

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

APPENDIX A

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

I. PURPOSE

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

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

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

II. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

Model Year	EPA Test Group(s)	Vehicle Make and Model(s)	Generation
2009	9ADXT03.03LD	VW Touareg, Audi Q7	1.1
2010	AADX03.03LD	VW Touareg, Audi Q7	1.1
2011	BADX03.02UG BADX03.03UG	VW Touareg Audi Q7	1.2
2012	CADX03.02UG CADX03.03UG	VW Touareg Audi Q7	1.2
2013	DADX03.02UG DADX03.03UG DPRX03.0CDD	VW Touareg Audi Q7 Porsche Cayenne Diesel	2.1 SUV
2014	EADX03.02UG EADX03.03UG EPRX03.0CDD	VW Touareg Audi Q7 Porsche Cayenne Diesel	2.1 SUV
2014	EADXJ03.04UG	Audi: A6 quattro, A7 quattro, A8, A8L, Q5	2 PC
2015	FVGAT03.0NU3	Audi Q7	2.1 SUV
2015	FVGAT03.0NU2 FPRX03.0CDD	VW Touareg Porsche Cayenne Diesel	2.2 SUV
2015	FVGAJ03.0NU4	Audi: A6 quattro, A7 quattro, A8, A8L, Q5	2 PC
2016	GVGAT03.0NU2 GPRX03.0CDD	VW Touareg Porsche Cayenne Diesel	2.2 SUV
2016	GVGAJ03.0NU4	Audi: A6 quattro, A7 quattro, A8, A8L, Q5	2 PC

2.10 “Emissions Compliant Recall” means only an Approved Emissions Modification

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

III. NOTICES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

offers described in Section VII of this Appendix A.

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

3.3 Other Notices

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

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

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

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

IV. GENERATION 1.x BUYBACK AND LEASE TERMINATION

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

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

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

V. GENERATION 1.x EMISSIONS MODIFICATION

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

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

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

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

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

VI. GENERATION 2.x EMISSIONS COMPLIANT RECALL

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

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

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

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

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

VII. GENERATION 2.x BUYBACK AND LEASE TERMINATION

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

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

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

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

VIII. GENERATION 2.x EMISSIONS MODIFICATION

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

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

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

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

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

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

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

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

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

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

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

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

X. RECALL RATE

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

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

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

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

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

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

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

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

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

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

XI. OTHER PROVISIONS

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

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

11.2 Disposition of Vehicles.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

XII. DISPUTE RESOLUTION AND STIPULATED PENALTIES

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

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

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

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

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

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

12.2.3 Failure to Timely Initiate Recall Program Offer – Generation 2.x.

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

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

12.2.4 Failure to Submit Reports or Notices. If Defendants fail to timely

submit any report required by Paragraph 11.3 or any notice required by Paragraphs 3.1, 3.2, or 3.3 of this Appendix A, the following Stipulated Penalties shall apply for each Day that such Report or Notice is not submitted:

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

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

12.2.5 Early Termination of Recall Program. If Defendants prematurely

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

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

12.2.6 Unauthorized Waiver or Release. If Defendants require any release

of liability for any legal claims that an Eligible Owner or Eligible Lessee may have against Defendants or any other person solely in exchange for receiving a Buyback, Lease Termination, Approved Emissions Modification, Reduced Emissions Modification,

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

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

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

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

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

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