

EXHIBIT 2



November 5, 2015

VIA CERTIFIED U.S. MAIL

Volkswagen AG
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D-38436 Wolfsburg, Germany

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Germany

Porsche AG
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Peter Shumlin
Governor of Vermont
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RE: *VW Emissions Violations; Notice of Intent to Sue.*

Dear Sir or Madame:

Pursuant to 42 U.S.C. § 7604(b), we write to notify you that Volkswagen AG, Audi AG, Volkswagen Group of America, Inc., Volkswagen of America, Inc., Porsche Cars North America, Inc., and Audi of America, Inc. (collectively “VW”) are alleged to have violated the Clean Air Act (“CAA”), 42 U.S.C. §§ 7401 - 7671q, and its implementing regulations, and the motor vehicle emissions laws, regulations and orders of California, Arizona, Connecticut, Maine, Maryland, Massachusetts, New Jersey, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, Vermont, and Washington by installing “defeat devices” on its emissions control systems for at least the following Volkswagen, Porsche, and Audi vehicles with diesel engines sold in the United States:

- VW Jetta TDI (Model Years 2009-15);
- VW Jetta SportWagen TDI (Model Years 2009-14);

- VW Golf TDI (Model Years 2010-15);
- VW Golf SportWagen TDI (Model Year 2015);
- VW Beetle TDI and VW Beetle Convertible TDI (Model Years 2012-15);
- VW Passat TDI (Model Years 2012-15);
- Audi A3 TDI (Model Years 2010-15);
- VW Toureg (Model Years 2014-15);
- Porsche Cayenne (Model Years 2014-2016);
- Audi A6 Quattro, A7 Quattro, A8, A8L, and Q5 (Model Years 2015-16).

The defeat devices masked real world NOx emissions that exceeded emissions levels authorized by the U.S. Environmental Protection Agency limits by 9 to 40 times.

VW has widely admitted to its violation of E.P.A. and California Air Resources Board rules and regulations (which have been adopted in 13 states), and to its deception of state and federal regulators. On October 8, 2016, VW additionally publicly announced that some or all of its SCR engines may be non-compliant with state and federal regulations. On November 2, 2015, the United States Environmental Protection Agency issued a notice of violation regarding a portion of these vehicles and VW immediately imposed a sales ban on all late-model vehicles with 3.0 liter diesel engines in the United States. VW executives at the highest level of the company were aware of these emissions violations and these individuals authorized concealment through the use of a sophisticated software code that understood when an engine was being subjected to an emissions test. The software then altered engine settings to allow the vehicle to pass the emissions test. Thereafter, the engine would revert to normal settings for real-world driving conditions.

The CAA makes it a violation "for any person to manufacture or sell, or offer to sell, or install, any part or component intended for use with, or as part of, any motor vehicle or motor vehicle engine, where a principal effect of the part or component is to bypass, defeat, or render inoperative any device or element of design installed on or in a motor vehicle or motor vehicle engine in compliance with regulations under this subchapter, and where the person knows or

should know that such part or component is being offered for sale or installed for such use or put to such use." CAA § 203(a)(3)(B), 42 U.S.C. § 7522(a)(3)(B); 40 C.F.R. § 86.1854-12(a)(3)(ii). Additionally, manufacturers are prohibited from selling, offering for sale, introducing into commerce, delivering for introduction into commerce, or importing, any new motor vehicle unless that vehicle is covered by an EPA-issued Certificate of Conformity ("COC"). CAA § 203(a)(1), 42 U.S.C. § 7522(a)(1); 40 C.F.R. § 86.1854-12(a)(1). It is also a violation to cause any of the foregoing acts. CAA § 203(a), 42 U.S.C. § 7522(a); 40 C.F.R. § 86-1854-12(a).

"Vehicles are covered by a certificate of conformity only if they are in all material respects as described in the manufacturer's application for certification . . ." 40 C.F.R. § 86.1848-10(c)(6). Similarly, a COC issued by EPA, including those issued to VW, state expressly, "[t]his certificate covers only those new motor vehicles or vehicle engines which conform, in all material respects, to the design specifications" described in the application for that COC. *See also* 40 C.F.R. §§ 86.1844-01 (listing required content for COC applications), 86.1848-01(b) (authorizing the EPA to issue COCs on any terms that are necessary or appropriate to assure that new motor vehicles satisfy the requirements of the CAA and its regulations).

Motor vehicles equipped with defeat devices, such as those at issue here, cannot be certified. EPA, *Advisory Circular Number 24: Prohibition on use of Emission Control Defeat Device* (Dec. 11, 1972); *see also* 40 C.F.R. §§ 86-1809-01, 86-1809-10, 86-1809-12. Electronic control systems which may receive inputs from multiple sensors and control multiple actuators that affect the emission control system's performance are AECDs. EPA, *Advisory Circular Number 24-2: Prohibition of Emission Control Defeat Devices - Optional Objective Criteria* (Dec. 6, 1978). "Such elements of design could be control system logic (i.e., computer software), and/or calibrations, and/or hardware items." *Id.*

To obtain a COC, a light-duty vehicle manufacturer must submit a COC application to the EPA for each test group of vehicles that it intends to enter into United States commerce. 40 C.F.R. § 86.1843-01. The COC application must include, among other things, a list of all auxiliary emission control devices (AECDs) installed on the vehicles. 40 C.F.R. § 86.1844-01(d)(11). An AECD is "any element of design which senses temperature, vehicle speed, engine RPM, transmission gear, manifold vacuum, or any other parameter for the purpose of activating, modulating, delaying, or deactivating the operation of any part of the emission control system." 40 C.F.R. § 86.1803-01. The COC application must also include "a justification for each AECD, the parameters they sense and control, a detailed justification of each AECD that results in a reduction in effectiveness of the emission control system, and [a] rationale for why it is not a



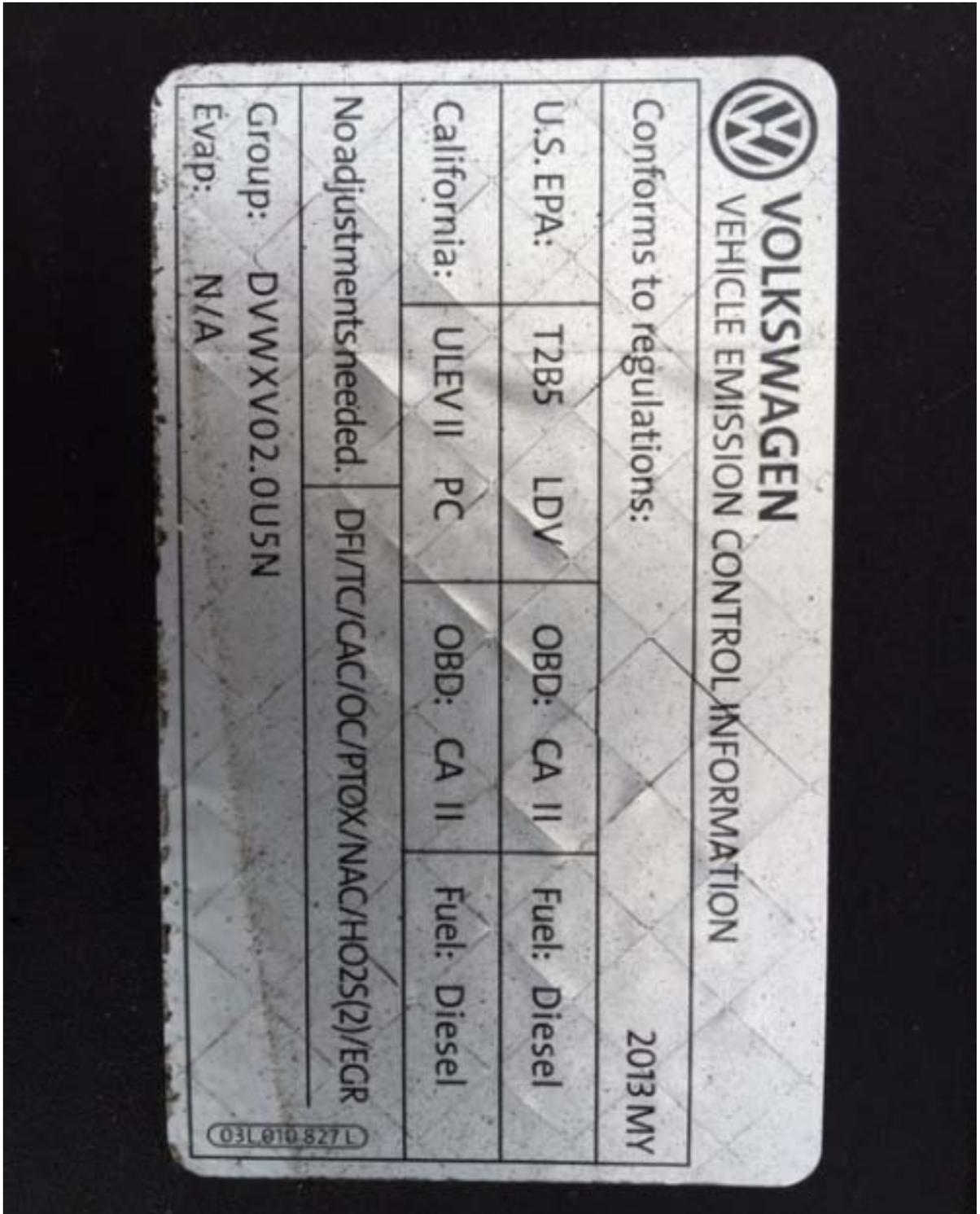
defeat device." 40 C.F.R. § 86.1844-01(d)(11). A defeat device is an AECD " that reduces the effectiveness of the emission control system under conditions which may reasonably be expected to be encountered in normal vehicle operation and use, unless: (1) Such conditions are substantially included in the Federal emission test procedure; (2) The need for the AECD is justified in terms of protecting the vehicle against damage or accident; (3) The AECD does not go beyond the requirements of engine starting; or (4) The AECD applies only for emergency vehicles" 40 C.F.R. § 86.1803-01.

Persons who violate section 203(a)(3)(B) of the CAA, 42 U.S.C. § 7522(a)(3)(B), are subject to a civil penalty of up to \$3,750 for each violation that occurred on or after January 13, 2009;¹ CAA § 205(a), 42 U.S.C. § 7524(a); 40 C.F.R. § 19.4. In addition, any manufacturer who, on or after January 13, 2009, sold, offered for sale, introduced into commerce, delivered for introduction into commerce, imported, or caused any of the foregoing acts with respect to any new motor vehicle that was not covered by an EPA-issued COC is subject, among other things, to a civil penalty of up to \$37,500 for each violation.² CAA § 205(a), 42 U.S.C. § 7524(a); 40 C.F.R. § 19.4. Additional equitable remedies to further address these alleged violations are also authorized. CAA § 204(a), 42 U.S.C. § 7523(a).

VW's certifications, which are affixed to hundreds of thousands of non-compliant vehicles are false. An exemplar of these certifications is as follows:

¹ \$2,750 for violations occurring prior to January 13, 2009.

² \$32,500 for violations occurring prior to January 13, 2009.



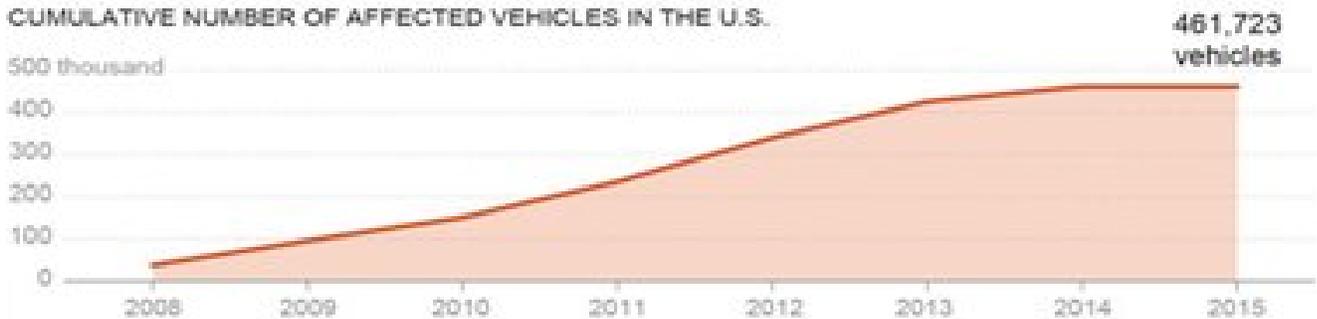


VW's conduct has contributed to significant degradation of air quality in urban environments and has been estimated to have contributed to respiratory and other health problems and death of dozens of people in the United States over the last seven years. On October 3, Associated Press ("AP") laid out the facts in the chart that follows:

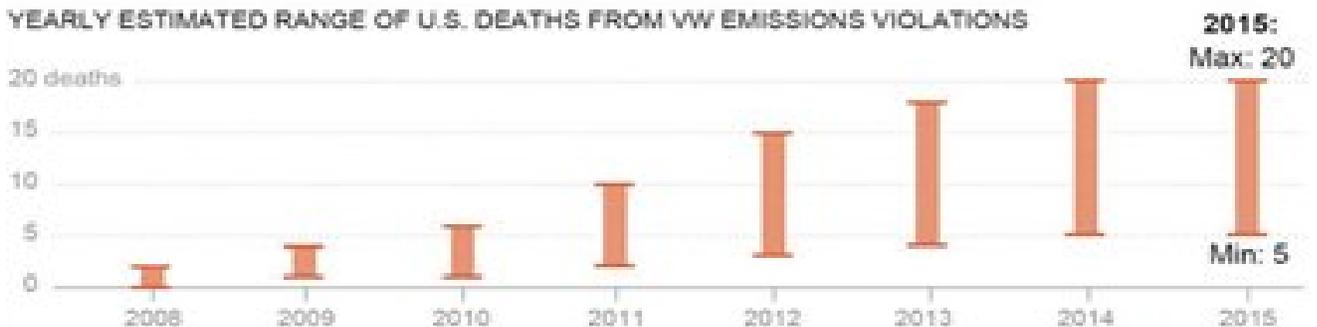
Calculating human toll of VW emissions problems

U.S. pollution resulting from Volkswagen's dodging of emissions tests is enough to have caused dozens of deaths since 2008. An AP analysis calculated upper and lower limits of pollution using the number of affected vehicles each year and average mileage. Scientists used that data in epidemiological computer models to estimate a range of deaths.

CUMULATIVE NUMBER OF AFFECTED VEHICLES IN THE U.S.

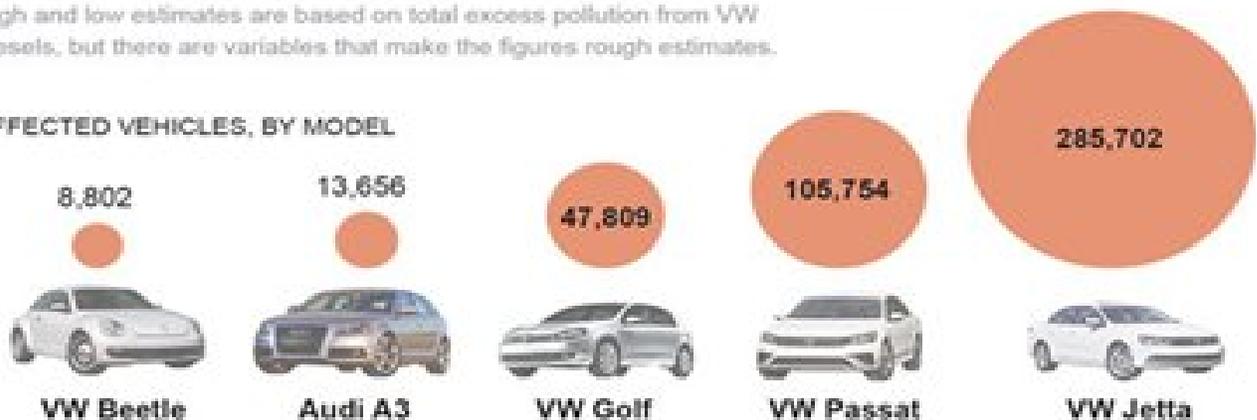


YEARLY ESTIMATED RANGE OF U.S. DEATHS FROM VW EMISSIONS VIOLATIONS



High and low estimates are based on total excess pollution from VW diesels, but there are variables that make the figures rough estimates.

AFFECTED VEHICLES, BY MODEL



NOTE: The total of 47,809 for VW Golf includes 3,530 VW Golf Sportswagen vehicles. The total figure of 461,723 is derived from Kelley Blue Book vehicle registration data. The Environmental Protection Agency estimates the total number of affected vehicles in the U.S. to be about 482,000.

SOURCES: AP analysis of data from the U.S. Environmental Protection Agency and Kelley Blue Book; Professor Peter Adams, Carnegie Mellon; Volkswagen; Audi

AP



As the AP article notes, the Class Vehicles released enough NOx over the course of seven years to significantly degrade the environment in urban areas.

The full name and contact of the parties giving notice are as follows: Maria Bourn, David Watson, Stephen Verner, Mark Schumacher and the Center for Auto Safety, each of whom may be contacted through their counsel, Hausfeld LLP, 600 Montgomery Street, 32nd Floor, San Francisco, CA 94111 (Tel.: 415-633-1908).

The parties give you notice of their intent to sue the VW entities identified above pursuant to 42 U.S.C. § 7604(a)(1) sixty days following the date of this notice in the United States District Court for the Eastern District of Virginia. Notice is deemed given on the postmark date. See 40 C.F.R. § 54.2(d)

If you believe that any portion of this notice is provided in error, or if you wish to discuss any portion of this notice, please do not hesitate to contact me.

Very truly yours,



Christopher L. Lebsock
Partner