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*Chattanooga Operations, LLC and Audi AG*  
15

16 **UNITED STATES DISTRICT COURT**  
17 **NORTHERN DISTRICT OF CALIFORNIA**

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19 IN RE: VOLKSWAGEN “CLEAN DIESEL” )  
MARKETING, SALES PRACTICES, AND ) MDL No. 2672 CRB (JSC)  
20 PRODUCTS LIABILITY LITIGATION )  
21 \_\_\_\_\_ )  
22 This Document Relates to: ) **STIPULATION AND**  
23 ALL ACTIONS (except securities actions) ) **ORDER REGARDING**  
Hon. Charles R. Breyer ) **VOLKSWAGEN SCRAP PILOT**  
\_\_\_\_\_ ) **PROGRAM**

24  
25 WHEREAS, on June 28, 2016, Defendants Volkswagen AG, Volkswagen Group  
26 of America, Inc., Volkswagen Group of America Chattanooga Operations, LLC and Audi AG  
27 (collectively, “Defendants”) entered into a Partial Consent Decree with the United States  
28 Department of Justice, on behalf of the United States Environmental Protection Agency, and the

1 People of the State of California, by and through the California Air Resources Board and the  
2 California Attorney General (“DOJ Consent Decree”) (Docket No. 1605); Defendant  
3 Volkswagen Group of America, Inc. entered into a Partial Stipulated Order for Permanent  
4 Injunction and Monetary Judgment with the Federal Trade Commission (Docket No. 1607);  
5 Defendants Volkswagen AG, Volkswagen Group of America, Inc. and Audi AG entered into a  
6 Consumer Class Action Settlement Agreement and Release with Plaintiffs (Docket No. 1606);  
7 and Defendants Volkswagen AG, Volkswagen Group of America, Inc., Volkswagen Group of  
8 America Chattanooga Operations LLC, and Audi AG entered into a Partial Consent Decree with  
9 the People of the State of California (Docket No. 1643) (collectively, the “Agreements”);

10 WHEREAS, under the terms of one or more of the Agreements, Defendants have  
11 offered to each Eligible Owner and Eligible Lessee of an Eligible Vehicle the option of a  
12 Buyback (for Eligible Owners) and Lease Termination (for Eligible Lessees) of the Eligible  
13 Vehicle (as these terms are defined in the DOJ Consent Decree);

14 WHEREAS, Section 7.2.2 of Appendix A to the DOJ Consent Decree provides  
15 that returned Eligible Vehicles may be salvaged for parts, and such parts, with certain  
16 exceptions, may be sold in the United States or exported;

17 WHEREAS, one or more of the Defendants intend to engage in a scrap pilot  
18 program to study the process, timing, costs and logistics of scrapping vehicles and salvaging  
19 them for parts;

20 WHEREAS, such Defendants intend to engage in this program in order to ensure  
21 that Eligible Vehicles are recycled effectively and in an environmentally sound manner;

22 WHEREAS, the scrap pilot program will involve approximately 20 non-unique  
23 2.0 Liter Subject Vehicles (as that term is defined in the DOJ Consent Decree) that are owned by  
24 VW Credit, Inc. or Volkswagen Group of America, Inc.;

25 WHEREAS, Defendants believe it is essential to the effective implementation of  
26 the Buyback and the Lease Termination for Defendants to understand fully the process of  
27 scrapping vehicles and salvaging their parts;

28

1           WHEREAS Defendants agree to provide, upon reasonable request, the  
2 Environmental Protection Agency and California Air Resources Board with information  
3 concerning the results of the pilot program, as well as information on the disposition of the parts  
4 salvaged from the vehicles; and

5           WHEREAS, counsel for the United States Department of Justice, the Federal  
6 Trade Commission, the People of the State of California and the Plaintiffs' Steering Committee  
7 consent to Defendants' proposed scrap pilot program to the extent permitted by the terms of the  
8 DOJ Consent Decree.

9           NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and  
10 among the parties hereto, that Defendants may proceed with the scrap pilot program  
11 notwithstanding any preservation orders that have been entered in this Action.

12 Dated: August 11, 2016

Respectfully submitted,

13 By: /s/ Robert J. Giuffra, Jr.

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Dated: August 11, 2016

Respectfully submitted,

By: /s/ Joshua H. Van Eaton (with permission)  
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*Liaison Counsel for the United States*

Dated: August 11, 2016

Respectfully submitted,

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*Liaison Counsel for the Federal Trade  
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Dated: August 11, 2016

Respectfully submitted,

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*Counsel for the People of the State of California*

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Dated: August 11, 2016

Respectfully submitted,

By: /s/ Elizabeth J. Cabraser (with permission)

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*Lead Counsel for Plaintiffs*

\* \* \*

**PURSUANT TO STIPULATION, IT IS SO ORDERED.**

Dated: August 11, 2016



CHARLES R. BREYER  
United States District Judge

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**ATTESTATION (CIVIL LOCAL RULE 5-1(i)(3))**

In accordance with Civil Local Rule 5-1(i)(3), I attest that concurrence in the filing of this document has been obtained from the signatories.

Dated: August 11, 2016

SULLIVAN & CROMWELL LLP

/s/ Laura Kabler Oswell  
Laura Kabler Oswell