

SETTLEMENT AGREEMENT AND RELEASE

THIS SETTLEMENT AGREEMENT AND RELEASE (“Agreement”) is entered into February 7, 2007, by and between Volvo Cars of North America, LLC (“Volvo”), on the one hand, and the class of consumers represented by the named plaintiffs in *Carole Trew, et al. v. Volvo Cars of North America, LLC*, Case No. 2:05-CV-01379-DFL-PAN, U.S. District Court of California, Eastern District (the “Action”), on the other.

WHEREAS, Volvo is a limited liability company organized under the laws of the State of Delaware;

WHEREAS, Plaintiffs allege, among other things, that Volvo concealed problems with the Electronic Throttle Module (“ETM”) in Class Vehicles (as defined in Paragraph A.2.) for the purpose of inducing consumers to purchase or lease those vehicles and/or to pay for ETM cleaning and/or replacement, and had a purported “secret warranty” program to repair or replace ETMs in Class Vehicles;

WHEREAS, Volvo denies all the allegations in the Action, denies wrongdoing of any kind, and further believes that the class should not be certified or maintained other than for purposes of settlement as provided in this Agreement;

WHEREAS, in November 2005, Volvo resolved an investigation with the California Air Resources Board (“CARB”) concerning the ETMs in Class Vehicles, by providing an extended warranty on ETMs for 10 years or 200,000 miles from date of first use, whichever comes first. Further, Volvo agreed to reimburse owners/lessees who paid for ETM repairs or

replacements before the resolution with CARB was announced by distributing notices by mail to the current owners of affected vehicles;

WHEREAS, the pendency of this Action was a contributing factor in Volvo reaching a resolution with CARB;

WHEREAS, this Agreement was entered into after extensive discussions and arm's-length negotiations between Class Counsel (as defined in Paragraph A.1.) and counsel for Volvo, including formal mediation sessions before the Hon. Edward Infante (ret.), on April 18 and May 19, 2006;

WHEREAS, Class Counsel believe that the claims Plaintiffs have asserted have merit; Volvo does not believe Plaintiffs' claims are meritorious. Nonetheless, the parties' counsel also recognize that a settlement is in the best interest of their respective clients as well as the proposed settlement class, in that it will enable them to avoid the risk, expense and uncertainties involved with continuing the litigation and possible appeals. Moreover, Class Counsel believe that the delay inherent in further litigation could diminish the benefits available to the Settlement Class. Accordingly, Class Counsel have concluded that settlement as provided in this Agreement will be in the best interests of the Settlement Class;

WHEREAS, counsel for Volvo and Class Counsel agree that the settlement contemplated by this Agreement (the "Settlement") is a fair, adequate and reasonable resolution of the Action;

WHEREAS, the Parties desire to compromise and settle all issues and claims that have been brought, or that could have been brought, against Volvo in the Action;

WHEREAS, the Parties desire and intend to seek court approval of a nationwide class settlement of the Action as set forth in this Agreement and, upon such judicial approval, the Parties intend also to seek a Final Approval Order and Judgment (as defined in Paragraph B.14.) from the Court dismissing the claims of all Plaintiffs and Settlement Class Members with prejudice;

NOW, THEREFORE, it is agreed that in consideration of the promises and mutual covenants set forth in this Agreement and the entry by the Court of a Final Approval Order and Judgment approving the terms and conditions of the Settlement as set forth in this Agreement, and providing for dismissal with prejudice of the claims asserted in the Action by Plaintiffs and Settlement Class Members, the Action shall be settled and compromised under the terms and conditions contained herein.

A. DEFINITIONS

Whenever the following capitalized terms are used in this Agreement and in the attached Exhibits (in addition to any definitions provided elsewhere in this Agreement), they shall have the following meanings:

1. "Class Counsel" refers to Jeffrey Fazio and Dina Micheletti of Fazio | Micheletti LLP, and William Bernstein and H. John Gutierrez of Lieff, Cabraser, Heimann & Bernstein LLP and/or successors of each of these law firms.

2. "Class Vehicles" means Volvo model year 1999-2001 light duty vehicles and light duty trucks (except S40/V40 models), Volvo model year 2002 S60/70 models with naturally aspirated engines, and Volvo model year 2002 C70 models.

3. "Court" means the United States District Court for the Eastern District of California.

4. "Effective Date of Settlement" means the date on which all appellate rights with respect to the Final Approval Order and Judgment in the Action have expired or have been exhausted in such a manner as to affirm the Final Approval Order and Judgment.

5. "Parties" means Volvo, Plaintiffs, and Settlement Class Members, as each of those terms is defined in this Agreement.

6. "Plaintiffs" means and includes all named plaintiffs and class representatives in the Action, including Carole Trew, Loren Funk, Judith and Wesley Marx, and Scott Santos.

7. "Released Claims" means any and all claims, rights and causes of action, damages, punitive or statutory damages, penalties, losses and issues of any kind or nature whatsoever, asserted or unasserted, known or unknown (including, but not limited to, any and all claims relating to or alleging breach of warranty, consumer fraud, deceptive or unfair business practices, false or misleading advertising, intentional or negligent misrepresentation, negligence, concealment, omission, unfair competition, unjust enrichment, and any and all claims or causes of action arising under or based upon any statute, act, ordinance, or regulation governing or applying to business practices generally, including, but not limited to, any and all claims relating to violation of California Business and Professions Code Sections 17200-17209, California Business and Professions Code Section 17500, or the California Consumer Legal Remedies Act (California Civil Code Sections 1750-1784)) (collectively the "Settled Claims"), brought by or on behalf of Plaintiffs, any or all Settlement Class Members, and any or all persons purporting to act on their behalf or purporting to assert a claim under or through them,

including, but not limited to, heirs and assigns (other than subsequent purchasers of Class Vehicles), children, spouses, significant others, and companions (collectively, the “Releasing Parties”), whether individual, class, representative, legal, equitable, direct or indirect, or any other type or in any other capacity against any Released Party (as defined in Paragraph A.8.) in connection with or that arise out of the Action, the claims asserted in the Action, the ETM, or any communications, representations, statements, or omissions to Settlement Class Members with respect to the ETM that were alleged or otherwise referred to in the Action or in this Agreement or that could have been asserted in the Action. “Released Claims” do not include, and the Releasing Parties specifically reserve, claims and causes of action for (1) personal injury; (2) damage to property (including, but not limited to, any other part of the Electronic Throttle System) other than to the ETM itself; and (3) claims related to ETM malfunctions during the Extended Warranty Period (defined in Paragraph B.5.a.) in Class Vehicles in which the Modified Software is installed that must undergo service or replacement under the terms of the Extended Warranty (as defined in Paragraph B.5.a.) within 24 months or 24,000 miles (whichever occurs first) of a prior service attempt. For purposes of applying this Release, an ETM is deemed to have undergone “service” if it undergoes cleaning or any other attempt to rectify a malfunction during the ETM Extended Warranty Period and Volvo does not replace the ETM to rectify the subsequent malfunction. Nothing in this section is intended by the Parties to or should be construed to extend Volvo’s obligations under the Extended Warranty beyond the Extended Warranty Period.

8. “Released Parties” is defined as Volvo (as defined in Paragraph A.12.) and authorized Volvo dealers. However, the authorized Volvo dealers are released from the Released Claims only to the same extent as Volvo, and specifically are not released from any

claims arising from a dealer's negligence or misconduct, or for liability pertaining to the service or replacement of ETMs, or for any other claims that are not co-extensive with those asserted against Volvo in this action.

9. "Settlement Administrator" refers to Rosenthal & Company LLC, 300 Bel Marin Keys Blvd., Suite 200, Novato, California, 94949. The Settlement Administrator will have the following responsibilities: (a) administration of Class Notice as provided in this Agreement; (b) administration of the official class action website as provided in this Agreement; and (c) receipt and distribution of Requests for Exclusion and Objections as provided in this Agreement.

10. "Settlement Class" refers to the Settlement Class as defined in Paragraph B.4. of this Agreement.

11. "Settlement Class Members" means all persons who fit the Settlement Class definition defined in Paragraph B.4., who have not validly and timely requested exclusion from the Settlement Class, as provided in this Agreement.

12. "Volvo" means Volvo Cars of North America, LLC and each of its present and former officers, directors, employees, agents, attorneys, administrators, successors, Volvo-affiliated suppliers and distributors, reorganized successors, spin-offs, assignees, holding companies, subsidiaries, affiliates, parents, joint venturers, partners, members, divisions, and predecessors. "Volvo" is not intended to mean non-Volvo affiliated suppliers, distributors or entities.

B. TERMS OF SETTLEMENT AGREEMENT AND RELEASE

1. This Agreement is for settlement purposes only. Neither this Agreement nor any action taken pursuant to it shall constitute, or be construed as, any admission of the validity of any claim or any factual allegation that was or could have been made by Plaintiffs and Settlement Class Members in the Action, or of any wrongdoing, fault, violation of law, or liability of any kind on the part of Volvo. This Agreement shall not be offered or be admissible in evidence by or against Volvo, or cited or referred to in any other action or proceeding, except (a) in any action or proceeding brought by or against the Parties to enforce or otherwise implement the terms of this Agreement, or (b) in any action to support a defense of issue preclusion, claim preclusion, release, estoppel, or similar defense in law or equity.

2. Subject to Court approval, the Parties agree that that the Action will be deemed, for the purpose of settlement only, to be certified as a class action in accordance with the Settlement Class definition in Paragraph B.4. of this Agreement, and that the Action should be settled on that basis. Neither this Agreement nor any certification pursuant to this Paragraph shall constitute, in this or any other proceeding, an admission by Volvo or a finding or evidence that any requirement for class certification is satisfied in the Action, or any other litigation, except for the limited purposes related to this Agreement. If this Agreement is terminated pursuant to its terms, any order certifying the Settlement Class shall be vacated, and the Action shall proceed as though the Settlement Class had never been certified, without prejudice to the Parties' rights to either request or oppose class certification.

3. This Agreement is made with the understanding that (a) under applicable law, a class may be certified for settlement purposes only (*i.e.*, without needing to satisfy fully the

standard required for certification of the matter for litigation purposes), and (b) notwithstanding any other provisions of this Agreement, all actions and proceedings pursuant to this Agreement shall be consistent with the foregoing.

4. The Settlement Class shall be defined as follows:

All persons residing in the United States who currently own or lease, or previously owned or leased, one of the following Volvo vehicles: model year 1999-2001 light duty vehicles and light duty trucks (except S40/V40 models), model year 2002 S60/70 vehicles with naturally aspirated engines, or model year 2002 C70 vehicles.

Excluded from the class are the following:

- a. Volvo and its parents, subsidiaries, affiliates, officers, directors and authorized Volvo dealers;
- b. the judge to whom this case is assigned and any member of the judge's immediate family; and
- c. persons who have submitted a timely and valid Request for Exclusion from the Settlement Class.

5. In consideration for Plaintiffs' and Settlement Class Members' release of claims and dismissal with prejudice of the Action as provided herein, Volvo agrees to provide relief to Settlement Class Members as follows:

- a. Volvo agrees that the emissions warranty for Class Vehicles' ETMs shall be extended to 10 years or 200,000 miles from date of first use, whichever comes first ("Extended Warranty Period"), pursuant to the terms of the settlement reached between Volvo and CARB, as set forth in the CARB warranty extension letters sent to customers providing notice of the program, copies of which are attached hereto as collective Exhibit 1 ("ETM Extended Warranty").

b. Volvo agrees to prepare and distribute a sticker that can be affixed to the owner's manual of Class Vehicles, giving notice of the ETM Extended Warranty, including a telephone number to call to report denial of coverage under the ETM Extended Warranty.

c. Volvo agrees that, throughout the life of the ETM Extended Warranty (*i.e.*, until 2013), Volvo shall continue to notify Volvo dealers of the existence and the terms of the ETM Extended Warranty and shall use all reasonable efforts to have Volvo dealers comply with the terms of the ETM Extended Warranty.

d. Volvo shall also maintain a toll-free number and website for the duration of the Extended Warranty Period, which Settlement Class Members may use to, among other things, report and seek review of ETM Extended Warranty claims that they believe have been improperly denied.

e. Volvo agrees to maintain a record of all ETM repairs and replacements performed pursuant to the ETM Extended Warranty. Every six months, from the date of mailing Notice until the end of the Extended Warranty Period, Volvo shall provide Class Counsel with a report containing: (1) repairs paid by Volvo under the ETM Extended Warranty, which will include vehicle identification number ("VIN") number, and the date and mileage at the time of repair; (2) replacements paid by Volvo under the ETM Extended Warranty, which will include VIN number, and the date and mileage at the time of replacement; and (3) the number of Settlement Class Members seeking review of denial of coverage under the ETM Extended Warranty and the outcome of those reviews. If Class Counsel in good faith believes that there has been a pattern of wrongful denials, and can substantiate the basis for that belief, Volvo will provide

Class Counsel with information sufficient to identify and contact any Class Member whose request for reimbursement was denied.

f. Upon sufficient proof of a claim, Volvo agrees to reimburse former and current owners and lessees of Class Vehicles for the following items related to ETM repair or replacement, provided such expenses were incurred no later than seven days after the mailing of the Class Notice described in Paragraph B.8.:

(1) Parts and labor;

(2) Diagnostic charges that resulted in repair or replacement of the ETM;

(3) Taxes (if any) paid on ETM-related servicing or replacement;
and

(4) Towing and rental car expenses related to the repair or replacement of the ETM, subject to a combined total cap of \$50 per ETM repair or replacement.

g. In the event Volvo denies a reimbursement claim on the ground that the expense was incurred more than seven days after the Class Member was sent Notice, the burden is on Volvo to establish that the Notice was mailed to the Class Member's mailing address, and that the Notice was not returned as undeliverable.

h. Volvo agrees to retain an outside vendor, Advertising Checking Bureau ("ACB"), to handle the processing of reimbursement claims. In order to obtain reimbursement for an ETM repair or replacement, a Settlement Class Member must submit the

following proof to ACB: (1) a copy of the original receipt, or (2) if the original receipt is not available, alternative proof of repair in the form of either (a) a claim history report from the repairing dealer, or (b) a dated canceled check or credit card receipt/statement along with a Claim Form, which can be printed from the settlement website, containing a statement made under penalty of perjury that the check or credit card charge relates to an ETM repair or replacement. In order to obtain reimbursement for towing/car rental expenses incurred while having their vehicle's ETM repaired or replaced, subject to combined total of \$50.00, a Settlement Class Member must submit the following proof to ACB: (1) a copy of the original receipt for rental and/or towing expenses, which clearly shows the date of rental/towing service, or (2) if the original receipt is not available, alternative proof of such expenses in the form of a dated cancelled check or credit card statement along with a Claim Form, which can be printed from the settlement website, containing a statement made under penalty of perjury that the towing and/or rental charges were incurred in conjunction with the repair or replacement of the ETM

i. A Settlement Class Member seeking reimbursement under the ETM Reimbursement Program will also be asked to submit to ACB either a copy of the CARB Warranty Extension Letter or the Notice. Also, to be reimbursed for taxes, the Settlement Class member shall execute the assignment of taxes form at the bottom of the Direct Mail notice or available on the Settlement Administrator's website.

j. ACB will validate each VIN on a claim against a file provided by Volvo. Only repair orders on a valid VIN which have not previously been paid in full by Volvo will be considered for payment. In no event, however, shall a Settlement Class Member be required to provide a VIN as a means of validating their claim for reimbursement. Upon approval of a claim, ACB will process a check to the individual Settlement Class Member. Normal

processing time for the check will be 6-8 weeks. Where an invalid claim is submitted, the repair order will be returned to the individual Settlement Class Member with a letter specific to that Settlement Class Member, providing the reason(s) for denial of the claim, along with instructions regarding the steps the Settlement Class Member must take to cure the defect(s) that caused the claim to be denied. The Settlement Class Member will be given the opportunity to cure the deficiencies specified in the denial letter and resubmit the claim. The Parties anticipate that written communications sent by Volvo or the Claims Administrator to Class Members will consist of standardized responses. All such standardized responses will be drafted by Volvo or the Claims Administrator. A copy of each proposed standardized responses shall be given to Class Counsel for approval, which shall not be unreasonably withheld. Further, the Notice shall advise Settlement Class Members whose claim for reimbursement was denied in whole or in part prior to being sent the Notice that they may resubmit those claims for reconsideration and shall provide general guidance in that regard, but must do so within 170 days.

k. Volvo agrees to provide Class Counsel a report of all finally resolved reimbursement claims, which will include VIN number, the amount paid, the date of reimbursement and the amount reimbursed, or if denied, the reasons for the denial. For purposes of this report, a claim for reimbursement shall be deemed “finally resolved” when one of the following occurs: (1) the claim is paid; (2) the claim is denied by Volvo following distribution of the Notice but is not resubmitted within 60 days of that denial; (3) the claim is resubmitted after being denied in whole or in part and is denied again; or (4) the claim is denied in whole or in part prior to the mailing of Notice and is not resubmitted within 180 days of the date Notice is mailed. If Class Counsel in good faith believes that there has been a pattern of wrongful denials, and can substantiate the basis for that belief, Volvo will provide Class Counsel with information sufficient

to identify and contact any Class Member whose request for reimbursement was denied. Volvo will send this report to Class Counsel quarterly for the first 180 days, beginning on the Effective Date of the Settlement. After the first 180 days of Volvo's reporting requirement, reports concerning finally resolved reimbursement claims need only be reported once every six months for another two years.

l. Volvo agrees to provide a toll free 800 telephone number and a website in order for Settlement Class Members to check on the status of a reimbursement claim made under the ETM Reimbursement Program, to report a problem with a claim, to obtain assistance solving problems with respect to a claim, to obtain substantive information about both the ETM Extended Warranty and the ETM Reimbursement Program, and to report denial of coverage under the ETM Extended Warranty.

m. If a Settlement Class Member believes his or her claim for coverage under the ETM Extended Warranty or claim for reimbursement under the ETM Reimbursement Program has been improperly denied or improperly calculated (collectively, "Disputed Claims"), the Settlement Class Member can register his her complaint by calling Volvo's customer service center's 800 number. Each Disputed Claim will be reviewed by Volvo's customer service or warranty personnel which will make an independent determination whether to honor the Disputed Claim or deny it. If Volvo determines that the Settlement Class Member's claim for Service under the ETM Extended Warranty was improperly denied, the Settlement Class Member will be provided coverage under the ETM Extended Warranty. If Volvo determines that the Settlement Class Member's claim for reimbursement was improperly denied or improperly calculated, the Settlement Class Member will be provided with reimbursement that comports with the terms of the ETM Reimbursement Program.

n. Information concerning the availability of the review procedure will be provided in the Notice and in the denial letters described herein.

o. If a Settlement Class Member is not provided coverage under the ETM Extended Warranty or is not reimbursed for an ETM repair or replacement under the terms of the ETM Reimbursement Program, that Settlement Class Member shall not be a Releasing Party, as defined in Paragraph A.7., if and until such time as he/she receives benefits under the ETM Extended Warranty and/or is reimbursed under the terms of the ETM Reimbursement Program.

6. Upon the Effective Date of Settlement, Plaintiffs and Settlement Class Members, and each of them, forever release, discharge, waive, and covenant not to sue Released Parties regarding any of the Released Claims. This release shall be understood to include all such claims which Plaintiffs and Settlement Class Members do not know of or suspect to exist in their favor at the time of this release and that, if known by them, might have affected their settlement and release of the Released Parties, or might have affected their decision not to object to this Agreement. With respect to all Released Claims, and without assuming that the Released Claims are a general release, Plaintiffs and Settlement Class Members expressly waive and relinquish to the fullest extent permitted by law, (a) the rights conferred by 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 favor at the time of executing the release which if known by him must have materially affected his settlement with the debtor;

and (b) any law of any state or territory of the United States, federal law or principle of common law or equity, or of international or foreign law, which is comparable to Section 1542 of the

California Civil Code. Plaintiffs and Settlement Class Members recognize that even if they may later discover facts in addition to or different from those which they now know or believe to be true, they nonetheless agree that upon the entry of the Final Approval Order and Judgment, Plaintiffs and Settlement Class Members fully, finally, and forever settle and release any and all of the Released Claims. The Parties acknowledge that the foregoing waiver and release was bargained for and is a material element of the Agreement.

7. Class Counsel shall present this Agreement to the Court as soon as is practicable after the execution of this Agreement, along with a Motion for Preliminary Approval of the Agreement, Certification of the Settlement Class, Appointing Class Counsel Setting a Hearing on Final Approval of the Agreement, and Directing Notice to the Class ("Class Notice"), in a form agreeable to all Parties ("Motion"). The Parties shall take all appropriate steps to obtain an order granting the Motion ("Preliminary Approval Order"), substantially similar to the form attached to this Agreement as Exhibit 4. In the Preliminary Approval Order, the Parties shall seek to:

a. conditionally certify a national settlement class (as defined in Paragraph B.4.) for settlement purposes only;

b. appoint Carole Trew, Loren Funk, Judith and Wesley Marx, and Scott Santos as Class Representatives;

c. appoint as Class Counsel:

Jeffrey L. Fazio
Dina E. Micheletti
Fazio | Micheletti LLP
4900 Hopyard Road, Suite 290
Pleasanton, CA 94588

William Bernstein
H. John Gutierrez
Lieff, Cabraser, Heimann & Bernstein LLP
275 Battery Street
San Francisco, CA 94111

d. receive preliminary approval of the Settlement set forth in this Agreement as fair, reasonable, and adequate;

e. schedule a date for the Final Settlement Hearing and setting forth the procedures for the conduct of that hearing;

f. receive a finding that the form and method of disseminating the notice to Settlement Class Members by first-class direct mail (substantially in the form attached to this Agreement as Exhibit 2) ("Notice") and via the internet (substantially in the form attached to this Agreement as Exhibit 3) ("Detailed Notice") meets all of the requirements of due process, constituting the best notice practicable in the circumstances;

g. set forth procedures and deadlines for filing objections to this Agreement and requesting exclusion from the Settlement Class as provided in Paragraphs B.11. and B.12.; and

h. approve Rosenthal & Company LLC as the Settlement Administrator to perform the tasks designated to be performed by the Settlement Administrator pursuant to this Agreement.

8. Volvo, through the Settlement Administrator, shall disseminate the Notice, in substantially the form set forth in Exhibit 2, by first-class mail to potential Settlement Class

Members. The mailing list for the Notice shall be compiled by Volvo as follows: Volvo shall provide the VIN numbers of Class Vehicles to R.L. Polk, which will then determine the names and mailing addresses of current and former owners by search of DMV records. Upon receipt of that address information from R.L. Polk, Volvo will provide the same information to the Settlement Administrator, who will update the address information using the National Change of Address Database before mailing the Notice. If any Notice is returned along with an advisory identifying a forwarding address, the Settlement Administrator shall cause the Notice to be placed in first-class mail, postage prepaid, directed to the forwarding address. The Settlement Administrator shall also take reasonable steps to locate addresses for Settlement Class Members whose Notices are returned as undeliverable, and shall, if successful, remail Notice to any Settlement Class Member whose address is identified as a result of these efforts. Volvo, as opposed to R.L. Polk or the Settlement Administrator, shall have no obligation to locate potential Settlement Class Members. Volvo shall, however, bear the cost of providing Notice to any Settlement Class Member who requests one. Volvo shall pay all costs related to the printing and mailing of the Notice and all costs for the Settlement Administrator retained to provide services as provided in this Agreement. In any situation in which the receipt of Notice becomes an issue, the burden shall be on Volvo to show that the Settlement Class Member's name and address was on the list of persons to whom Notice was sent and that the Notice was not returned as undeliverable.

9. As provided in the Notice, a copy of the Detailed Notice, in substantially the form set forth in Exhibit 3, shall also be available on a website on the internet to be established and maintained by the Settlement Administrator. Other contents of this website may include this Agreement, court filings necessary to obtain preliminary approval of the Settlement and any Final Approval Order, information regarding the status of reimbursement claims, a form for requesting

Volvo's review of a Disputed Claim, and Frequently Asked Questions ("FAQs") about the Settlement. The content of the website will be mutually agreed upon by the Parties.

10. The Settlement Administrator shall complete mailing of the Notices 60 days after receipt of mailing list information from R. L. Polk or after entry of the Preliminary Approval Order, whichever date is latest. Class Counsel and counsel for Volvo will request that the Court schedule a fairness hearing to obtain final approval of the Settlement on a date no less than 135 days after the Preliminary Approval hearing or at the Court's earliest convenience thereafter.

11. Anyone who wishes to be excluded from the Settlement Class must submit a written request for exclusion ("Request for Exclusion") by sending it by U.S. mail, first class and postage paid to the United States Post Office Box established and maintained by the Settlement Administrator on behalf of Volvo for the purposes of this Class Settlement. Volvo's obligation to maintain the P.O. Box will continue until Class Settlement receives final approval from the Court. Any Request for Exclusion must be postmarked on or before the deadline specified in the Notice, which shall be no less than thirty (30) days after the mailing of the Notice.

a. Anyone submitting a Request for Exclusion must (i) set forth his/her full name and current address, (ii) identify the model year and model of his/her Class Vehicle(s) and the approximate date of purchase or lease, and (iii) specifically state his/her desire to be excluded from the Settlement Class. Any current owner or lessee of a Class Vehicle who submits a Request for Exclusion must also provide the VIN of the vehicle along with that Request.

b. Anyone who falls within the Settlement Class definition and does not submit a Request for Exclusion in complete accordance with the deadlines and other specifications set forth in the Notice, and as otherwise provided by this Agreement, shall be deemed a Settlement

Class Member and may be bound by all proceedings, orders, and judgments of the Court pertaining to the Settlement Class pursuant to this Agreement.

12. Any Settlement Class Member who wishes to object to the proposed Settlement must send a written objection (“Objection”) to the Settlement Administrator at the United States Post Office Box described in Paragraph B.11. by U.S. mail, first class and postage paid. All Objections must also be served on Class Counsel and on counsel for Volvo at the addresses provided in Paragraph B.32. herein. Any Objection must be postmarked on or before the deadline specified in the Notice, which shall be no less than thirty (30) days after mailing of the Notice. Only Settlement Class Members may object to the Settlement. The Settlement Administrator shall be responsible for filing all timely and valid Objections with the Clerk of the Court within five (5) calendar days of receipt.

a. In his/her Objection, an objecting Settlement Class Member must (i) set forth his/her full name, current address, and telephone number, (ii) identify the model and model year of his/her Class Vehicle(s), as well as the VIN of his/her Class Vehicle(s), (iii) state whether he/she is a current owner or lessee, (iv) state when he/she purchased/leased the Class Vehicle(s), (v) set forth a statement of the position(s) the objector wishes to assert, including the factual and legal grounds for the position, and (vi) provide copies of any other documents that the objector wishes to submit in support of his/her Objection.

b. Any Settlement Class Member who does not submit an Objection in complete accordance with this Paragraph and the provisions specified in the Notice shall not be permitted to object to the Settlement.

c. Subject to approval of the Court, any objecting Settlement Class Member may appear at the Fairness Hearing held by the Court, in person or through counsel, to show cause why the proposed Settlement should not be approved as fair, adequate and reasonable, or object to any petitions for attorney fees, named plaintiff incentive fees and reimbursement of litigation costs and expenses. The objecting Settlement Class Member must file with the Clerk of the Court and serve upon counsel designated in Paragraph B.32. herein, a notice of intention to appear at the Fairness Hearing ("Notice of Intention to Appear") by the deadline specified in the Notice, which shall be no less than thirty (30) days after the mailing of the Notice pursuant to this Agreement. The Notice of Intention to Appear must include copies of any papers, exhibits, or other evidence that the objecting Settlement Class Member (or his/her counsel) will present to the Court in connection with the Fairness Hearing. Any Settlement Class Member who does not provide a Notice of Intention to Appear in complete accordance with the deadlines and other specifications set forth in the Notice, and who has not filed an Objection in complete accordance with the deadlines and other specifications set forth in this Paragraph and the Notice, shall be barred from speaking or otherwise presenting any views at the Fairness Hearing.

13. The Settlement Administrator shall provide copies to Volvo and Class Counsel of all Requests for Exclusion and all written communications relating to the Settlement that the Settlement Administrator receives from Settlement Class Members or others, including any Objections received that have not been served on the Parties. The cost of providing such copies shall be considered a settlement-administration-related cost and shall be borne by Volvo. To the extent that Class Counsel or Volvo receive Requests for Exclusion or Objections that have not been transmitted to the Settlement Administrator, they shall transmit those communications to

the Settlement Administrator, who shall provide the other party with a copy of those communications.

14. Following final approval by the Court of this Agreement and the Settlement (“Final Approval Order and Judgment”), the Parties will request entry of Final Approval Order and Judgment. In the Final Approval Order and Judgment, the Parties shall seek to, among other things:

- a. receive final approval to the terms of this Agreement as fair, adequate and reasonable;
- b. provide for the orderly performance and enforcement of the terms and conditions of the Agreement;
- c. dismiss the Action with prejudice;
- d. discharge the Released Parties of and from all further liability for the Released Claims to Plaintiffs and Settlement Class Members;
- e. confirm certification of the Settlement Class for settlement purposes only and a finding that the requirements for class treatment have been met for purposes of the Settlement Class;
- f. receive a finding that the form and manner of disseminating class notice as set forth in the Settlement Agreement and ordered by the Court was accomplished as directed, constituted the best practicable notice under the circumstances, met or exceeded the requirements

of due process, and constituted due and sufficient notice to all members of the Settlement Class; and

g. receive a finding that Plaintiffs and Class Counsel have fairly and adequately represented the interests of the Settlement Class Members at all times in the Action.

15. If (a) the Preliminary Approval Order or the Final Approval Order and Judgment is not obtained from the Court in form and in substance as contemplated by this Agreement and its associated proposed orders; or (b) the Final Approval Order and Judgment described in Paragraph B.14. is reversed or modified on appeal; and (c) either Volvo or Plaintiffs so elect, this Agreement shall be null and void, having no further force and effect with respect to any Party. In that event, it may not be offered in evidence or used in any litigation (including the Action) for any purpose, including the existence, certification, or maintenance of any purported class. The canceling and terminating Party may make such election only by furnishing written notice of an intent not to proceed with the terms and conditions of this Agreement to the other Party within fifteen (15) calendar days of the event forming the basis for the election to terminate. In the event of such an election, this Agreement and all negotiations, proceedings, documents, and related statements shall be without prejudice to the Parties, shall not be deemed an admission by any Party of any matter, and shall not be used for any purpose, except that nothing in this Agreement shall preclude Plaintiffs from seeking to use, refer to or introduce evidence pertaining to the nature, scope, and existence of the CARB agreement in conjunction with any subsequent or continuing litigation. All Parties to the Action shall stand in the same position as if this Agreement had not been negotiated, made or filed with the Court. If the Agreement is terminated, any and all orders entered by the Court pursuant to the provisions of this Agreement shall be vacated *nunc pro tunc*. Provided, however, that no modification by any court of any award of attorney fees and/or

expenses (as long as in compliance with Paragraph B16.) shall be deemed to trigger this option to terminate and cancel the Agreement.

16. Volvo agrees not to oppose a petition on behalf of Class Counsel and named Plaintiffs in the Action for attorneys fees and costs (“Fee Award”) in a total amount not to exceed \$1,385,000 and incentive payments to Plaintiffs in a total amount not to exceed \$5,000 to Carole Trew, \$2,500 to Loren Funk, \$2,500 to Judith and Matthew Wesley Marx, and \$1,000 to Scott Santos (“Incentive Payments”). Class Counsel agree not to seek from the Court more, and will not accept more, than \$1,385,000 for a Fee Award and \$11,000 for Incentive Payments. Class Counsel and Plaintiffs agree to provide executed W4s to Volvo promptly following Final Approval of the Settlement by the Court. Volvo agrees to pay the Fee Award and Incentive Payments as provided herein, or such lesser amount, if so ordered by the Court, within ten (10) calendar days (or the next business day, if the tenth day falls on a weekend or holiday) of the Effective Date of Settlement or receipt of Class Counsel’s and Plaintiffs’ W4s, whichever date is latest. Volvo shall deliver the Incentive Payments to Fazio | Micheletti LLP, who shall be responsible for remitting those payments to the named plaintiffs. Volvo shall deliver the Fee Award to a special fee account to be held in trust for the benefit of Class Counsel. Volvo shall not be in any manner responsible for allocating said funds, except that Incentive Payments shall be made in the form of checks drawn on a Volvo account and made payable to each named plaintiff individually, in the amount approved by the Court. Delivery of funds for the Incentive Payments and Fee Award as provided herein is complete performance of Volvo’s obligations to make such payments under the Agreement. In no event shall Volvo be obligated to pay Class Counsel, Plaintiffs, Settlement Class Members, or other counsel any attorney fees, incentive payment or

costs in an amount greater than the amounts specified in this Paragraph for activity relating to the allegations that form, or could have formed, the basis of the Action.

17. The Parties agree that Volvo is in no way liable for any taxes Class Counsel, Plaintiffs, Settlement Class Members, or others may be required to pay as a result of the receipt of settlement benefits. The Parties also agree that neither Class Counsel, nor Plaintiffs, nor Settlement Class Members are in any way liable for any taxes Volvo may be required to pay as a result of the payments under or the administration of this Agreement.

18. Volvo shall not be responsible to Plaintiffs or Settlement Class Members who submit Objections to the Settlement or who exclude themselves from the Action, for attorneys' fees, costs, or expenses of any kind.

19. The Fee Award and Incentive Payments payable hereunder and approved by the Court shall be in complete satisfaction of any and all claims for such attorneys' fees, incentive fees and costs under state or federal law which Plaintiffs, Settlement Class Members, or Class Counsel have or may have against Volvo arising out of or in connection with the Action and this Settlement.

20. Each Party will bear its own attorneys' fees and court costs incurred in connection with the negotiation and preparation of this Agreement, all subsequent proceedings to certify a Settlement Class and receive court approval of the Settlement, including without limitation fees and costs of appeals, and implementation of the terms of this Agreement. Provided, however, that in the event that Class Counsel is required to file a motion to enforce this Agreement after the Effective Date of the Settlement, Class Counsel has the right to petition the Court for

attorneys' fees incurred therefrom. Volvo does not waive its right to challenge such a petition by its agreement to this provision.

21. Subject to other provisions of this Agreement, the Parties agree to cooperate fully, to execute any and all supplementary documents reasonably necessary to effectuate the terms of this Agreement, and to take all additional actions and reasonable steps which may be necessary or appropriate to obtain judicial approval of this Agreement and to give this Agreement full force and effect. The Parties agree that the Settlement embodied in this Agreement is fair, adequate, and reasonable as to all Parties.

22. This Agreement and its attachments shall constitute the entire Agreement of the Parties and shall not be subject to any change, modification, amendment, or addition without the express written consent of Class Counsel and Volvo. This Agreement supersedes and replaces all prior negotiations and proposed agreements, written or oral.

23. All Exhibits are incorporated into this Agreement by reference.

24. Plaintiffs shall not disclose or use for any purpose the documents designated as "Confidential" by Volvo pursuant to the terms of the parties' protective order (unless Plaintiffs already had a copy from a source other than Volvo). This restriction does not apply to documents whose Confidential designation was withdrawn by Volvo, removed as a result of a court order, removed through the meet-and-confer process, or removed by any other agreement. Plaintiffs agree to destroy or cause to be destroyed all copies of documents marked Confidential (with the exception of documents whose Confidential designation was withdrawn by Volvo, removed as a result of a court order, removed through the meet-and-confer process, or removed by any other

agreement) within 30 days of the entry of Final Approval Order and Judgment, and counsel for each Party shall send written confirmation that those documents have been destroyed.

25. This Agreement shall be binding upon and inure to the benefit of the Parties and their representatives, heirs, successors, and assignees.

26. In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision if Volvo and Class Counsel, on behalf of Plaintiffs and Settlement Class Members, mutually elect to proceed as if such invalid, illegal, or unenforceable provision had never been included in this Agreement.

27. The Settlement shall be a full settlement, compromise, release, and discharge of the Released Claims. Volvo shall have no further or other liability or obligation to any Settlement Class Member or any other Releasing Party with respect to the Released Claims, except as expressly provided herein.

28. Volvo and Plaintiffs acknowledge that they have been represented and advised by independent legal counsel throughout the negotiations leading up to this Agreement. They have voluntarily executed the Agreement with the consent and on the advice of counsel.

29. This Agreement may be executed in counterpart by the Parties, and a facsimile signature shall be deemed an original signature for purposes of this Agreement.

30. This Agreement shall be construed under and governed by the laws of the State of California without giving effect to the State's choice of law principles. The Court shall retain jurisdiction over the interpretation and implementation of this Agreement, as well as any and

all matters arising out of, or relating to, the interpretation or implementation of the Final Approval Order and Judgment and/or this Agreement.

31. The Parties have negotiated and fully reviewed the terms of this Agreement, and the rule that uncertainty or ambiguity is to be construed against the drafter shall not apply to the construction of this Agreement by a court of law or any other adjudicating body.

32. Whenever, under the terms of this Agreement, a person is required to provide service or written notice to Volvo or to Class Counsel, such service or notice shall be directed to the individuals and addresses specified below, unless those individuals or their successors give notice to the other Parties in writing:

As to Class Counsel:

Jeffrey Fazio
Dina E. Micheletti
FAZIO | MICHELETTI, LLP
4900 Hopyard Rd., Suite 290
Pleasanton, CA 94588

William Bernstein
H. John Gutierrez
Lief, Cabraser, Heimann & Bernstein LLP
275 Battery Street
San Francisco, CA 94111

As to Volvo:

Thomas M. Riordan, Esq.
O'MELVENY & MYERS LLP
610 Newport Center Drive, Suite 1700
Newport Beach, California 92660

Unless otherwise indicated herein, where any Party's exercise of any right under this Agreement requires written notice, the Party shall serve such written notice by First Class U.S. mail or any method that is at least as reliable and timely as First Class U.S. mail

IN WITNESS THEREOF, the Parties hereto have executed this Agreement as follows:

Dated: 3-7-07


CAROLE TREW

Dated: _____

LOREN FUNK

Dated: _____

JUDITH MARX

Dated: _____

WESLEY MARX

Dated: _____

SCOTT SANTOS

Dated: _____

VOLVO CARS OF NORTH AMERICA,
LLC

By: _____

Its: _____

APPROVED AS TO FORM:

Dated: _____

O'MELVENY & MYERS LLP
Thomas M. Riordan (SBN 176364)
Molly J. Magnuson (SBN 229444)
610 Newport Center Drive, 17th Floor
Newport Beach, California 92660
Telephone: 949-760-9600
Facsimile: 949-823-6994

By: _____
THOMAS M. RIORDAN

Unless otherwise indicated herein, where any Party's exercise of any right under this Agreement requires written notice, the Party shall serve such written notice by First Class U.S. mail or any method that is at least as reliable and timely as First Class U.S. mail

IN WITNESS THEREOF, the Parties hereto have executed this Agreement as follows:

Dated: _____

CAROLE TREW

Dated: 2-21-07



LOREN FUNK

Dated: _____

JUDITH MARX

Dated: _____

WESLEY MARX

Dated: _____

SCOTT SANTOS

Dated: _____

VOLVO CARS OF NORTH AMERICA,
LLC

By: _____
Its: _____

APPROVED AS TO FORM:

Dated: _____

O'MELVENY & MYERS LLP
Thomas M. Riordan (SBN 176364)
Molly J. Magnuson (SBN 229444)
610 Newport Center Drive, 17th Floor
Newport Beach, California 92660
Telephone: 949-760-9600
Facsimile: 949-823-6994

By: _____
THOMAS M. RIORDAN

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IN WITNESS THEREOF, the Parties hereto have executed this Agreement as follows:

Dated: _____

CAROLE TREW

Dated: _____

LOREN FUNK

Dated: 2/21/07

Judith Marx

JUDITH MARX

Dated: 2/21/07

Wesley Marx

WESLEY MARX

Dated: _____

SCOTT SANTOS

Dated: _____

VOLVO CARS OF NORTH AMERICA,
LLC

By: _____

Its: _____

APPROVED AS TO FORM:

Dated: _____

O'MELVENY & MYERS LLP
Thomas M. Riordan (SBN 176364)
Molly J. Magnuson (SBN 229444)
610 Newport Center Drive, 17th Floor
Newport Beach, California 92660
Telephone: 949-760-9600
Facsimile: 949-823-6994

By: _____
THOMAS M. RIORDAN

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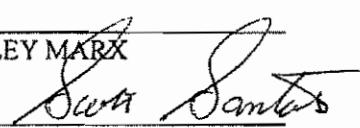
IN WITNESS THEREOF, the Parties hereto have executed this Agreement as follows:

Dated: _____
CAROLE TREW

Dated: _____
LOREN FUNK

Dated: _____
JUDITH MARX

Dated: _____
WESLEY MARX

Dated: 2/25/2007

SCOTT SANTOS

Dated: _____
VOLVO CARS OF NORTH AMERICA,
LLC

By: _____
Its: _____

APPROVED AS TO FORM:

Dated: _____

O'MELVENY & MYERS LLP
Thomas M. Riordan (SBN 176364)
Molly J. Magnuson (SBN 229444)
610 Newport Center Drive, 17th Floor
Newport Beach, California 92660
Telephone: 949-760-9600
Facsimile: 949-823-6994

By: _____
THOMAS M. RIORDAN

Unless otherwise indicated herein, where any Party's exercise of any right under this Agreement requires written notice, the Party shall serve such written notice by First Class U.S. mail or any method that is at least as reliable and timely as First Class U.S. mail

IN WITNESS THEREOF, the Parties hereto have executed this Agreement as follows:

Dated: _____

CAROLE TREW

Dated: _____

LOREN FUNK

Dated: _____

JUDITH MARX

Dated: _____

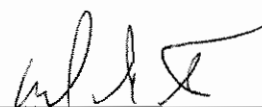
WESLEY MARX

Dated: _____

SCOTT SANTOS

Dated: 2/8/07

VOLVO CARS OF NORTH AMERICA,
LLC



By: Michael G. Thomas
Its: Vice President + General Counsel

APPROVED AS TO FORM:

Dated: March 28, 2007

O'MELVENY & MYERS LLP
Thomas M. Riordan (SBN 176364)
Molly J. Magnuson (SBN 229444)
610 Newport Center Drive, 17th Floor
Newport Beach, California 92660
Telephone: 949-760-9600
Facsimile: 949-823-6994

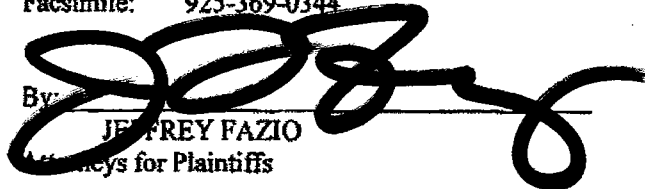
By: 

THOMAS M. RIORDAN

Dated: 5/18/07

Attorneys for Volvo Cars of North America

FAZIO | MICHELETTI, LLP
Jeffrey Fazio (SBN 146043)
Dina E. Micheletti (SBN 184141)
4900 Hopyard Rd., Suite 290
Pleasanton, California 94588
Telephone: 925-469-2424
Facsimile: 925-369-0344

By: 
JEFFREY FAZIO
Attorneys for Plaintiffs

Dated: 4/3/07

LIEFF, CABRASER, HEIMANN & BERNSTEIN,
LLP
William Bernstein (SBN 065200)
H. John Gutierrez (SBN 235406)
275 Battery Street, 30th Floor
San Francisco, California 94111
Telephone: 415-956-1000
Facsimile: 415-956-1008

By: 
WILLIAM BERNSTEIN
Attorneys for Plaintiffs