

UNITED STATES DISTRICT COURT – NORTHERN DISTRICT OF CALIFORNIA

Notice of Pendency and Proposed Settlement of Class Action

To: Persons who have purchased or leased model year 2000-2004 or certain 2005 Audi TT vehicles distributed by Volkswagen of America, Inc., in its own name or doing business as Audi of America, Inc.

Your rights may be affected by the Lawsuit and proposed settlement discussed in this court-authorized notice. This Notice is to inform you of the conditional certification of a settlement class, the nature of the claims at issue, your right to participate in or exclude yourself from the class, and the effect of exercising your various options. You are not being sued.

YOUR LEGAL RIGHTS AND OPTIONS:

YOU MAY:		DUE DATE
FILE A CLAIM FORM	This is the <u>only</u> way to get the warranty repair described in Section 5.B. below or the cash reimbursement described in Section 5.C. below.	<u>Postmarked by June 16, 2008</u>
EXCLUDE YOURSELF	Write to the Settlement Administrator if you do not want to benefit from or be bound by this settlement.	<u>Postmarked by April 17, 2008</u>
OBJECT	File an objection with the Court if you are not satisfied with the settlement.	<u>Postmarked by April 17, 2008</u>
GO TO A HEARING	Ask for permission to speak in Court about the fairness of the settlement.	<u>Postmarked by April 17, 2008</u>
DO NOTHING	If you do nothing, you will be bound by the settlement, if it is approved.	

- Your legal rights and options --- **and the deadlines to exercise them** --- are explained in this Notice. Your legal rights may be affected whether you act or do not act. Please read this Notice carefully.

1. Why did the Court issue this notice?

This Notice is given to inform you that (1) a class action lawsuit is pending in the U.S. District Court for the Northern District of California before the Honorable Jeffrey S. White entitled *Maher v. Volkswagen of America, Inc. et al.*, Case No. C 06 6801 JSW (“the Lawsuit”); (2) you may be a class member; (3) the parties have proposed to settle the Lawsuit; (4) the proposed settlement may affect your legal rights; and (5) you have a number of options.

2. What is this Lawsuit about?

Plaintiff Martin Maher alleges that Defendant Volkswagen of America, Inc., doing business as Audi of America, Inc. (“Defendant”) became aware that the instrument cluster of certain Audi TTs were defective and prone to premature failure (e.g., gauges such as the fuel gauge and the speedometer giving false readings). In his complaint, Plaintiff contends that Defendant had a duty to disclose this information to consumers. Plaintiff also alleged that in the U.K., Audi extended its warranty on this part by two years. Plaintiff contends that the failure to offer a similar warranty extension in the U.S. creates a “secret warranty.” Based on this conduct, Plaintiff alleges claims for declaratory relief, breach of express warranty, and common law fraudulent concealment, as well as claims under California’s Consumer Legal Remedies Act and Unfair Competition Law.

Defendant denies all of the material allegations made by Plaintiff and denies any wrongdoing or liability of any kind. Among other things, Defendant asserts that the instrument clusters in the United States are different than the parts in the U.K. vehicles; denies that the instrument clusters in the Audi TT are defective as alleged by Plaintiff; and firmly believes that it has, at all times, complied with all applicable federal and state laws. Accordingly, neither this Notice nor the proposed settlement reflect any concession by Defendant that there is a defect in the Audi TTs or that Defendant violated any law or rights of its consumers.

3. How do I know if I am part of the Settlement Class?

The Court has conditionally certified a settlement class INCLUDING: All persons who are now or have been at any time owners of record or lessees of any Audi TT vehicle distributed by Defendant Volkswagen of America, Inc., in its own name or doing business as Audi of America, Inc., Model Years 2000-2004 as well Model Year 2005 Audi TTs up to and including VIN number TRU ___ 8N _ 51017389 (“Class Vehicles”). If you have a 2005 Audi TT and the last six digits of your VIN are a number higher than 017389, you are not covered by this proposed settlement.

Even if you are or were the owner or lessee of a Class Vehicle, you are EXCLUDED from the settlement class and **not** covered by this settlement if you: (a) validly and timely exclude yourself, as described below; or (b) have already settled with and released Defendant from claims substantially similar to those alleged in this matter.

4. What are the reasons for the settlement?

The Court did not decide in favor of the Plaintiff or Defendant. Instead, both sides agreed to a settlement that they believe is a fair, reasonable, and adequate compromise of their respective positions. The parties reached this agreement only after protracted negotiations, multiple exchanges of information, and independent consideration of the risks and benefits of settlement.

Counsel for Plaintiff and the Settlement Class have considered the substantial benefits from the settlement that will be given to the Settlement Class Members and balanced these benefits with the risk that a trial could end in a verdict for Audi. They also considered the value of the immediate benefit to Settlement Class Members versus the costs and delay of litigation through trial and appeals. Even if Plaintiff was successful in these efforts, Settlement Class Members would not receive any benefits for years.

5. What does the settlement provide?

Benefits. The proposed settlement provides three forms of relief to the Settlement Class. In return for the relief described below, the Settlement Class Members release their rights to pursue any claims against Defendant and related entities relating to the facts at issue in this Lawsuit.

A. WARRANTY ON INSTRUMENT CLUSTER FOR SIX YEARS FROM IN SERVICE DATE

Defendant has agreed that, commencing on April 2, 2008, Settlement Class Members who currently own a Settlement Class Vehicle shall be covered by an express warranty on Original Equipment Manufacturer (“OEM”, i.e., not after-market) instrument clusters for six years from the date the vehicle was first placed In Service, without limitation as to mileage. “In Service” means, the date a Settlement Class Vehicle is delivered to either the original purchaser or the original lessee; or if such

vehicle is first placed in service as a “demonstrator” or “company” car, the date such vehicle is first placed in service. **You do not need to file a Claim Form to be covered by this warranty.** Please detach the Warranty Extension card at the end of this Notice and keep it with your vehicle’s Warranty Booklet for future reference.

The typical Audi warranty is for 4-years/50,000 miles, so this express warranty significantly expands the time/mileage limitations of warranty coverage for instrument clusters. It is subject to the same terms and limitations as your New Motor Vehicle Limited Warranty, but is separate from and is given in addition to any other warranties that came with your vehicle. This six-year Instrument Cluster express warranty will hereinafter be referred to as the “Instrument Cluster Warranty.”

B. FREE REPAIR IF YOUR INSTRUMENT CLUSTER WARRANTY HAS ALREADY EXPIRED, BUT YOUR INSTRUMENT CLUSTER REQUIRED REPLACEMENT OR REPAIR WITHIN SIX YEARS OF IN SERVICE DATE

If you are outside the term of the Instrument Cluster Warranty, but have a malfunctioning OEM instrument cluster that has not yet been fixed **and** you can prove that your cluster malfunctioned and was in a condition requiring repair or replacement within six years of your car’s In Service date, you may be eligible for a free repair of your instrument cluster. **To claim this relief, you must file a Claim Form along with certain information and documentation and present your vehicle to an Audi-authorized dealer for repair within forty-five (45) days of notice that your claim is approved. Please refer to the Claim Form for further details.**

C. REIMBURSEMENT OF REPLACEMENT OR REPAIR COSTS

Defendant will also offer to reimburse documented out-of-pocket costs actually incurred for an Instrument Cluster Repair. No costs or expenses other than the actual cost of parts and labor for the Instrument Cluster Repair shall be reimbursable. Defendant will not pay any claims for any alleged diminution in value of any Settlement Class Vehicle. You may be entitled to reimbursement if the replacement or repair of your instrument cluster(s) occurred within six years of the date your car was placed In Service. Defendant will not reimburse you for any repairs performed after April 2, 2008, but you may qualify for a Settlement Warranty repair explained in Section 5.A. or B., above, if you meet the requirements discussed in those sections.

Reimbursable costs include only those amounts paid for eligible instrument clusters and the labor for installation. Defendant will not pay for towing, other incidental costs, or other parts and labor charges. Further, Defendant will not reimburse costs incurred for any repair or replacement attributable to driver or third-party causes. Thus, for example, if you have made after-market modifications affecting your instrument cluster(s), or if your instrument cluster(s) required repair because of fire, collision, or other similar causes, you are not eligible for reimbursement. Further, Defendant will not reimburse costs incurred in repairing or replacing an instrument cluster(s) that was manufactured by anyone other than the OEM manufacturer.

To receive reimbursement, you must complete the attached Claim Form per its instructions, include the required documentation, and mail it to the address in the instructions so that it is postmarked no later than June 16, 2008. You can use the Claim Form enclosed in this notice, or you can obtain one by visiting www.instrumentclustersettlement.com, or by letter request enclosing a self-addressed, stamped envelope to Audi TT Instrument Cluster Settlement Administrator, PO Box 127, Windsor, CT 06095. The documentation required to be eligible for reimbursement is detailed in the attached Claim Form.

Release. Unless you exclude yourself from the Settlement Class, approval of this settlement will result in a release by you of all claims against Defendant and other related entities that arise out of or are related in any way to this Lawsuit (*i.e.*, instrument clusters on Settlement Class Vehicles). This release does not bar any claims for personal injury or damage to property other than your Settlement Class Vehicle.

Proposed Payment to Plaintiff Martin Maher. Class Counsel has requested a payment to the class representative Martin Maher, not to exceed \$1,500. Defendant has agreed not to oppose this request. This payment will not reduce any benefits recoverable by members of the Settlement Class.

The complete terms of the settlement are in the Settlement Agreement, which is available at www.instrumentclustersettlement.com.

6. Do I have a lawyer in the case?

The Court has appointed Charles D. Marshall, of Green Welling LLP, 595 Market St., Suite 2750, San Francisco, CA 94105 as counsel for the Class.

7. How will the lawyers for the Settlement Class be paid?

If the Court approves the settlement, the Court will also determine what amount of attorney fees and expenses should be paid to Class Counsel for their representation of Plaintiff and the putative class in this Lawsuit. Payment of attorney fees and expenses to Class Counsel will not reduce any benefit available to you as part of the settlement. Defendant has agreed to pay Class Counsel an amount to be fixed by the Court as reasonable attorney fees and expenses, as long as the amount does not exceed \$250,000.00.

8. What happens if I do nothing after receiving this notice?

If you do nothing and the Court approves the settlement, you will be bound by the terms of the settlement and will be unable to pursue claims against Defendant relating to the facts at issue in this lawsuit.

If you are entitled to the warranty described in Section 5.A., you need not do anything to activate it. For the duration of that warranty, you may take your car to an authorized Audi dealership and request a warranty repair or replacement for your car’s instrument cluster.

If you are eligible for other relief under this settlement, you must complete and submit a Claim Form postmarked no later than June 16, 2008, or your claim will not be considered.

9. What does it mean to request exclusion from the Settlement Class?

If you come within the Settlement Class definition, you will be a member of the Settlement Class and will be bound by the settlement if the Court approves it unless you exclude yourself from the Settlement Class (also known as “opting out”). Being “bound by the settlement” means that you will be precluded from bringing, or participating as a claimant in, a similar lawsuit. Persons who exclude themselves from the Settlement Class will not be bound by the terms of the settlement and will not be eligible to receive any benefits from the settlement, but they will retain the right to sue Audi at their own cost.

You cannot exclude yourself from the Settlement Class and the proposed settlement, if you wish to object to the settlement and/or appear before the Court during the Fairness Hearing (see Sections 11 and 12), as you need to be a Settlement Class Member affected by the settlement to object or appear.

10. How do I request exclusion?

You may exclude yourself from the Settlement Class provided that your request is made in writing and postmarked on or before April 17, 2008. To exclude yourself, send a letter that includes (a) the name of the case, (b) your name, current address, telephone number, and signature, (c) identify the approximate date of acquisition and VIN for your Class Vehicle; and (d), provide a clear statement communicating that you elect to be excluded from the settlement. Your written request to exclude yourself from the settlement must be sent to the Audi TT Instrument Cluster Settlement Administrator, PO Box 127, Windsor, CT 06095.

You will only be excluded from the settlement if your request is **postmarked** on or before April 17, 2008, and includes the required information.

In determining whether you want to exclude yourself from the settlement, you are advised to consult your own attorney, as there may be issues particular to your circumstances that require consideration.

11. What if I do not like the settlement?

If you are a Class Member, you can object to the settlement. To object, you must send a letter to the Court and: (a) set forth your full name, current address and telephone number; (b) identify the approximate date of acquisition and VIN for your Settlement Class Vehicle; (c) state that you have reviewed the Settlement Class definition (Section 3), understand that you are a Settlement Class Member, and that you have not requested exclusion from the Settlement Class; (d) set forth a complete statement of all legal and factual reasons for any objection that you wish to assert; and (e) provide copies of any documents that you wish to use before the Court.

You must send your objection postmarked on or before April 17, 2008, to the Clerk of the Court for the United States District Court, Northern District of California, 450 Golden Gate Avenue, 16th Floor, San Francisco, CA 94102. On or before April 17, 2008, you must also send your objection to **all four** of the following: **(1)** Audi TT Instrument Cluster Settlement Administrator, PO Box 127, Windsor, CT 06095; **(2)** Class Counsel—Charles D. Marshall, Green Welling LLP, 595 Market St., Suite 2750, San Francisco, CA 94105; **(3)** Defense Counsel—S. Mark Varney, Carroll, Burdick & McDonough LLP, 44 Montgomery Street, Suite 400, San Francisco, CA 94104; and **(4)** Defense Counsel—Daniel V. Gsovski, Herzfeld & Rubin, P.C., 40 Wall Street, New York, NY 10005-2349.

If your objections do not meet all of the requirements set forth in this section, they will be deemed invalid and will be overruled.

12. When and where will the Court determine whether to approve the settlement?

The Court has scheduled a Fairness Hearing at 9:00 a.m. on May 23, 2008, at the U.S. District Court for the Northern District of California, 450 Golden Gate Avenue, Courtroom 2, 17th Floor, San Francisco, CA 94102. This hearing may be continued or rescheduled by the Court without further notice. At this hearing, the Court will consider whether the settlement is fair, reasonable, and adequate and will consider Class Counsel's request for attorneys' fees and expenses. The Court will also consider objections and may grant permission for objectors to speak. The Court may decide these issues at the fairness hearing or take them under consideration. We do not know how long these decisions will take.

13. Do I have to come to the hearing?

No. You are not required to come to the hearing but you are welcome to come at your own expense.

Settlement Class Members who object to the proposed settlement do not need to attend the Fairness Hearing for their objections to be considered. If you wish to appear either personally or through your own attorney at the settlement hearing, you must send both a timely objection and a notice of intention to appear to the Clerk of the Court at the address set forth in Section 11 above, and serve copies on the Settlement Administrator, counsel for the Settlement Class, and counsel for Defendant at the addresses set forth in Section 11 above no later than April 17, 2008.

Your notice of intention to appear must include copies of any papers, exhibits, or other evidence that you or your counsel will present to the hearing. Any Settlement Class Member who does not file and serve a notice of intention to appear in accordance with these instructions will be barred from speaking at any hearing concerning this proposed settlement.

14. What if the proposed settlement is not approved?

If the settlement is not approved, the Settlement Class will be decertified, the *Maher* action will proceed without further notice, and none of the agreements set forth in this notice will be valid or enforceable.

15. How do I get more information about the settlement?

This Notice only summarizes the proposed settlement. The official terms of the settlement are available at www.instrumentclustersettlement.com, or by visiting the public files for the United States District Court for the Northern District of California.

Further notices regarding this litigation may be posted at www.instrumentclustersettlement.com. Please check that website periodically, as information posted may affect your legal rights. If you have any questions, visit www.instrumentclustersettlement.com or write to Audi TT Instrument Cluster Settlement Administrator, PO Box 127, Windsor, CT 06095. Do not contact Audi, its counsel, or the Court regarding this settlement.

By orders of the United States District Court for the Northern District of California dated January 22, 2008 and February 15, 2008.

-----✂ Cut along dotted line ✂-----

**Audi Limited New Vehicle Warranty Extension
for Audi TT Instrument Clusters**



For model year 2000-2005 Audi TT vehicles distributed by Audi of America, Inc. with a Vehicle Identification Number up to and including TRU___8N_51017389, Audi is extending its Limited New Vehicle Warranty for original equipment manufacturer instrument clusters to six years from the date the vehicle was first placed in service, without limitation as to mileage. The in-service date is the date the vehicle is delivered to either the original purchaser or the original lessee; or if such vehicle is first placed in service as a "demonstrator" or "company" car, the date such vehicle is first placed in service. This extension of the Audi Limited New Vehicle Warranty applies to these vehicles regardless of transfer of ownership. No other vehicles, parts or components are covered by this warranty extension. All of the other terms of the Limited New Vehicle Warranty apply to this extension.

Please keep this with your vehicle's Warranty Booklet for future reference.