member’s AVIL within twelve (12) months of its  
27 determination such vehicle has no AEM, then the Dealer Settlement Class

1 Member may have such No AEM Vehicle sent to VWGoA at an  
2 authorized Volkswagen facility and either: (a) deduct the entire cost of  
3 such shipment from any amount owed to VWGoA, or (b) bill VWGoA on  
4 net 30 terms for the entire cost of such shipment.

5 **5.3. Dealer Inventory of Affected Vehicles with Approved Emissions**  
6 **Modifications.**

7 **5.3.1. Lease Program:** VWGoA shall establish, on terms determined in its  
8 discretion, a VCI-administered 12- to 24-month consumer lease program  
9 for those new, unused Model Year 2015 2.0L TDI Affected Vehicles with  
10 Approved Emissions Modifications (“New MY15AEM Vehicles”)  
11 currently in the inventory of Dealer Settlement Class Members, under  
12 which lease program consumers leasing such AEM Vehicles will be  
13 offered attractive lease terms with substantial subvention. The lease  
14 program will be administered by VCI, and VCI will maintain ownership  
15 of the New MY15 AEM Vehicles placed into the lease program. The  
16 lease program shall also be structured to ensure that New MY15 AEM  
17 Vehicles in the lease program complete all steps of the AEM.

18 **5.3.2. Service Loan Program:** VWGoA shall establish, on terms determined in  
19 its discretion, a 12-month service loan car program for the New MY15  
20 AEM Vehicles currently in the inventory of Dealer Settlement Class  
21 Members whereby Dealer Settlement Class Members will be charged a  
22 monthly rental fee below the current standard price of 2% of MSRP per  
23 month, and have the option, but not the requirement, to buy such New  
24 MY15 AEM Vehicles at the end of the 12-month program if all of the  
25 steps of the AEM have been completed for the vehicle(s). The loan car  
26 program will be administered by VWGoA and/or VCI, and VCI will  
27 maintain ownership of the vehicles placed into the loan car program. The

1 loan car program shall also be structured to ensure that New MY15 AEM  
2 Vehicles in the loan car program complete all steps of the AEM.

3 5.3.3. **Dealer Cooperation with AEM:** Dealer Settlement Class Members  
4 agree to use their reasonable best efforts to assist Volkswagen in its  
5 efforts to ensure that owners and lessees of AEM Vehicles are offered at  
6 least three appointment dates to complete the AEM in the time frame set  
7 forth in the Consumer Settlement and related Federal Trade Commission  
8 Consent Order.

9 **6. OTHER PROVISIONS:**

10 6.1. Dealer Settlement Class Members acknowledge that VWGoA will not offer any  
11 TDI Vehicle (or any other diesel vehicles) for model years 2016 and 2017, and that no Dealer  
12 Settlement Class Member has or will have any claim against a Released Party as a result of that  
13 decision. Dealer Settlement Class Members further acknowledge that VWGoA may not offer  
14 TDI Vehicles (or any other diesel vehicles) for any model year thereafter, and that any such  
15 decision will be made by VWGoA in its sole discretion, and that no Dealer Settlement Class  
16 Member will have any claim against a Released Party as a result of any such decision.

17 6.2. The Parties acknowledge that it is their intent that only those rights expressly  
18 waived herein are waived, and all other rights are expressly reserved.

19 6.3. The Parties acknowledge that it is their intent that only those obligations expressly  
20 assumed under this Franchise Dealer Class Agreement are accepted by the Parties as part of the  
21 settlement obligations of the Parties.

22 6.4. Dealer Settlement Class Members represent and warrant that they have not  
23 assigned any of the claims or causes of actions which are released by this Franchise Dealer Class  
24 Agreement to any other party.

25 **7. REQUESTS FOR EXCLUSION**

26 7.1. **Manner of Opting Out.** VWGoA agrees to send this Franchise Dealer Class  
27 Agreement by certified mail with delivery confirmation to all Eligible Dealers on or before the

1 Effective Date of this Franchise Dealer Class Agreement together with the Class Notice, which  
2 will provide instructions regarding the procedures that must be followed in order to opt out of the  
3 Franchise Dealer Class pursuant to Fed. R. Civ. P. 23(c)(2)(B)(v). The Parties agree that, to opt  
4 out validly from the Franchise Dealer Class, an Eligible Dealer must personally sign and submit a  
5 written request to opt out to Plaintiffs' Counsel on or before the Opt-Out Deadline. The written  
6 request must state that "I wish to exclude myself from the Class in *Napleton et al. v. Volkswagen*  
7 *Group of America, Inc. et al.*, No. 15-md-2672" (or substantially similar clear and unambiguous  
8 language) and must also include the Eligible Dealer's, address, telephone number, a statement  
9 that the entity is an Eligible Dealer, and the dates of the Eligible Dealer's ownership of a  
10 Volkswagen branded dealership. Plaintiffs' Counsel will provide copies of all opt-out requests to  
11 Volkswagen's Lead Counsel within seven (7) days of the receipt of the request.

12 **7.2. Consequences of Failure to Opt Out in a Timely and Proper Manner.** All  
13 Dealer Settlement Class Members who do not timely and properly opt out of the Dealer  
14 Settlement Class will be sent their share of the Net Settlement Fund and will in all respects be  
15 bound by all terms of this Franchise Dealer Class Agreement and the Final Approval Order upon  
16 the Effective Date.

17 **7.3. Opting Out and Objecting Are Mutually Exclusive Options.** Any Eligible  
18 Dealer who elects to opt out pursuant to this Section may not also object to the Settlement,  
19 pursuant to Section 8 herein. Any Dealer Settlement Class Member who elects to object pursuant  
20 to Section 8 herein may also not opt out pursuant to this Section.

## 21 **8. OBJECTIONS TO THE SETTLEMENT**

22 **8.1. Manner of Objecting.** The Class Notice will provide instructions regarding the  
23 procedures that must be followed to object to the Settlement pursuant to Federal Rule of Civil  
24 Procedure 23(e)(5). Provided that a Dealer Settlement Class Member has not submitted a written  
25 request to opt out, as set forth in Section 7, the Dealer Settlement Class Member may present  
26 written objections, if any, explaining why he or she believes the Franchise Dealer Class  
27 Agreement should not be approved by the Court as fair, reasonable, and adequate. No later than

1 such date as is ordered by the Court, a Dealer Settlement Class Member who wishes to object to  
2 any aspect of the Franchise Dealer Class Agreement must file with the Court, or as the Court  
3 otherwise may direct, a written statement of the objection(s). The written statement of  
4 objection(s) must include a detailed statement of the Dealer Settlement Class Member's  
5 objection(s), as well as the specific reasons, if any, for each such objection, including any  
6 evidence and legal authority the Dealer Settlement Class Member wishes to bring to the Court's  
7 attention. That written statement also will contain the Dealer Settlement Class Member's printed  
8 name, address, telephone number, and a statement that the Dealer Settlement Class Member has  
9 reviewed the Class definition and has not opted out of the Dealer Settlement Class, and any other  
10 supporting papers, materials, or briefs the Dealer Settlement Class Member wishes the Court to  
11 consider when reviewing the objection.

12       **8.2. Objecting Through Counsel.** A Dealer Settlement Class Member may object on  
13 his or her own behalf or through a lawyer hired at that Dealer Settlement Class Member's own  
14 expense, provided the Dealer Settlement Class Member has not submitted a written request to opt  
15 out, as set forth in Section 7. The objection must state whether it applies only to the objector, to a  
16 specific subset of the Class, or to the entire Class, and also state with specificity the grounds for  
17 the objection. Lawyers asserting objections on behalf of Dealer Settlement Class Members must:  
18 (a) file a notice of appearance with the Court by the date set forth in the Preliminary Approval  
19 and Class Certification Order, or as the Court otherwise may direct; (b) file a sworn declaration  
20 attesting to his or her representation of each Dealer Settlement Class Member on whose behalf the  
21 objection is being filed or file (*in camera*) a copy of the contract between that lawyer and each  
22 such Dealer Settlement Class Member; and (c) comply with the procedures described in this  
23 Section.

24       **8.3. Intent To Appear at the Fairness Hearing.** A Dealer Settlement Class Member  
25 (or counsel individually representing him or her, if any) seeking to make an appearance at the  
26 Fairness Hearing must file with the Court, by the date set forth in the Preliminary Approval  
27 Order, a written notice of his or her intent to appear at the Fairness Hearing, in accordance with

1 the requirements set forth in the Preliminary Approval Order, or by such time and in such manner  
2 as the Court may otherwise direct.

3 8.4. **Consequences of Failure to Object in a Timely and Proper Manner.** Unless  
4 the Court directs otherwise, any Dealer Settlement Class Member who fails to comply with the  
5 provisions of this Section, will waive and forfeit any and all rights he, she, or it may have to  
6 object to the Class Action Settlement and/or to appear and be heard on said objection at the  
7 Fairness Hearing. Failure to object waives a Dealer Settlement Class Member's right to appeal.

8 **9. RELEASE AND WAIVER**

9 9.1. The Parties agree to the following release and waiver (the "Release"), which shall  
10 take effect upon entry of the Final Approval Order with respect to all Dealer Settlement Class  
11 Members.

12 9.2. **Released Parties.** "Released Parties" means any person who, or entity that, is or  
13 could be responsible or liable in any way whatsoever, whether directly or indirectly, for the  
14 claims asserted in the Franchise Dealer Complaint. The Released Parties include, without  
15 limitation, (1) Volkswagen AG, Volkswagen Group of America, Inc. (d/b/a Volkswagen of  
16 America, Inc.), Volkswagen Group of America Chattanooga Operations, LLC, VW Credit, Inc.,  
17 VW Credit Leasing, Ltd., VCI Loan Services, LLC, and any former, present, and future owners,  
18 shareholders, directors, officers, employees, attorneys, affiliates, parent companies, subsidiaries,  
19 predecessors, and successors of any of the foregoing (the "VW Released Entities"); (2) any and  
20 all contractors, subcontractors, and suppliers of the VW Released Entities; (3) any and all persons  
21 and entities indemnified by any VW Released Entity with respect to the TDI Matter; (4) any and  
22 all other persons and entities involved in the design, research, development, manufacture,  
23 assembly, testing, sale, leasing, repair, warranting, marketing, advertising, public relations,  
24 promotion, or distribution of any Affected Vehicle, even if such persons are not specifically  
25 named in this paragraph; and (5) for each of the foregoing, their respective former, present, and  
26 future affiliates, parent companies, subsidiaries, predecessors, successors, shareholders,  
27 indemnitors, subrogees, spouses, joint ventures, general or limited partners, attorneys, assigns,

1 principals, officers, directors, employees, members, agents, representatives, trustees, insurers,  
2 reinsurers, heirs, beneficiaries, wards, estates, executors, administrators, receivers, conservators,  
3 personal representatives, divisions, dealers, and suppliers. Notwithstanding the foregoing, this  
4 Release does not release any claims against Robert Bosch GmbH and Robert Bosch, LLC or any  
5 of their former, present, and future owners, shareholders, directors, officers, employees, attorneys,  
6 affiliates, parent companies, subsidiaries, predecessors, or successors.

7 9.3. Dealer Settlement Class Members, for and on behalf of themselves and their  
8 agents, heirs, executors, and administrators, successors, assigns, insurers, attorneys,  
9 representatives, shareholders, owners, owner associations, and any other legal or natural persons  
10 who may claim by, through, or under them (the “Releasing Parties”) hereby fully and completely  
11 release, acquit, acknowledge as satisfied, and forever discharge the Released Parties, of and from  
12 the following claims (the “Released Claims”): (1) all claims related in any way to the TDI  
13 Matter; (2) all claims related in any way to VWGoA’s previously announced goals or objectives  
14 for U.S. sales volume growth, including any claims related in any way to incentives and other  
15 support payments or programs from VWGoA to any Volkswagen-branded franchise dealer  
16 related to such goals and any volume shortfall; (3) all claims for monetary damages arising before  
17 the Effective Date of this Franchise Dealer Class Agreement that relate in any way to allocation  
18 complaints or irregularities (but allocations may be asserted by any dealer as a defense to a  
19 franchise termination by VWGoA); (4) all claims for monetary damages arising before the  
20 Effective Date of this Franchise Dealer Class Agreement that relate in any way to the method  
21 upon which VWGoA measures the sales and service performance of its Volkswagen-branded  
22 franchise dealers or sets the sales and service objectives for its Volkswagen-branded franchise  
23 dealers (but the method upon which VWGoA measures the sales and service performance may be  
24 asserted by any Volkswagen-branded franchise dealer as a defense to a franchise termination by  
25 VWGoA); and (5) all discrimination or coercion claims arising before the Effective Date of this  
26 Franchise Dealer Class Agreement related in any way to the sale, incentivization or use of VCI  
27 wholesale and retail financing products. Except as specifically enumerated above, all other

1 claims are expressly preserved and are not released. For avoidance of doubt, to the extent that a  
2 Releasing Party owns a VW-branded dealership and also owns a Porsche-branded dealership  
3 and/or an Audi-branded dealership, that Releasing Party is releasing all Released Claims  
4 specifically and only with respect to its ownership of the VW-branded dealership, and does not  
5 release any claims with respect to its ownership of a Porsche-branded dealership and/or an Audi-  
6 branded dealership against any party.

7 9.4. To the extent it is determined that any specific claim may not be released under  
8 any statute, law, or regulation, that claim shall be severed from this Franchise Dealer Class  
9 Agreement and this Release shall remain effective as to all other claims.

10 9.5. **Actions or Proceedings Involving Released Claims.** Dealer Settlement Class  
11 Members who do not opt out expressly agree that each of this Release, the Individual Release and  
12 the Final Approval Order, are, will be, and may be raised as a complete defense to, and will  
13 preclude, any action or proceeding specified in, or involving claims encompassed by, this  
14 Release. Dealer Settlement Class Members who do not opt out shall not now or hereafter  
15 institute, maintain, prosecute, assert, and/or cooperate in the institution, commencement, filing or  
16 prosecution of any suit, action, and/or other proceeding, against the Released Parties with respect  
17 to the Released Claims. To the extent that they have initiated, or caused to be initiated, any suit,  
18 action, or proceeding not already encompassed by the Action, Dealer Settlement Class Members  
19 who do not opt out shall cause such suit, action, or proceeding to be dismissed with prejudice. If  
20 an Eligible Dealer who does not opt out and is therefore a Dealer Settlement Class Member  
21 commences, files, initiates, or institutes any new legal action or other proceeding for any  
22 Released Claim against any Released Party in any federal or state court, arbitral tribunal, or  
23 administrative or other forum, (1) such legal action or other proceeding shall be dismissed with  
24 prejudice and at that Franchise Dealer Class Member's cost; and (2) the respective Released Party  
25 shall be entitled to recover any and all reasonable related costs and expenses from that Dealer  
26 Settlement Class Member arising as a result of that Dealer Settlement Class Member's breach of  
27 his, her, or its obligations under this Release.

1           9.6.   **Ownership of Released Claims.** Class Representative shall represent and warrant  
2 that it is the sole and exclusive owners of any and all claims that it personally is releasing under  
3 this Franchise Dealer Class Agreement. Class Representative further acknowledges that it has not  
4 assigned, pledged, or in any manner whatsoever, sold, transferred, assigned or encumbered any  
5 right, title, interest or claim arising out of or in any way whatsoever pertaining to the Action,  
6 including without limitation, any claim for benefits, proceeds or value under the Action, and that  
7 Class Representative is not aware of anyone other than itself claiming any interest, in whole or in  
8 part, in any benefits, proceeds or values to which Class Representative may be entitled as a result  
9 of the Action.

10           9.7.   **Waiver of California Civil Code Section 1542 and Analogous Provisions.**  
11 Class Representative expressly understands and acknowledges, and Dealer Settlement Class  
12 Members will be deemed to understand and acknowledge, that Section 1542 of the California  
13 Civil Code, which provides: “**A general release does not extend to claims which the creditor**  
14 **does not know or suspect to exist in his or her favor at the time of executing the release,**  
15 **which if known by him or her must have materially affected his or her settlement with the**  
16 **debtor.**” Each Class Representative expressly acknowledges that he, she, or it has been advised  
17 by Plaintiffs’ Counsel of the contents and effect of Section 1542 and that he, she, or it has  
18 considered the possibility that the number or magnitude of all claims may not currently be known.  
19 To ensure that this Release is interpreted fully in accordance with its terms, Dealer Settlement  
20 Class Members expressly waive and relinquish any and all rights and benefits that they may have  
21 under Section 1542 to the extent that such section may be applicable to the Release. Dealer  
22 Settlement Class Members likewise expressly waive and relinquish any rights or benefits of any  
23 law of any state or territory of the United States, federal law or principle of common law, or of  
24 international or foreign law, which is similar, comparable, analogous, or equivalent to Section  
25 1542 of the California Code to the extent that such laws or principles may be applicable to the  
26 Release.

1           9.8.   **Total Satisfaction of Released Claims.** Any benefits pursuant to the Franchise  
2 Dealer Class Agreement are in full, complete, and total satisfaction of all of the Released Claims  
3 against the Released Parties, that the benefits pursuant to the Franchise Dealer Class Agreement  
4 are sufficient and adequate consideration for each and every term of this Release, and that this  
5 Release shall be irrevocably binding upon Class Representative and Franchise Dealer Class  
6 Members who do not opt out of the Class.

7           9.9.   **Basis for Entering Release.** Plaintiffs' Counsel acknowledge that they have  
8 conducted sufficient independent investigation and discovery to enter into this Franchise Dealer  
9 Class Agreement and that they execute this Franchise Dealer Class Agreement freely, voluntarily,  
10 and without being pressured or influenced by, or relying on any statements, representations,  
11 promises, or inducements made by the Released Parties or any person or entity representing the  
12 Released Parties, other than as set forth in this Franchise Dealer Class Agreement. Class  
13 Representative acknowledges, agrees, and specifically represents and warrants that it has  
14 discussed with Plaintiffs' Counsel the terms of this Franchise Dealer Class Agreement and has  
15 received legal advice with respect to the advisability of entering into this Franchise Dealer Class  
16 Agreement and the Release, and the legal effect of this Franchise Dealer Class Agreement and the  
17 Release. The representations and warranties made throughout the Franchise Dealer Class  
18 Agreement shall survive the execution of the Franchise Dealer Class Agreement and shall be  
19 binding upon the respective heirs, representatives, successors and assigns of the Parties.

20           9.10. **Material Term.** Class Representative and Plaintiffs' Counsel hereby agree and  
21 acknowledge that this Section 9 was separately bargained for and constitutes a key, material term  
22 of the Franchise Dealer Class Agreement that shall be reflected in the Final Approval Order.

23           9.11. **Released Parties' Releases of Class Representative, the Class, and Plaintiffs'**  
24 **Counsel.** Upon the Effective Date, Released Parties absolutely and unconditionally release and  
25 forever discharge the Class Representative, Dealer Settlement Class Members, and Plaintiffs'  
26 Counsel from any and all claims relating to or arising out of this Action.

27           9.12. **Jurisdiction.** The Court shall retain exclusive and continuing jurisdiction over all

1 Parties, the Action, and this Franchise Dealer Class Agreement to resolve any dispute that may  
2 arise regarding this Franchise Dealer Class Agreement or in relation to this Action, including any  
3 dispute regarding validity, performance, interpretation, administration, enforcement,  
4 enforceability, or termination of the Franchise Dealer Class Agreement and no Party shall oppose  
5 the reopening and reinstatement of the Action on the MDL Court's active docket for the purposes  
6 of effecting this Section.

7 **10. PROPOSED SCHEDULE FOR APPROVAL OF SETTLEMENT**

8 10.1. **Preliminary Approval Order.** As set forth in Section 3.1, on or before  
9 September 30, 2016, the Parties shall file with the Court a Motion for Preliminary Approval of  
10 the Franchise Dealer Class Agreement and Approval of Class Notice.

11 10.2. **Final Settlement Approval Order and Judgment.** On or before November 18,  
12 2016, or any subsequently mutually agreed upon date, Plaintiffs' Counsel shall file with the Court  
13 a motion seeking a Final Judgment Approving and Providing for the Enforcement of the Class  
14 Action Settlement.

15 **11. AGREEMENT TO COOPERATE TO EFFECTUATE SETTLEMENT**

16 11.1. Counsel for all Parties warrant and represent that they are expressly authorized by  
17 the Parties whom they represent to negotiate this Franchise Dealer Class Agreement. The persons  
18 signing this Franchise Dealer Class Agreement on behalf of each Party warrants that he/she is  
19 authorized to sign this Franchise Dealer Class Agreement on behalf of that Party.  
20

21 11.2. The Parties and their respective counsel will cooperate with each other, act in good  
22 faith, and use their best efforts to effect the implementation of the Franchise Dealer Class  
23 Agreement. In the event the Parties are unable to reach agreement on the form or content of any  
24 document needed to implement the Franchise Dealer Class Agreement, or on any supplemental  
25 provisions that may become necessary to effectuate the terms of this Franchise Dealer Class  
26 Agreement, the Parties may seek the assistance of the Court to resolve such disagreement.

27 11.3. The Parties further agree to make all reasonable efforts to ensure the timely and  
28 expeditious administration and implementation of the Franchise Dealer Class Agreement and to

1 minimize the costs and expenses incurred therein.

2 **12. MODIFICATION OR TERMINATION OF THIS AGREEMENT**

3 12.1. The terms and provisions of this Franchise Dealer Class Agreement may be  
4 amended, modified, or expanded by written agreement of the Parties and approval of the Court;  
5 provided, however, that after entry of the Final Approval Order, the Parties may by written  
6 agreement effect such amendments, modifications, or expansions of this Franchise Dealer Class  
7 Agreement and its implementing documents (including all exhibits hereto) without further notice  
8 to the Class or approval by the Court if such changes are consistent with the Court's Final  
9 Approval Order and do not limit the rights of Dealer Settlement Class Members under this  
10 Franchise Dealer Class Agreement.

11 12.2. This Franchise Dealer Class Agreement shall terminate at the discretion of either  
12 Volkswagen or the Class Representative, through Plaintiffs' Counsel, if: (1) the Court, or any  
13 appellate court(s), rejects, modifies, or denies approval of any portion of this Franchise Dealer  
14 Class Agreement or the proposed Settlement that the terminating Party in its (or their) sole  
15 judgment and discretion reasonably determine(s) is material, including, without limitation, the  
16 terms of relief, the findings, or conclusions of the Court, the definition of the Class, and/or the  
17 terms of the Release; or (2) the Court, or any appellate court(s), does not enter or completely  
18 affirm, or alters, narrows or expands, any portion of the Final Approval Order, or any of the  
19 Court's findings of fact or conclusions of law, that the terminating Party in its (or their) sole  
20 judgment and discretion reasonably determine(s) is material. The terminating Party must exercise  
21 the option to withdraw from and terminate this Franchise Dealer Class Agreement, as provided in  
22 this Section 12, by a signed writing served on the other Parties no later than twenty days after  
23 receiving notice of the event prompting the termination. The Parties will be returned to their  
24 positions status quo ante.

25 12.3. Notwithstanding the foregoing, any termination of this Franchise Dealer Class  
26 Agreement will have no effect on the binding nature of the Individual Release signed by any  
27 Dealer Settlement Class Members—provided VWGoA makes all of the payments required under

1 the Settlement to the Dealer Settlement Class Members who signed and submitted the Individual  
2 Release.

3 12.4. Simultaneously herewith, the Parties are executing a “Supplemental Agreement”  
4 setting forth certain conditions under which this Franchise Dealer Class Agreement may be  
5 withdrawn or terminated at the sole discretion of Volkswagen if Eligible Dealers exclude  
6 themselves from the Class. The Supplemental Agreement shall not be filed with the Court except  
7 that the substantive contents of the Supplemental Agreement may be brought to the attention of  
8 the Court, *in camera*, if so requested by the Court or as otherwise ordered by the Court. The  
9 Parties will keep the terms of the Supplemental Agreement confidential, except if compelled by  
10 judicial process to disclose them. In the event of a withdrawal from this Franchise Dealer Class  
11 Agreement pursuant to the Supplemental Agreement, this Franchise Dealer Class Agreement  
12 shall become null and void and of no further force and effect. In the event the Franchise Dealer  
13 Class Agreement is terminated, the provisions of Sections 3.1 and 12.1 through 12.2 shall survive  
14 termination. Notwithstanding the foregoing, the Franchise Dealer Class Agreement shall not  
15 become null and void as a result of the election by Volkswagen to exercise its option to withdraw  
16 from the Franchise Dealer Class Agreement pursuant to the Supplemental Agreement until the  
17 conditions set forth in the Supplemental Agreement have been satisfied.

### 18 **13. ATTORNEYS’ FEES AND EXPENSES**

19 13.1. VWGoA shall pay reasonable attorneys’ fees and costs related to the negotiation  
20 and execution of this Agreement. However, in the event of any future action or proceeding to  
21 enforce the rights or obligations set forth in this Franchise Dealer Class Agreement, the Parties  
22 agree that each Party shall be responsible for its own attorneys’ fees and costs.

23 13.2. Plaintiffs’ Counsel and counsel for Volkswagen will attempt to negotiate the  
24 amount of attorneys’ fees and costs to be paid after the execution of Franchise Dealer Class  
25 Agreement. If the Parties reach an agreement about the amount of attorneys’ fees and costs,  
26 Plaintiffs’ Counsel will submit the negotiated amount to the Court for approval. If the Parties do  
27 not reach an agreement as to the amount of attorneys’ fees and costs, the parties will litigate the

1 fee issues, and each party will present its respective position to the Court for determination. The  
2 litigation of the fee issues will be subject to the Parties' agreement that: (1) the attorneys' fees  
3 and costs will be paid by Volkswagen in addition to the compensation provided to Dealer  
4 Settlement Class Members under this Franchise Dealer Class Agreement; (2) each party will be  
5 free to argue for what it believes is a reasonable fee; and (3) Volkswagen and Plaintiffs' Counsel  
6 will request that the Court issue an Order setting forth the amount to be paid in attorneys' fees  
7 and costs to be paid by Volkswagen in this action, and providing that neither Plaintiffs' Counsel,  
8 nor any Dealer Settlement Class Member nor any of his, her or its counsel shall make any other  
9 application for an award of fees and expenses in connection with the Action or otherwise if final  
10 approval of the Franchise Dealer Class Agreement is obtained after the Court makes its award.  
11 For avoidance of doubt, the Court's award of attorneys' fees pursuant to this Section will satisfy  
12 in full any and all obligations Volkswagen has to pay any attorneys' fees or expenses to any  
13 Dealer Settlement Class Member's counsel in connection with the Action or the Franchise Dealer  
14 Class Agreement. The Parties shall have the right to appeal the Court's determination as to the  
15 amount of attorneys' fees and costs. Volkswagen reserves all rights to object to an award of  
16 attorney's fees and/or costs beyond what it believes to be reasonable.

17 **14. REPRESENTATIONS AND WARRANTIES**

18 14.1. Plaintiffs' Counsel represents that: (1) they are authorized by the Class  
19 Representative to enter into this Franchise Dealer Class Agreement with respect to the claims  
20 asserted in the Action and any other claims covered by the Release; and (2) they are seeking to  
21 protect the interests of the Class.

22 14.2. Plaintiffs' Counsel further represents that the Class Representative: (1) has agreed  
23 to serve as representatives of the Class proposed to be certified herein; (2) is willing, able, and  
24 ready to perform all of the duties and obligations of representatives of the Class; (3) has read the  
25 pleadings in the Action, including the Complaint, or have had the contents of such pleadings  
26 described to them; (4) has consulted with Plaintiffs' Counsel about the obligations imposed on  
27 representatives of the Class; (5) understand that it is entitled only to the rights and remedies of

1 Dealer Settlement Class Members under this Franchise Dealer Class Agreement and not to any  
2 additional compensation by virtue of its status as Class Representative; and (6) shall remain and  
3 serve as representative of the Class until the terms of this Franchise Dealer Class Agreement are  
4 effectuated, this Franchise Dealer Class Agreement is terminated in accordance with its terms, or  
5 the Court at any time determines that said Class Representative cannot represent the Class.

6 14.3. Volkswagen represents and warrants that the individual(s) executing this Franchise  
7 Dealer Class Agreement are authorized to enter into this Franchise Dealer Class Agreement on  
8 behalf of Volkswagen.

9 14.4. The Parties acknowledge and agree that, notwithstanding any language in this  
10 Franchise Dealer Class Agreement concerning the Net Settlement Amount and the Individual  
11 Dealer Settlement Payments, no opinion concerning the tax consequences of the proposed  
12 Settlement to Dealer Settlement Class Members is given or will be given by the Parties, nor are  
13 any representations or warranties in this regard made by virtue of this Franchise Dealer Class  
14 Agreement. Each Dealer Settlement Class Member's tax obligations, and the determination  
15 thereof, are the sole responsibility of the Dealer Settlement Class Member, and it is understood  
16 that the tax consequences may vary depending on the particular circumstances of each individual  
17 Dealer Settlement Class Member.

18 **15. GENERAL MATTERS AND RESERVATIONS**

19 15.1. This Franchise Dealer Class Agreement is the settlement and compromise of  
20 disputed claims. Any consideration transferred in settlement and release thereof shall not be  
21 construed as an admission of liability, fault, or wrongdoing on the part of any Party. The Parties  
22 specifically deny liability of any kind.

23 15.2. This Franchise Dealer Class Agreement contains the entire agreement between the  
24 Parties, and the terms of it are contractual and not mere recitals. Each of the Parties to this  
25 Franchise Dealer Class Agreement warrants and represents that the entity executing this  
26 Franchise Dealer Class Agreement, and the person executing this Franchise Dealer Class  
27 Agreement for and on behalf of each entity, is competent to execute this Franchise Dealer Class

1 Agreement and has the requisite power and authority to execute this Franchise Dealer Class  
2 Agreement. This Franchise Dealer Class Agreement may only be changed, altered, or modified  
3 by an agreement in writing signed by an officer or authorized representative of each of the  
4 Parties. The Parties agree that, notwithstanding any merger or integration clause contained in any  
5 future written agreements that may be entered between the Parties (or between a Party and a  
6 subsidiary of any Party), this Franchise Dealer Class Agreement shall not be merged into or  
7 superseded by any agreement that does not specifically reference this Franchise Dealer Class  
8 Agreement and designate this Franchise Dealer Class Agreement as being superseded, merged, or  
9 cancelled.

10 15.3. The Parties understand and acknowledge that except as expressly set forth in  
11 Section 4.2, the obligations and rights set forth in this Franchise Dealer Class Agreement stand  
12 separate, distinct, and apart from any obligations and rights set forth in any Volkswagen Dealer  
13 Agreement. This Franchise Dealer Class Agreement provides for distinct obligations, rights and  
14 responsibilities, and distinct and adequate consideration. No part of this Franchise Dealer Class  
15 Agreement is intended to become part of each Dealer's Volkswagen Dealer Agreement or  
16 franchise relationship as defined by state law, and/or be subject to regulation by state dealer  
17 franchise laws. Dealer Settlement Class Members agree, irrevocably admit, and acknowledge  
18 that this Franchise Dealer Class Agreement is not a "dealer" or "franchise" agreement as those  
19 terms may be defined in any applicable state or federal law or regulation. Therefore, any  
20 provisions applicable to "dealer" or "franchise" agreements under the laws of the state in which  
21 Dealer Settlement Class Members do business or under federal law do not apply to this Franchise  
22 Dealer Class Agreement, and Dealer Settlement Class Members shall not seek to enforce any  
23 such provisions against VWGoA in a manner contrary to the terms of this Franchise Dealer Class  
24 Agreement. VWGoA reserves the right to terminate and/or revoke this Franchise Dealer Class  
25 Agreement in whole or in part in the event it is recognized or determined that this Franchise  
26 Dealer Class Agreement is a "dealer" or "franchise" agreement. This Franchise Dealer Class  
27 Agreement and any Exhibits hereto shall not amend, modify or supersede the terms of any

1 Volkswagen Dealer Agreement, except as expressly set forth in Section 4.2.

2 15.4. Subject to the rights of the Released Entities under Section 9.11, if any provision  
3 of this Franchise Dealer Class Agreement is held to be invalid, illegal or unenforceable, in whole  
4 or in part, under the law of the place where it is to be performed, the validity, legality and  
5 enforceability of the remaining part of such provision, and the validity, legality and enforceability  
6 of the other provisions hereof shall not be affected thereby and such other provisions and the  
7 remainder of this Franchise Dealer Class Agreement shall remain in full force and effect as if  
8 such provision had not been included herein. Any provision of this Franchise Dealer Class  
9 Agreement which is held invalid, illegal or unenforceable in any jurisdiction shall not be deemed  
10 invalid, illegal or unenforceable in any other jurisdiction.

11 15.5. Unless otherwise expressly noted herein, this Franchise Dealer Class Agreement is  
12 for the benefit of the Parties only, and not for the benefit of any other person or entity, except that  
13 this Franchise Dealer Class Agreement shall inure to the benefit of and be binding upon the  
14 successors, assigns, heirs, and legal representatives of the Parties to this Franchise Dealer Class  
15 Agreement. Nothing in this Paragraph shall be construed to limit the right of VWGoA to approve  
16 the sale or transfer of dealerships or expand the limited right of Dealer Settlement Class Members  
17 to assign their right to receive any amount due hereunder as set forth in Section 4.1.7.

18 15.6. The waiver by either Party of any breach or violation of or default under any  
19 provision of this Franchise Dealer Class Agreement will not operate as a waiver of such provision  
20 or of any subsequent breach, violation or default under this Franchise Dealer Class Agreement.

21 15.7. The Parties and their counsel agree to keep the existence and contents of this  
22 Franchise Dealer Class Agreement confidential until the date on which the Motion for  
23 Preliminary Approval is filed; provided, however, that this Section shall not prevent Volkswagen  
24 from disclosing such information, prior to the date on which the Motion for Preliminary Approval  
25 is filed, to state and federal agencies, independent accountants, actuaries, advisors, financial  
26 analysts, insurers, or lawyers. The Parties and their counsel may also disclose the existence and  
27 contents of this Franchise Dealer Class Agreement to persons or entities (such as experts, courts,

1 co-counsel, and/or administrators) to whom the Parties agree disclosure must be made in order to  
2 effectuate the terms and conditions of this Franchise Dealer Class Agreement.

3 15.8. Class Representative and Plaintiffs' Counsel agree that confidential information  
4 made available to them solely through the settlement process was made available on the condition  
5 that it not be disclosed to third parties (other than experts or consultants retained by Class  
6 Representative in connection with the Action). Information provided by Volkswagen and  
7 Volkswagen's Lead Counsel, to Class Representative, Plaintiffs' Counsel, any individual Dealer  
8 Settlement Class Member, counsel for any individual Dealer Settlement Class Member, and/or  
9 administrators, pursuant to the negotiation and implementation of this Franchise Dealer Class  
10 Agreement, includes trade secrets and highly confidential and proprietary business information  
11 and shall be deemed "Highly Confidential" pursuant to the protective orders that have been or  
12 will be entered in the Action, and shall be subject to all of the provisions thereof. Any materials  
13 inadvertently produced shall, upon Volkswagen's request, be promptly returned to Volkswagen's  
14 Lead Counsel, and there shall be no implied or express waiver of any privileges, rights and  
15 defenses.

16 15.9. This Franchise Dealer Class Agreement, complete with its exhibits and all  
17 documents filed with the Court, sets forth the entire agreement among the Parties with respect to  
18 its subject matter, and it may not be altered, amended, or modified except by written instrument  
19 executed by Plaintiffs' Counsel and Volkswagen's Lead Counsel on behalf of Volkswagen. The  
20 Parties expressly acknowledge that no other agreements, arrangements, or understandings not  
21 expressed in this Franchise Dealer Class Agreement or the documents filed with the Court exist  
22 among or between them, and that in deciding to enter into this Franchise Dealer Class Agreement,  
23 they have relied solely upon their own judgment and knowledge. This Franchise Dealer Class  
24 Agreement and the accompanying documents filed with the Court supersede any prior  
25 agreements, understandings, or undertakings (written or oral) by and between the Parties  
26 regarding the subject matter of this Franchise Dealer Class Agreement.

27 15.10. This Franchise Dealer Class Agreement and any amendments thereto, and any

1 dispute arising out of or related to this Franchise Dealer Class Agreement, shall be governed by  
2 and interpreted according to the Federal Rules of Civil Procedure and applicable jurisprudence  
3 relating thereto, and the laws of the State of California notwithstanding its conflict of law  
4 provisions.

5 15.11. Any disagreement and/or action to enforce this Franchise Dealer Class Agreement  
6 shall be commenced and maintained only in the United States District Court for the Northern  
7 District of California.

8 15.12. Whenever this Franchise Dealer Class Agreement requires or contemplates that  
9 one of the Parties shall or may give notice to the other, notice shall be provided by e-mail and/or  
10 next-day (excluding Saturdays, Sundays and Federal Holidays) express delivery service as  
11 follows:

12 If to Volkswagen, then to:

13 Sharon L. Nelles  
SULLIVAN & CROMWELL LLP  
125 Broad Street  
New York, New York 10004  
E-mail: nelless@sullcrom.com

14 If to the Class, then to:

15 Steve W. Berman  
16 HAGENS BERMAN SOBOL SHAPIRO LLP  
17 18th Avenue, Suite 3300  
18 Seattle, Washington 98101  
19 E-mail: vwdealers@hbsslaw.com  
20

21 Richard Sox  
22 BASS SOX MERCER  
23 2822 Remington Green Circle  
24 Tallahassee, Florida 32308  
25 E-mail: rsox@dealerlawyer.com  
26  
27

28 15.13. All time periods in this Franchise Dealer Class Agreement shall be computed in  
29 calendar days unless otherwise expressly provided. In computing any period of time in this  
30 Franchise Dealer Class Agreement or by order of the Court, the day of the act or event shall not  
31 be included. The last day of the period shall be included, unless it is a Saturday, a Sunday or a  
32 Federal Holiday, or, when the act to be done is the filing of a paper in court, a day on which the

1 court is closed, in which case the period shall run until the end of the next day that is not one of  
2 the aforementioned days. As used in this Franchise Dealer Class Agreement, “Federal Holiday”  
3 includes holidays designated in Fed. R. Civ. P. 6(a) or by the Clerk of the United States District  
4 Court for the Northern District of California.

5 15.14. The Parties reserve the right, subject to the Court’s approval, to agree to any  
6 reasonable extensions of time that might be necessary to carry out any of the provisions of this  
7 Franchise Dealer Class Agreement.

8 15.15. The Settlement Class, Class Representative, Plaintiffs’ Counsel, Volkswagen,  
9 and/or Volkswagen’s Lead Counsel shall not be deemed to be the drafter of this Franchise Dealer  
10 Class Agreement or of any particular provision, nor shall they argue that any particular provision  
11 should be construed against its drafter. All Parties agree that this Franchise Dealer Class  
12 Agreement was drafted by counsel for the Parties during extensive arm’s-length negotiations. No  
13 parol or other evidence may be offered to explain, construe, contradict, or clarify its terms, the  
14 intent of the Parties or their counsel, or the circumstances under which this Franchise Dealer  
15 Class Agreement was made or executed.

16 15.16. The Parties expressly acknowledge and agree that this Franchise Dealer Class  
17 Agreement and its exhibits, along with all related drafts, motions, pleadings, conversations,  
18 negotiations, related notes, and correspondence, constitute an offer of compromise and a  
19 compromise within the meaning of Federal Rule of Evidence 408 and any equivalent rule of  
20 evidence in any state or territory.

21 15.17. The Class Representative expressly affirms that the allegations contained in the  
22 Complaint were made in good faith, but consider it desirable for the Action to be settled and  
23 dismissed only because of the substantial benefits that the Settlement will provide to Dealer  
24 Settlement Class Members.

25 15.18. The Parties agree that the Franchise Dealer Class Agreement was reached  
26 voluntarily after consultation with competent legal counsel.

27 15.19. Neither this Franchise Dealer Class Agreement nor any act performed or document

1 executed pursuant to or in furtherance of this Franchise Dealer Class Agreement is or may be  
2 deemed to be or may be used as an admission of, or evidence of, the validity of any of the  
3 Released Claims, or of any wrongdoing or liability of any Released Parties; or is or may be  
4 deemed to be or may be used as an admission of, or evidence of, any fault or omission of any  
5 Released Parties in any civil, criminal, regulatory, or administrative proceeding in any court,  
6 administrative agency or other tribunal. Nor shall this Franchise Dealer Class Agreement or the  
7 Class Action Settlement Program be deemed an admission by any Party as to the merits of any  
8 claim or defense.

9 15.20. Any of the Released Parties may file this Franchise Dealer Class Agreement  
10 and/or the Final Approval Order in any action that may be brought against it in order to support  
11 any defense or counterclaim, including without limitation those based on principles of *res*  
12 *judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any  
13 other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

14 15.21. The Parties, their successors and assigns, and their counsel undertake to implement  
15 the terms of this Franchise Dealer Class Agreement in good faith, and to use good faith in  
16 resolving any disputes that may arise in the implementation of the terms of this Franchise Dealer  
17 Class Agreement.

18 15.22. The waiver by one Party of any breach of this Franchise Dealer Class Agreement  
19 by another Party shall not be deemed a waiver of any prior or subsequent breach of this Franchise  
20 Dealer Class Agreement.

21 15.23. If one Party to this Franchise Dealer Class Agreement considers another Party to  
22 be in breach of its obligations under this Franchise Dealer Class Agreement, that Party must  
23 provide the breaching Party with written notice of the alleged breach and provide a reasonable  
24 opportunity to cure the breach before taking any action to enforce any rights under this Franchise  
25 Dealer Class Agreement.

26 15.24. The Parties, their successors and assigns, and their counsel agree to cooperate fully  
27 with one another in seeking Court approval of this Franchise Dealer Class Agreement and to use

1 their best efforts to implement this Franchise Dealer Class Agreement and the proposed Class  
2 Action Settlement Program.

3 15.25. This Franchise Dealer Class Agreement may be signed with an electronic or  
4 facsimile signature and in counterparts, each of which shall constitute a duplicate original.

5 15.26. In the event any one or more of the provisions contained in this Franchise Dealer  
6 Class Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any  
7 respect, such invalidity, illegality, or unenforceability shall not affect any other provision if  
8 Volkswagen, on behalf of Defendants, and Plaintiffs' Counsel, on behalf of Class Representative  
9 and Dealer Settlement Class Members, mutually agree in writing to proceed as if such invalid,  
10 illegal, or unenforceable provision had never been included in this Franchise Dealer Class  
11 Agreement. Any such agreement shall be reviewed and approved by the Court before it becomes  
12 effective.

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**List of Exhibits**

<b>Ex. #</b>	<b>Title</b>
1	Class Notice
2	Individual Release

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FOR PLAINTIFFS' COUNSEL:

Date: September 30, 2016



Steve W. Berman  
Thomas E. Loeser  
HAGENS BERMAN SOBOL SHAPIRO LLP  
1918 Eighth Avenue, Suite 3300  
Seattle, Washington 98101

Richard Sox  
BASS SOX MERCER  
2822 Remington Green Circle  
Tallahassee, Florida 32308

1 FOR VOLKSWAGEN COUNSEL:

2 Date: September 30, 2016

3 

4 Robert J. Giuffra, Jr.  
5 Sharon L. Nelles  
6 William B. Monahan  
7 M. David Possick  
8 SULLIVAN & CROMWELL LLP  
9 125 Broad St  
10 New York, New York 10004-2498

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FOR VOLKSWAGEN AG:

Date: September \_\_, 2016

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FRANCISCO JAVIER GARCIA SANZ  
VOLKSWAGEN AG  
P.O. Box 1849  
D-38436 Wolfsburg, Germany

Date: September 30, 2016



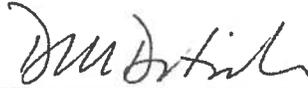
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MANFRED DOESS  
VOLKSWAGEN AG  
P.O. Box 1849  
D-38436 Wolfsburg, Germany

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FOR VOLKSWAGEN GROUP OF AMERICA, INC.:

Date: September 30, 2016



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DAVID DETWEILER  
VOLKSWAGEN GROUP OF AMERICA, INC.  
2200 Ferdinand Porsche Drive  
Herndon, Virginia 20171

# Exhibit 1

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

**If you were on September 18, 2015, a Volkswagen-branded franchise dealer, you could receive payment from a class-action settlement.**

*A federal court authorized this Notice. This is not a solicitation from a lawyer.*

**If you are a Class Member, your legal rights are affected whether you act or don't act.**

**Please Read This Notice Carefully.**

This Notice provides information about a proposed class action settlement concerning allegations that Volkswagen caused loss in Volkswagen-branded franchise dealership value as a result of the emissions issues surrounding the Volkswagen 2.0 liter and 3.0 liter diesel vehicles (the "Franchise Dealer Settlement").

The Settlement is with **VOLKSWAGEN GROUP OF AMERICA, INC., VW CREDIT, INC.**, and their parent company, **VOLKSWAGEN AG**, and their respective parents and affiliates. *See Question 3 for more detail.* **The Franchise Dealer Settlement includes all Volkswagen-branded franchise dealers as of September 18, 2015.** *See Question 5 for more detail.*

The Court in charge of these cases still has to decide whether to approve the Franchise Dealer Settlement. However, you may be able to begin receiving payments prior to final approval by the Court if you are a Dealer Settlement Class Member and submit a signed Individual Release as set forth below in *Question 9*.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT	
<b>NO CLAIM FORM REQUIRED</b>	<ul style="list-style-type: none"> <li>• This Settlement does not require class members to make a claim in order to recover a payment under the Settlement.</li> <li>• Payments will be based on the monthly financial support payments that you already have received from Volkswagen, and will be automatically sent to dealer bank accounts.</li> <li>• The amount you will receive, provided you do not opt out of the Settlement, will be as provided in the attached Exhibit. <i>See Question 7 for more detail about how payments were calculated.</i></li> <li>• If you are a Dealer Settlement Class Member but no longer own and operate your Volkswagen dealership, see Question 10 for more information about updating your address and providing payment information to Class Counsel.</li> </ul>
<b>EXCLUDE YOURSELF FROM THE SETTLEMENT</b>	<ul style="list-style-type: none"> <li>• Excluding yourself means you <b>get no payment</b>.</li> <li>• Excluding yourself is the only way you can ever be a part of any other case against Volkswagen Group of America, VW Credit, Inc. or Volkswagen AG or their respective parents and affiliates about the claims being resolved by this Franchise Dealer Settlement.</li> <li>• <i>See Question 12.</i></li> </ul>
<b>OBJECT TO THE SETTLEMENT</b>	<ul style="list-style-type: none"> <li>• Write to the Court about why you don't like the Settlement.</li> <li>• You cannot object in order to ask the Court for a higher payment for <i>yourself personally</i>, although you can object to the payment terms (or any other terms) that apply generally to the Dealer Settlement Class.</li> <li>• <i>See Questions 15–16.</i></li> </ul>
<b>GO TO A HEARING</b>	<ul style="list-style-type: none"> <li>• The Court will hold a hearing for the Franchise Dealer Settlement to decide whether to approve it. You may ask to speak in Court about the fairness of the Settlement.</li> <li>• <i>See Question 17.</i></li> </ul>

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**BASIC INFORMATION**

**1. Why did I get this Notice?**

You are listed in Volkswagen’s records as a VW-branded franchise dealer as of September 18, 2015.

You were sent this Notice because, as a possible Dealer Settlement Class Member, you have a right to know about the proposed class action Settlement, and about all your options, before the Court decides whether to give “final approval” to the Settlement. *See Question 5 for more details about who is in the Franchise Dealer Class.*

**2. What is this lawsuit about?**

In September 2015, the U.S. Environmental Protection Agency (“EPA”) issued a notice of violation to Volkswagen AG, Audi AG, and Volkswagen Group of America, Inc. (“Volkswagen” or “VW”), alleging that certain 2.0 liter Volkswagen and Audi branded diesel turbocharged direct-injection (“TDI”) vehicles were equipped with “defeat

device” software designed to reduce the effectiveness of the vehicles’ emission control systems with respect to nitrogen oxides (“NOx”). In November 2015, an additional notice of violation was issued to Volkswagen alleging that certain 3.0 liter Volkswagen, Audi and Porsche branded diesel vehicles were also equipped with defeat device software. Starting in September 2015, and in the weeks and months after the notices were issued, affected owners, lessees, and dealers from across the country filed hundreds of lawsuits against Volkswagen in federal courts in all 50 states (the “Consumer Lawsuits”). The Consumer Lawsuits were consolidated in the United States District Court for the Northern District of California before the Honorable Charles R. Breyer, MDL No. 15-2672.

### **The Franchise Dealer Lawsuit Against Volkswagen and Robert Bosch**

On April 6, 2016, Napleton Orlando Imports, LLC dba Napleton’s Volkswagen of Orlando, Napleton’s Sanford Imports, LLC dba Napleton’s Volkswagen of Sanford, and Napleton Automotive of Urbana, LLC dba Napleton Volkswagen of Urbana (collectively, the “Napleton VW Dealerships”) sued, among others, Volkswagen Group of America, Inc., VW Credit, Inc. and Volkswagen AG in the Northern District of Illinois, Case No. 1:16-cv-04071, for, among other things, damages to VW-branded franchise dealers caused by the emissions issues associated with the TDI vehicles (the “Napleton Action”). On April 20, 2016, the Napleton Action was transferred to the MDL for pre-trial proceedings.

On September 30, 2016, a First Amended VW-Branded Franchise Dealer Class Action Complaint (the “VW-Branded Dealer Complaint”) was filed directly in the MDL. J. Bertolet, Inc., dba J. Bertolet Volkswagen is the proposed Class Representative in the VW-Branded Dealer Complaint, and seeks to represent a class of all VW-branded franchise dealers in the United States as of September 18, 2015 for their alleged loss in dealership value as a result of the emissions issues surrounding the VW 2.0 liter and 3.0 liter TDI vehicles (“TDI Vehicles”).

### **The Consumer Settlements**

On July 26, 2016, a Settlement agreement was filed to resolve the Consumer Lawsuits (the “Consumer Settlement”), and certain claims of government regulators relating to the 2.0 Liter TDI vehicles were resolved through a consent decree. Under the Consumer Settlement, owners and lessees of 2.0 Liter TDI Vehicles can elect to have VW buy back their vehicle, or if available, can elect to have it fixed to conform to EPA and CARB standards. In either case, consumer class members will receive a restitution payment in addition to the buyback or fix.

### **The Franchise Dealer Settlement**

After negotiations taking place over the course of several months, VW and counsel representing VW-branded franchise dealers, in consultation with J. Bertolet, Inc., dba J. Bertolet Volkswagen, and the members of the VW Dealer Investment Committee, reached an agreement to settle the claims of VW-branded franchise dealers relating to TDI Vehicles (the “Franchise Dealer Settlement”). The Franchise Dealer Settlement applies solely to VW-branded franchise dealers, as well as to corporations and other organizations that own those VW-branded franchise dealers as of September 18, 2015. The Franchise Dealer Settlement will become effective only if it is approved by the Court.

Under the Franchise Dealer Settlement, Volkswagen will agree to the certification—for Settlement purposes only—of a class of VW-branded franchise dealers in the United States as of September 18, 2015 (the “Franchise Dealer Class”). Members of the Franchise Dealer Class who do not opt out of the Franchise Dealer Settlement will receive the following benefits:

#### **Cash Benefit:**

Volkswagen will pay up to **\$1.208 billion** (if there is 100% participation by all Eligible Dealers) to compensate members of the Franchise Dealer Class for the alleged loss in franchise value. As discussed in greater detail below, Franchise Dealer Class Members who do not opt out of the Settlement (“Dealer Class Members”) will receive a cash payment based on what they would have received in monthly support payments in November 2015 as compared to the total of all Franchise Dealer Class members’ monthly support payments at that time.

Fifty percent (50%) of the amount to be paid to each Dealer Settlement Class Member will be paid within 30 days of final approval of this Settlement or within 30 days of the end of the opt-out period (“Opt-Out Date”) if an Individual Release (described below) is completed, and the remainder will be paid in equal monthly installments over the 18 months following the first payment.

**Non-Cash Benefits:**

**Continuation of Incentives and Other Support Payments**

Volkswagen agrees to continue its “VIP” and “CSI” incentive payments to Dealer Class Members for 12 months following the earlier of the Opt-Out Date or the first payment under this Settlement. In addition, Volkswagen will continue to pay its monthly dealer support payments until 30 days after the Opt-Out Date or until the first payment under this Settlement, whichever is earlier.

**Standstill of Capital Investment Obligations**

To the extent any Dealer Settlement Class Member is obligated under an existing agreement with Volkswagen to make capital investments (*i.e.*, remodel, new construction, etc.) in its dealership, the Dealer Settlement Class Member may defer, at its option, such obligations for two years after the Opt-Out Date. Likewise, Volkswagen agrees not to require capital investment in connection with the sale of a dealership for any sale that is formally proposed to Volkswagen within one year of the Opt-Out Date.

**Treatment of Dealer Inventory of Volkswagen Diesel Vehicles**

For used diesel vehicles for which Volkswagen is unable to provide an Approved Emissions Modification (“AEM”), Volkswagen will repurchase such vehicles from Dealer Settlement Class Members under the same terms provided in the Consumer Settlement for such 2.0 liter vehicles, and (b) under the same terms provided in a future potential consumer settlement, if any, for such 3.0 liter vehicles. For new diesel vehicles with no AEM, Volkswagen will repurchase such vehicles from Dealer Settlement Class Members for the net wholesale cost that was paid by the Dealer Settlement Class Member for such vehicles.

For new model year 2015 diesel vehicles for which Volkswagen is able to provide an AEM, Volkswagen will offer a TDI Lease Program and a TDI Service Loan Program. The TDI Lease Program will provide attractive lease terms to consumers with substantial subvention. The TDI Service Loan Program will provide a 12-month service loan car program for the New MY15 AEM Vehicles currently in the inventory of Dealer Settlement Class Members whereby Dealer Settlement Class Members will be charged a monthly rental fee below the current standard price of 2% of MSRP per month, and have the option, but not the requirement, to buy such New MY15 AEM Vehicles at the end of the 12-month program if all of the steps of the AEM have been completed for the vehicle(s).

The Net Settlement Amount (as defined in the Agreement) is intended to compensate Dealer Settlement Class Members for alleged diminution in value of the capital investment and goodwill in their franchises resulting from the TDI Matter and other alleged action or inaction by Volkswagen described in the Settlement.

**3. What is a class action and who are the Parties?**

In a class action lawsuit, one or more people, called “class representatives,” sue on behalf of people who have similar claims. All these people together are a “class” or “class members.” One court resolves the issues for all class members, except for those who choose to exclude themselves from the Class (*see Question 12*).

The **Settlement Class Representative** involved in this Settlement is a VW-branded franchise dealer in Pennsylvania. The Settlement Class Representative is J. Bertolet, Inc., which owns and operates J. Bertolet Volkswagen in Orwigsburg, Pennsylvania

The **Settling Defendants** (or companies being sued) involved in this Settlement are Volkswagen AG, Volkswagen Group of America, Inc. (d/b/a Volkswagen of America, Inc.), Volkswagen Group of America Chattanooga Operations, LLC, VW Credit, Inc., VW Credit Leasing, Ltd., VCI Loan Services, LLC, and any former, present, and future owners, shareholders, directors, officers, employees, attorneys, affiliates, parent companies, subsidiaries, predecessors, and successors of any of the foregoing.

Together, the Settlement Class Representative and the Settling Defendants are called the “**Parties.**”

#### 4. Why is there a Settlement?

Volkswagen has denied all liability in the lawsuit. The Court did not decide in favor of any party on the legal claims being resolved here. Instead, all sides agreed to a Settlement, which avoids the risk and cost of a trial, but still provides compensation to the people affected. The Settlement Class Representative and Class Counsel think that the Settlement is in the best interests of Franchise Dealer Class Members and that the Franchise Dealer Settlement is fair, adequate, and reasonable.

### WHO IS IN THE SETTLEMENT?

#### 5. How do I know if I am part of the Settlement? What is the Class definition?

If you meet the definition below, you are a Franchise Dealer Class Member and are eligible for a cash payment and the other benefits set forth above if you do not opt out. *See Questions 7–8 for more details about how payment amounts will be calculated.*

##### **Settlement Class Definition:**

You are a Dealer Class Member if: **You owned a VW-branded franchise dealership in the United States on September 18, 2015.**

### THE SETTLEMENT BENEFITS—WHAT YOU GET

#### 6. What does the proposed Settlement provide?

##### Cash Payments

The Settlement provides for cash payments to Dealer Settlement Class Members. If all 652 members of the Franchise Dealer Class participate in the Settlement, cash payments by Volkswagen would total **\$1.208 billion (\$1,208,000,000.00)**. The average payment to each Dealer Settlement Class Member would be approximately \$1.85 million (\$1,850,000.00). Individual Dealer Settlement Class Members will receive more or less than the average payment based on the formula set forth below in Question 7.

In addition, Dealer Class Members will receive the following non-cash benefits:

##### Continuation of Incentives and Other Support Payments

Volkswagen agrees to continue its “VIP” and “CSI” incentive payments to Dealer Settlement Class Members for 12 months following the Opt-Out Date or until the first payment under this Settlement, whichever is earlier. In addition, Volkswagen will continue to pay its monthly dealer support payments until 30 days after the Opt-Out Date or until the first payment under this Settlement, whichever is earlier.

##### Standstill of Capital Investment Obligations

To the extent any Dealer Settlement Class Member is obligated under an existing agreement with Volkswagen to make capital investments (*i.e.*, remodel, new construction, etc.) in its dealership, the Dealer Settlement Class Member may defer, at its option, such obligations for two years after the Opt-Out Date. Likewise, Volkswagen agrees not to require capital investment in connection with the sale of a dealership for any sale that is formally proposed to Volkswagen within one year of the Opt-Out Date.

##### Treatment of Dealer Inventory of Volkswagen Diesel Vehicles

For used diesel vehicles for which Volkswagen is unable to provide an Approved Emissions Modification (“AEM”), Volkswagen will repurchase such vehicles from Dealer Settlement Class Members (a) under the same terms provided in the Consumer Settlement for such 2.0 liter vehicles, and (b) under the same terms provided in a future potential consumer settlement, if any, for such 3.0 liter vehicles. For new diesel vehicles with no AEM, Volkswagen will repurchase such vehicles from Dealer Class Members for the net wholesale cost that was paid by the Dealer Class Member for such vehicles.

For new model year 2015 diesel vehicles for which Volkswagen is able to provide an AEM, Volkswagen will offer a TDI Lease Program and a TDI Service Loan Program. The TDI Lease Program will provide attractive lease terms to consumers with substantial subvention. The TDI Service Loan Program is a 12-month service loan car program for the New MY15 AEM Vehicles currently in the inventory of Dealer Settlement Class Members whereby Dealer

Settlement Class Members will be charged a monthly rental fee below the current standard price of 2% of MSRP per month, and have the option, but not the requirement, to buy such New MY15 AEM Vehicles at the end of the 12-month program if all of the steps of the AEM have been completed for the vehicle(s).

#### **7. How were payments calculated?**

Payments to Dealer Settlement Class Members are based on the amount each Franchise Dealer Class Member would have received in monthly support payments from Volkswagen in November 2015 as a fraction of the total amount of monthly support payments received by all Franchise Dealer Class Members in November 2015. For example, if you received \$26,000.00 in monthly support payments in November 2015, and Volkswagen paid a total of \$16,930,330.00 in November 2015 to all Franchise Dealer Class Members, then your share of the cash component of the Franchise Dealer Settlement would be  $\$26,000.00 / \$16,930,330.00 \times \$1,208,000,000.00 = \$1,855,132.18$ .

#### **8. How much will my payment be?**

Using the formula above, your cash payment under the settlement will be as provided in the attached Exhibit, provided you do not opt out of the Settlement (*see Question 11*).

#### **9. When will payments be issued?**

The Initial Payment (50% of the total payment) will be delivered to Dealer Settlement Class Members within 30 days of the end of the Opt-Out Period for the Settlement (or 30 days after the receipt of the Individual Release, if later), **if you sign and return the Individual Release below**. The remaining 50% of the total payment will be paid in 18 equal consecutive monthly payments beginning 30 days after the Initial Payment. If you do not sign and return the Individual Release, you will receive your Initial Payment within 30 days of the Effective Date of the Settlement and the remainder in 18 equal consecutive monthly payments thereafter. The Effective Date of the Settlement is the date upon which all decisions in the case are final, including any appeals by any objectors. If there are objectors who appeal, the Effective Date may be several years away.

#### **10. How will my payment be sent?**

Volkswagen will provide payment(s) via electronic funds transfer (EFT) to Dealer Settlement Class Members with active Volkswagen dealerships. If you are a Dealer Settlement Class Member, but no longer own and operate your Volkswagen dealership, you will also receive payment(s) via EFT but must provide payment instructions using the *Payment Instructions Form at the end of this Notice*.

#### **11. What am I giving up to get a payment or stay in the Settlement?**

Unless you exclude yourself from the Settlement (*see Question 12*), you are staying in the Dealer Settlement Class. This means that all of the Court's orders will apply to you and legally bind you, and that you can't sue or be part of any other lawsuit against the Settling Defendants (or any of the other related entities listed as "Released Parties" in the Settlement Agreement) about the legal claims resolved in the Settlement. Likewise, if you sign and return the Individual Release included in this notice in order to receive your Settlement payment sooner, you will give up the same rights to sue the Released Parties.

The Individual Release is posted on [www.vwdealerssettlement.com](http://www.vwdealerssettlement.com). The release contains specific legal terminology. Talk to Class Counsel (*see Question 13*) or your own lawyer if you have questions about what the release means and what it covers.

### **EXCLUDING YOURSELF FROM THE SETTLEMENT ("OPTING OUT")**

#### **12. How do I get out of the Settlement?**

If you ask to be excluded from the Franchise Dealer Settlement (also called "opting out" of the Settlement), you will not get any money or other benefits from the Settlement. If you exclude yourself, you will not be legally bound by the Settlement. You may be able to sue (or continue to sue) the Released Parties on your own about the legal issues in the settled lawsuits. Unless you exclude yourself from the Settlement, you give up any right to sue the Released Parties for the claims that are resolved by the Franchise Dealer Settlement.

To exclude yourself from the Franchise Dealer Settlement, you must send a **letter** to Class Counsel and Volkswagen’s counsel by first-class mail with a **clear statement that you want to be excluded**. Be sure to include your **name, address, telephone number**, and your **signature**. You can’t exclude yourself by phone, by e-mail, or on the website.

You must mail your exclusion request, **postmarked no later than [DATE]**, to the following:

Steve W. Berman  
 VW Dealer EXCLUSION REQUEST  
 1918 Eighth Avenue, Suite 3300  
 Seattle WA 98101

Sharon L. Nelles  
 VW Dealer EXCLUSION REQUEST  
 Sullivan & Cromwell LLP  
 125 Broad Street  
 New York, NY 10004

## THE LAWYERS REPRESENTING YOU

### 13. Do I have a lawyer in this case?

Yes. The Court has appointed the law firms listed below to represent you and other Franchise Dealer Class Members in the Settlement. These lawyers are called Class Counsel. **You will not be charged for services performed by Class Counsel**. If you want to be represented by your own lawyer, you may hire one at your own expense.

If you want to contact Class Counsel about the Settlement, they can be reached at:

<p><b>HAGENS BERMAN SOBOL SHAPIRO LLP</b>                  Steve W. Berman (Seattle, WA)                  Thomas E. Loeser (Seattle, WA)                  (206) 623-7292  <a href="mailto:vwdealers@hbsslaw.com">vwdealers@hbsslaw.com</a></p>	<p><b>BASS SOX MERCER</b>                  Richard N. Sox (Tallahassee, FL)                  Jason Allen (Tallahassee, FL)                  (850) 878-6404  <a href="mailto:rsox@dealerlawyer.com">rsox@dealerlawyer.com</a></p>
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### 14. How will the lawyers be paid? Are the Class Representatives being paid?

**Attorneys’ Fees.** Volkswagen will pay attorneys’ fees and costs to Class Counsel in addition to the benefits it is providing to the Dealer Settlement Class Members in this Settlement. At a later date to be determined by the Court, Class Counsel will ask the Court for an award of attorneys’ fees and reasonable costs. Dealer Settlement Class Members will have an opportunity to comment on and/or object to this request at an appropriate time. The Court must approve the award of attorneys’ fees and costs to be paid by Volkswagen.

Any attorneys’ fees and costs awarded by the Court will be paid separately by Volkswagen and will not reduce benefits to class members.

## OBJECTING TO THE SETTLEMENT

### 15. How do I tell the Court that I don’t like the Settlement?

If you’re a Dealer Settlement Class Member, you can object to the proposed Settlement if you don’t like it. You cannot object if you have excluded yourself from the Settlement (*see Question 12*).

You can object if you don’t like any part of the proposed Settlement, including the way payments were calculated, or the request for the attorneys’ Fee and Expense Award. You can give reasons why you think the Court should not approve any or all of these items, and the Court will consider your views.

**You CANNOT object in order to ask the Court for a higher payment for yourself personally, although you can object to the payment formula that applies generally to the Dealer Settlement Class.** The Court can only approve or disapprove the Settlement, but cannot change how much money you are personally eligible to receive from the Settlement. This means that if the Court agrees with your objection, the case won’t be settled unless the parties agree to change the terms and the Court approves those changes.

To object, you must (a) **mail** your objection to Class Counsel and Volkswagen’s counsel **and** (b) **file** it with the Court. To be timely, your objection must be mailed to Class Counsel and Volkswagen’s counsel so that it is **postmarked** by [DATE], **and** must be **filed** with the Court by no later than [DATE], at the following addresses:

<b>CLASS COUNSEL</b>	Steve W. Berman VW Dealer Objection 1918 Eighth Avenue, Suite 3300 Seattle, WA 98101
<b>VOLKSWAGEN’S COUNSEL</b>	Sharon L. Nelles Sullivan & Cromwell LLP 125 Broad Street New York, NY 10004
<b>THE COURT</b>	Clerk of the Court/Judge Charles R. Breyer Phillip Burton Federal Building & United States Courthouse 450 Golden Gate Avenue San Francisco, CA 94102

Note: You may mail your objection to the Court, but it must be **received** by the Court **and filed** by [DATE]. See [www.vwdealersettlement.com](http://www.vwdealersettlement.com) for more information on how to object to the Settlement.

**You must include the following information in your objection:**

- Your full name, address, telephone number, and signature.
- The specific reasons why you object to the Settlement.
- The name, address, bar number, and telephone number of your counsel, if you’re represented by an attorney. If you are represented by an attorney, he/she or it must comply with all applicable laws and rules for filing pleadings and documents in the Northern District of California.
- State whether you intend to appear at the Fairness Hearing, either in person or through counsel.

Unless you submit a proper and timely written objection, according to the above requirements, you will not be allowed to object to the Settlement or appear at the Fairness Hearing. (See Questions 17–19).

**16. What’s the difference between objecting and excluding yourself (“opting-out”)?**

Objecting is simply telling the Court that you don’t like something about the Settlement. Excluding yourself or opting-out is telling the Court that you don’t want to be part of the Settlement. If you exclude yourself then you cannot object to the Settlement because you are not a part of it. If you object, and the Court approves the Settlement anyway, you will still get your benefits under the Settlement and be legally bound by the Settlement.

**THE COURT’S FAIRNESS HEARING**

**17. When and where will the Court decide whether to approve the Settlement?**

The Court will hold a “Fairness Hearing” (also known as a “Final Approval Hearing”) to decide whether to finally approve the proposed Settlement. The Fairness Hearing will be on [DATE], at [TIME], before Judge Charles Breyer, United States District Court for the Northern District of California, 450 Golden Gate Avenue, San Francisco, CA 94102. If you want to attend the Fairness Hearing, keep in mind that the date and/or time may be changed after the time of this Notice, so you should check the Settlement website ([www.vwdealersettlement.com](http://www.vwdealersettlement.com)) before making travel plans.

At the Fairness Hearing, the Court will consider whether the Franchise Dealer Settlement and all of its terms are adequate, fair, and reasonable. If there are objections, the Court will consider them. The Court may also decide how much to award Class Counsel for fees and expenses.

At or after the Fairness Hearing, the Court will decide whether to finally approve the proposed Settlement. There may be appeals after that. **There is no set timeline for either the Court's final approval decision, or for any appeals that may be brought from that decision, so it is impossible to know exactly when the Franchise Dealer Settlement will become final.**

The Court may change deadlines listed in this Notice without further notice to the Class. To keep up on any changes in the deadlines, please contact Class Counsel or review the website.

#### **18. Do I have to come to the Fairness Hearing?**

No. Class Counsel will answer any questions asked by the Court. If you send an objection, you don't have to come to Court to talk about it. So long as you mailed your written objection on time and complied with the other requirements for a proper objection, the Court will consider it. You may also pay another lawyer to attend, but it's not required.

#### **19. May I speak at the Fairness Hearing?**

Yes. If you submitted a proper written objection to the Settlement, you or your lawyer may, at your own expense, speak at the Fairness Hearing. To do so, you must follow the procedures set out in Question 15. You must also file a Notice of Intention to Appear, which must be mailed to Class Counsel and Volkswagen's counsel and **postmarked no later than [DATE]**. It must be **filed** with the Clerk of the Court by that same date. If you intend to have a lawyer appear on your behalf, your lawyer must enter a written notice of appearance of counsel with the Clerk of the Court no later than **[DATE]**.

### **GETTING MORE INFORMATION**

#### **20. How do I get more information about the Settlement?**

This Notice summarizes the proposed Settlement. For the precise terms and conditions of the Franchise Dealer Settlement, please see the Settlement Agreement, available at [www.vwdealerssettlement.com](http://www.vwdealerssettlement.com).

#### **YOU MAY OBTAIN ADDITIONAL INFORMATION BY:**

**CALLING.** Call Class Counsel toll-free at 1-800-657-1758 to ask questions and receive copies of documents.

**E-MAILING.** Email Class Counsel at [VWDealers@hbsslaw.com](mailto:VWDealers@hbsslaw.com).

**WRITING.** Send your questions by mail to Class Counsel

Steve Berman  
VW Dealer Question  
1918 Eighth Avenue, Suite 3300  
Seattle, WA 98101

Richard Sox  
Bass Sox Mercer  
2822 Remington Green Circle  
Tallahassee, FL 32308

**VISITING THE SETTLEMENT WEBSITE.** [www.vwdealerssettlement.com](http://www.vwdealerssettlement.com), where you will find answers to common questions about the Settlement, plus other information to help you.

**REVIEWING LEGAL DOCUMENTS.** You can review the legal documents that have been filed with the Clerk of Court in these cases at:

Phillip Burton Federal Building & United States Courthouse  
450 Golden Gate Avenue  
San Francisco, CA 94102

Some of the legal documents are also located on the Settlement website.

**ACCESSING PACER.** You can access the Court dockets in these cases through the Court's Public Access to Court Electronic Records (PACER) system at <https://ecf.wawd.uscourts.gov>. An access charge may apply.

**PLEASE DO NOT CALL THE JUDGE OR THE COURT CLERK TO ASK QUESTIONS ABOUT THE LAWSUITS, THE SETTLEMENT, OR THIS NOTICE. The Court will not respond to letters or telephone calls. If you**

wish to address the Court, you must file an appropriate pleading or motion with the clerk of the court in accordance with the Court's usual procedures.

DATED: \_\_\_\_\_, 2016

BY ORDER OF THE COURT

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

## ADDRESS UPDATE FORM

If you think you are a part of the Franchise Dealer Class and are concerned that Volkswagen's Dealer database may not contain your current address, you may use the following form to update your address. When submitting your address update, *please include as much information as possible to help Class Counsel and Volkswagen locate your records.*

**You are strongly encouraged to submit your address update online at [www.vwdealersettlement.com](http://www.vwdealersettlement.com) (click on "Update My Address").**

<b>Your Current Full Name:</b>	
<b>Your Current Mailing Address:</b>	
<b>Your Current Email Address:</b>	
<b>Your Dealership's Name:</b>	
<b>Any other name that could have been associated with your dealership:</b>	

*If mailing this form, please send it by mail to Class Counsel and Volkswagen:*

<b>CLASS COUNSEL</b>	Steve Berman VW Dealer COA 1918 Eighth Avenue, Suite 3300 Seattle, WA 98101
<b>VOLKSWAGEN'S COUNSEL</b>	Sharon L. Nelles Sullivan & Cromwell LLP 125 Broad Street New York, NY 10004

## INDIVIDUAL RELEASE

The attached Individual Release tracks the Release contained in the Franchise Dealer Settlement. If you do not opt out of the Settlement and you complete and return the release below to Class Counsel and Volkswagen's counsel, then your Initial Payment under the Settlement (50% of your total payment) will be sent to you within 30 days of the later of the date of receipt of the Individual Release or the end of the Opt-Out Period. If you do not sign and return the Individual Release and remain in the Dealer Settlement Class, then you will receive your Initial Payment under the Settlement within 30 days of the Effective Date of the Settlement.

*If mailing this form, please send it by mail to Class Counsel and Volkswagen's counsel at:*

<b>CLASS COUNSEL</b>	Steve Berman VW Dealer Individual Release 1918 Eighth Avenue, Suite 3300 Seattle, WA 98101
<b>VOLKSWAGEN'S COUNSEL</b>	Sharon L. Nelles Sullivan & Cromwell LLP 125 Broad Street New York, NY 10004

*You may scan and email this form to Class Counsel and Volkswagen's counsel at:*

<b>CLASS COUNSEL</b>	VWDealer@hbsslaw.com
<b>VOLKSWAGEN'S COUNSEL</b>	Nelles@sullcrom.com

**PAYMENT INSTRUCTION FORM FOR FORMER DEALERS**

Please complete the following to be set up for EFT payment.

Upon your company's set up, you will receive an e-mail message outlining the log in information to [www.invoicecopy.com/vwdlr/](http://www.invoicecopy.com/vwdlr/) where all payment details can be viewed.

Former Dealer Number:	
Corporate / Legal Business Name:	
Business Address:	
Business City:	
Business State:	
Contact Person Name	
Contact Phone	
Bank Name:	
Bank Address:	
Bank City:	
Bank State:	
Bank Zip Code:	
American Banking: Association Number (ABA) / Or Routing #:	
Bank Account Number:	

Signature \_\_\_\_\_

Date \_\_\_\_\_

**\*\* ADDITIONAL DOCUMENTATION TO CONFIRM ACCURACY OF BANKING INFORMATION MUST BE PROVIDED\*\***

(i.e. copy of void check, bank confirmation, bank detail on company letter head, etc.)

*If mailing this form, please send it by mail to Class Counsel and Volkswagen's counsel at:*

<b>CLASS COUNSEL</b>	Steve Berman VW Dealer Individual Release 1918 Eighth Avenue, Suite 3300 Seattle, WA 98101
<b>VOLKSWAGEN'S COUNSEL</b>	Sharon L. Nelles Sullivan & Cromwell LLP 125 Broad Street New York, NY 10004

*You may scan and email this form to Class Counsel and Volkswagen's counsel at:*

<b>CLASS COUNSEL</b>	VWDealer@hbsslaw.com
<b>VOLKSWAGEN'S COUNSEL</b>	Nelles@sullcrom.com

# **Exhibit 2**

Individual Release of Claims

**INDIVIDUAL RELEASE OF CLAIMS**

*In re Volkswagen “Clean Diesel” Marketing,  
Sales Practices, and Products Liability  
Litigation,*

MDL No. 15-2672 (N.D. Cal.)

This Document Relates to

*Napleton et al. v. Volkswagen Group of America, Inc. et al.,*  
No. 16-02086

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**MUST BE COMPLETED BY DEALER SETTLEMENT CLASS MEMBER TO  
RECEIVE INDIVIDUAL DEALER SETTLEMENT PAYMENT  
PRIOR TO EFFECTIVE DATE OF FRANCHISE DEALER CLASS  
AGREEMENT**

1. “Released Parties” means any person who, or entity that, is or could be responsible or liable in any way whatsoever, whether directly or indirectly, for the claims asserted in the Franchise Dealer Complaint in this action. The Released Parties include, without limitation, (1) Volkswagen AG, Volkswagen Group of America, Inc. (d/b/a Volkswagen of America, Inc.), Volkswagen Group of America Chattanooga Operations, LLC, VW Credit, Inc., VW Credit Leasing, Ltd., VCI Loan Services, LLC (“VCI”), and any former, present, and future owners, shareholders, directors, officers, employees, attorneys, affiliates, parent companies, subsidiaries, predecessors, and successors of any of the foregoing (the “VW Released Entities”); (2) any and all contractors, subcontractors, and suppliers of the VW Released Entities; (3) any and all persons and entities indemnified by any VW Released Entity with respect to the TDI Matter; (4) any and all other persons and entities involved in the design, research, development, manufacture, assembly, testing, sale, leasing, repair, warranting, marketing, advertising, public relations, promotion, or distribution of any Affected Vehicle, even if such persons are not specifically named in this paragraph; and (5) for each of the foregoing, their respective former, present, and future affiliates, parent companies, subsidiaries, predecessors, successors, shareholders, indemnitors, subrogees, spouses, joint ventures, general or limited partners, attorneys, assigns, principals, officers, directors, employees, members, agents, representatives, trustees, insurers, reinsurers, heirs, beneficiaries, wards, estates, executors, administrators, receivers, conservators, personal representatives, divisions, dealers, and suppliers. Notwithstanding the foregoing, this Release does not release any claims against Robert Bosch GmbH and Robert Bosch, LLC or any of their former, present, and future owners, shareholders, directors, officers, employees, attorneys, affiliates, parent companies, subsidiaries, predecessors, or successors.
2. In exchange for benefits that (i) I am eligible to receive under the class action settlement agreement in this case (the “Franchise Dealer Class Agreement”)<sup>1</sup> and (ii) Volkswagen Group of America, Inc. (“VWGoA”) and Volkswagen AG (collectively, “Volkswagen”) have agreed to provide to me (the “Individual Dealer Settlement Payments”), the sufficiency of which I

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<sup>1</sup> The terms “Action,” “Final Approval Order,” “Franchise Dealer Complaint,” “Individual Dealer Settlement Payments,” “Initial Payment,” “Released Party,” “TDI Matter,” and “Volkswagen Dealer Agreement” have the meanings given to them in Section 2 of the Franchise Dealer Class Agreement.

hereby acknowledge, I, on behalf of myself and my agents, heirs, executors, administrators, successors, assigns, insurers, attorneys, representatives, shareholders, owners associations, and any other legal or natural persons who may claim by, through or under me, hereby fully, finally, irrevocably, and forever release, waive, discharge, relinquish, settle, and acquit the Released Parties, of and from the following claims: (1) all claims related in any way to the TDI Matter; (2) all claims related in any way to VWGoA's previously announced goals or objectives for U.S. sales volume growth, including any claims related in any way to incentives and other support payments or programs from VWGoA to any Volkswagen-branded franchise dealer related to such goals and any volume shortfall; (3) all claims for monetary damages arising before the Effective Date of the Franchise Dealer Class Agreement that relate in any way to allocation complaints or irregularities (but allocations may be asserted by any dealer as a defense to a franchise termination by VWGoA); (4) all claims for monetary damages arising before the Effective Date of the Franchise Dealer Class Agreement that relate in any way to the method upon which VWGoA measures the sales and service performance of its Volkswagen-branded franchise dealers or sets the sales and service objectives for its Volkswagen-branded franchise dealers (but the method upon which VWGoA measures the sales and service performance may be asserted by any Volkswagen-branded franchise dealer as a defense to a franchise termination by VWGoA); and (5) all discrimination or coercion claims arising before the Effective Date of the Franchise Dealer Class Agreement related in any way to the sale, incentivization or use of VCI wholesale and retail financing products (collectively, the "Released Claims"). Except as specifically enumerated above, all other claims are expressly preserved and are not released. For avoidance of doubt, to the extent that a Releasing Party owns a VW-branded dealership and also owns a Porsche-branded dealership and/or an Audi-branded dealership, that Releasing Party is releasing all Released Claims specifically and only with respect to its ownership of the VW-branded dealership, and does not release any claims with respect to its ownership of a Porsche-branded dealership and/or an Audi-branded dealership against any party.

3. This Individual Release will become effective and irrevocably binding upon me when I receive my Initial Payment under Section 4.1.3 of the Franchise Dealer Class Agreement and will remain binding whether or not the Franchise Dealer Class Agreement is finally approved, provided that VWGoA makes all of my Individual Dealer Settlement Payments.
4. I acknowledge and agree that I have agreed to sign this Individual Release as the result of an arm's length voluntary transaction for valuable consideration, separate and apart from continuation of any existing Volkswagen Dealer Agreement, and that I have not been coerced or required to enter into the Individual Release or to not opt-out of the Franchise Dealer Class Agreement by VWGoA or anyone else.
5. In the event that I bring a future challenge to this Individual Release or any future action or proceeding based on a Released Claim, this Individual Release may be raised as a complete defense to, and will preclude, any action or proceeding specified in, or involving claims encompassed by, this Individual Release. I shall not now or hereafter institute, maintain, prosecute, assert, and/or cooperate in the institution, commencement, filing or prosecution of any suit, action, and/or other proceeding, against the Released Parties with respect to the Released Claims. To the extent that I have initiated, or caused to be initiated, any suit, action, or proceeding not already encompassed by the Action, I shall cause such suit, action, or proceeding to be dismissed with prejudice. If I commence, file, initiate, or institute any new legal action or other proceeding for any Released Claim against any Released Party in any federal or state court, arbitral tribunal, or administrative or other forum, (1) such legal action or

other proceeding shall be dismissed with prejudice and at my cost; (2) the respective Released Party shall be entitled to recover any and all reasonable related attorneys' fees, costs and expenses from me arising as a result of my breach of my obligations under this Individual Release; and (3) Volkswagen shall have the discretion to void this Individual Release and the Franchise Dealer Class Agreement as it pertains to me, in which case I shall immediately repay VWGoA any consideration paid to me pursuant to this Individual Release and the Franchise Dealer Class Agreement with legal interest thereon arising as a result of my breach of my obligations under this Individual Release.

6. This Individual Release incorporates by reference the release and associated provisions set forth in Section 9 of the Franchise Dealer Class Agreement as if set forth fully herein, and, as to those provisions, shall have the same scope and effect as the Franchise Dealer Class Agreement. This Individual Release supplements the release and associated provisions set forth in Section 9 of the Franchise Dealer Class Agreement. It does not supersede them.
7. I expressly understand and acknowledge that this Individual Release applies to claims of which I am not presently aware. I expressly understand and acknowledge Section 1542 of the California Civil Code, which provides: "**A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.**" I acknowledge that I am aware of the contents and effect of Section 1542 and have considered the possibility that the number or magnitude of all claims may not currently be known. To ensure that this Individual Release is interpreted fully in accordance with its terms, I expressly waive and relinquish any and all rights and benefits that I may have under Section 1542 to the extent that such section may be applicable to this Individual Release and likewise expressly waive and relinquish any rights or benefits of any law of any state or territory of the United States, federal law or principle of common law, or of international or foreign law, which is similar, comparable, analogous, or equivalent to Section 1542 of the California Code to the extent that such laws or principles may be applicable to this Individual Release.
8. For the avoidance of doubt, I expressly understand and acknowledge that I may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those that I now know or believe to be true, related to the Released Claims, the Action and/or this Individual Release. Nevertheless, it my intention in executing this Individual Release to fully, finally, irrevocably, and forever release, waive, discharge, relinquish, settle, and acquit all such matters, and all claims relating thereto which exist, hereafter may exist, or might have existed (whether or not previously or currently asserted in the Action or any other action or proceeding) with respect to the Released Claims in accordance with the terms of the Franchise Dealer Class Agreement.
9. This Individual Release shall remain effective regardless of any judicial, quasi-judicial, arbitral, administrative, regulatory, or other decision relating to the liability of any Released Party in connection with the Released Claims, provided that VWGoA makes all of my Individual Dealer Settlement Payments. For the avoidance of doubt, this Individual Release shall remain effective even if the Final Approval is not granted, or the Final Approval Order is reversed and/or vacated on appeal, or if the Franchise Dealer Class Agreement is abrogated, terminated or otherwise voided in whole or in part, provided that VWGoA makes all of my Individual Dealer Settlement Payments.

10. This Individual Release is not intended to and expressly does not release Robert Bosch GmbH or Robert Bosch, LLC and any of their former, present, and future owners, shareholders, directors, officers, employees, attorneys, affiliates, parent companies, subsidiaries, predecessors, and successors (the “Bosch Entities”). If I elect to pursue a claim against any Bosch Entity related to the Released Claims (either individually or as a member of a class) and obtain a final, non-appealable adversary judgment against that Bosch Entity for damages as to which any Bosch Entity seeks indemnification from one or more of the Released Parties, I will waive enforcement of my judgment against that Bosch Entity by the amount of the damages that such Released Parties are held to be responsible for by way of indemnification of any Bosch Entity, but not more than the Restitution Payment amount that I receive from all Released Parties. However, I shall have no obligation to reduce my judgment against any Bosch Entity unless and until any Bosch Entity has obtained—in the face of a vigorously litigated defense—a final, non-appealable adversary judgment for indemnification against one or more of the Released Parties based on such party’s legal obligation to indemnify any Bosch Entity that existed prior to September 18, 2015. In the event that any Bosch Entity obtains such a judgment against a Released Party after I have recovered on a judgment against that Bosch Entity, I will return to the Bosch Entity the amount of the judgment against it by which I agree herein to have reduced that judgment, which amount will not exceed the Individual Dealer Settlement Payment that I receive from Volkswagen. In addition, I agree not to enter into any agreement to settle any claim I may have against any Bosch Entity unless such agreement expressly provides that the Released Parties shall be released from any claim for indemnification by a Bosch Entity against any Released Party that relates to my claim against the Bosch Entity.
11. This Individual Release, and any dispute arising out of or related to this Individual Release, shall be governed by and interpreted according to the Federal Rules of Civil Procedure and applicable jurisprudence relating thereto, and the laws of the State of California notwithstanding its conflict of law provisions. This Individual Release will be binding upon my successors, transferees, and assigns.
12. Any disagreement concerning and/or action to enforce this Individual Release shall be commenced and maintained only in the United States District Court for the Northern District of California.
13. I represent and warrant that I have carefully read and understand this Individual Release and that I execute it freely, voluntarily, and without being pressured or influenced by, or relying on, any statement or representation made by any person or entity acting on behalf of any Released Party. I certify that I understand that I have the right to consult with an attorney of my choice before signing this Individual Release.
14. I represent and warrant that I have authority to execute this Individual Release and that I am the sole and exclusive owner of all claims that I am releasing pursuant to this Individual Release. I acknowledge that I have not assigned, pledged, or in any manner whatsoever, sold, transferred, assigned or encumbered any right, title, interest or claim arising out of or in any way whatsoever pertaining to the Released Claims.

**\*\*\*SIGNATURE PAGE FOLLOWS\*\*\***

