

Direct Dial: 01978 896129

Email: porscheaudi@leighday.co.uk

Our Ref: SYN/00298817/1

Dear Sir/Madam,

Claim in relation to emissions test cheating affecting Porsche, Audi, and other Volkswagen Group vehicles

Thank you for instructing Leigh Day to bring a claim about your Porsche, Audi, or other Volkswagen Group vehicle(s). To distinguish this claim from the claims already before the court against Volkswagen Group, we will refer to this action from time to time as the “Porsche, Audi and other Volkswagen Group vehicles” claim.

This letter explains and records, for the avoidance of any doubt, the nature of the instructions you have given to us, the advice we have given you so far and the action we have agreed to take to pursue the case further.

It should be read with the enclosed Conditional Fee Agreement (CFA) which contains important information about the costs of your case.

Acceptance of our terms and conditions creates an obligation to pay us in line with the attached CFA. Your acceptance is given by clicking the submit button on our website, by emailing us, or by signing and returning a paper copy of this document. Please keep a copy of the documents as evidence of our solicitor’s retainer with you.

Your Requirements and Objectives

You wish to obtain compensation arising from the presence of emissions cheating software in the diesel Porsche, Audi, or other Volkswagen Group vehicle(s) that you bought in England or Wales. Based upon the information you have provided, we have confirmed that

your vehicle is not included as part of the EA189 service action, meaning that it falls outside the scope of the existing VW NOx Emissions Litigation currently before the Court (***the existing Volkswagen Group claim***).

You want advice about bringing this claim. You have instructed us to investigate the claim and, if you have reasonable prospects of winning and obtaining compensation, to issue and pursue legal proceedings on your behalf.

The Issues Involved

Your claim will be made on the basis that:

- you bought, hire purchased or leased a Porsche, Audi or other Volkswagen Group vehicle(s) in England or Wales that contained emissions test cheating software. Please note: in order to satisfy this ground, we can only bring a claim on behalf of the individual/legal entity named as the purchaser or lessee on the vehicle purchase or lease documents. We will also need proof of legal ownership (for example, copies of your purchase invoice or finance agreement). If you are not the named party on the purchase or lease documents, please inform us as soon as possible.
- your vehicle is **not** included as part of the EA189 service action, and so falls outside the scope of the existing Volkswagen group litigation.
- you did not know that the vehicle(s) contained the emissions cheating software before buying or leasing it.
- had you known about the software you would not have bought or leased the vehicle(s) or at least would only have been willing to pay a lower price for it. If this is incorrect, please inform us urgently.
- You have not instructed another law firm to bring a claim for you in connection with the same vehicle(s) as you have instructed Leigh Day to bring a claim on your behalf in relation to.

There are several kinds of legal claim which we may make on your behalf depending on your individual circumstances, including:

1. **Deceit/fraudulent misrepresentation and breach of statutory duty.** This type of claim may be made against the Volkswagen Group manufacturing companies who installed the emissions cheating software.
2. **Breach of contract**, namely the term as to satisfactory quality. This type of claim may be made against the dealer or finance company you purchased or leased your vehicle(s) from.
3. **Breach of the Consumer Protection from Unfair Trading Regulations 2008 (CPUT).** This type of claim may be made against the dealer or finance company you purchased or leased your vehicle(s) from.
4. **Unfair relationship under Consumer Credit Act (CCA).** This type of claim may be made in circumstances where you entered into a finance agreement regulated by the Consumer Credit Act 1974 to facilitate the purchase your vehicle(s).

The main issues vary depending on the type of legal claim made, but include determining:

- Where the vehicles have not been subject to a formal recall, whether the vehicles in question are fitted with software that enables cheating of emissions tests.
- Whether affected vehicles would have met the applicable emissions standards if the emissions test cheating software had not been used.
- Whether the emissions test cheating software meets the definition of a “prohibited defeat device” under the applicable emissions testing law.
- Whether the Volkswagen Group made false or misleading representations that the affected vehicles met the regulatory requirements.
- Whether each Claimant relied on the Defendant(s)’ false or misleading representations when deciding to purchase their affected vehicle.
- How much compensation each Claimant is entitled to, including for financial and nonfinancial losses. When determining how much compensation each Claimant is entitled to, the main factors considered will be:

- I. by how much the resale value of their vehicle has been reduced;
- II. where Volkswagen have taken any steps to remove the emissions cheating software, whether this “fix” has any negative effects such as on performance, fuel economy or reliability;
- III. whether the vehicles have been brought into compliance with the applicable law once the “fix” has been applied;
- IV. any negative personal effects on each Claimant such as inconvenience, loss of amenity and upset; and
- V. the seriousness of the Volkswagen Group’s misconduct.

There are also several issues which only apply to specific types of claim. For example, in claims for breach of contract or under CPUT we will need to show that the dealers and Volkswagen Financial Services (UK) Limited (also known as or trading as Porsche Finance, Audi Finance, Skoda Finance, SEAT Finance) (**VWFS**) could reasonably be expected to be aware that the manufacturers represented that the affected vehicles met regulatory requirements.

At this stage, the claims we are investigating fall into the following broad categories:

1. Vehicles which are subject to a safety recall in the UK. We understand that this category includes, but may not be limited to, Porsche Cayenne 4.2l and Panamera 4.0l vehicles.
2. Vehicles which are subject to recall by the German Federal Motor Authority (the KBA) to remove an “*impermissible defeat device*”, “*impermissible shut down device*” or a “*prohibited shut device*”. This category includes, but may not be limited to:
 - a. Porsche Cayenne 3.0l, Porsche Macan 3.0l
 - b. certain 3.0l and 4.2l Audi A4, A5, A6, A7, A8, Q7, SQ5 models
 - c. certain 2.0l Volkswagen Crafter and Transporter models
 - d. certain 3.0l Volkswagen Touareg models
3. Certain other Volkswagen, Audi, SEAT and Skoda vehicles that may be fitted with EA288, EA897, EA898 engines which are subject to litigation in other jurisdictions.

The evidence currently available in relation to each of the above categories of vehicles varies. It is not possible to infer that all vehicles fitted with an engine belonging to the same

engine family are likely to be fitted with emissions cheating software. Much will depend upon the calibration of each vehicle model variant (i.e. the emissions behaviour of a vehicle can depend upon various things like the vehicle's power output and weight). As a result, we believe that it will be necessary to obtain expert evidence or counsels' advice to confirm that emissions test cheating software is present or is likely to be present in the vehicles under consideration, meaning that the above identified categories may be refined as our investigations into the claim progress.

At this stage, we are offering to act on your behalf on the basis that your vehicle falls into one of the above categories under consideration. Whether or not we are able to proceed with your claim and issue legal proceedings on your behalf is subject to us obtaining expert evidence and counsels' advice that your vehicle is or is likely to be fitted with emissions test cheating software. We will contact you in due course to ask for more information about your vehicle to help us determine this. If we determine that it is unlikely that your vehicle is affected, we may need to cancel our retainer with you and to cease acting on your behalf in this claim. In these circumstances, you would not be charged for any work done on your behalf.

The Volkswagen Group are likely to deny that affected vehicles are fitted with emissions test cheating software. Even if the presence of the software is accepted, they are likely to deny that the software is unlawful under the applicable law. The Volkswagen Group may also argue that affected vehicle owners have suffered no loss because the vehicles will be or have been "fixed" to bring them into compliance with the law and therefore consumers are not entitled to compensation.

Defendants

The claim is to be brought against such defendants as we advise. This may include any Volkswagen Group company (such as VWFS, and the dealer from whom you bought your affected vehicle(s)).

Status of Legal Proceedings

In the early stages of the existing Volkswagen Group claim we approached the Motor Ombudsman to see whether the Ombudsman would deal with claims on behalf of affected vehicle owners as an alternative low risk way to obtain compensation without having to bring court proceedings. However, the Ombudsman refused to consider the claims on the basis that the Ombudsman needed guidance from the courts. The Motor Ombudsman is

likely to take the same approach in respect of this claim, especially since the existing Volkswagen Group claim is still progressing through the Court. We therefore believe that there is no other option but to pursue legal proceedings to obtain compensation for the Volkswagen Group's emissions test cheating.

We are at a very early stage of the litigation. However, we anticipate making an application for a Group Litigation Order (**GLO**) in the future. A GLO is made when there are multiple Claimants and Defendants, and the Order provides for the case management of the claims which give rise to common or related issues of fact or law. In effect, the GLO allows the claims to be heard together rather than on an individual basis, making it far more efficient.

A GLO will normally:

- establish a framework for the management of the large number of Claimants that are likely to make a claim in respect of Volkswagen Group vehicles. This includes setting out the common issues that the Court will determine under the GLO;
- establish a Group Register recording brief details of the claims of all Claimants who join the group action;
- create a Steering Committee of law firms to conduct the litigation on behalf of all Claimants;
- provide how legal costs are to be shared between the parties; and
- set out what information each Claimant must provide to the Defendants about their claim.

Any directions given at any Case Management Conferences and any decision of the Court will be binding on all claims that are entered onto the Group Register. The Court may direct that one or more of the claims are to proceed as 'test cases' with all other claims being stayed whilst awaiting the outcomes of the test cases.

We will continue to explore all possible ways of achieving your objectives, including mediation or some other alternative dispute resolution procedure if the Volkswagen Group will agree to it.

Group Management Agreement

In large group actions where we may act for thousands of Claimants in the same matter it is very difficult to obtain instructions from all Claimants in an efficient and timely manner. This impacts on the smooth management of the litigation. It is therefore necessary to appoint a Claimant Committee made up of representative Claimants in the group action who can act and speak on behalf of all our clients in the group. We will take steps to constitute a Claimant Committee in due course. The role of the Committee will be to provide instructions on behalf of everyone in accordance with the Group Management Agreement. If you are interested and able to be a member of the claimant committee, please do let us know. The key terms of the Group Management Agreement can be found at Schedule 4 of the CFA.

Limitations or Exclusions

There are some limitations to the scope of our retainer if your time limit to make a claim falls within the first three months from the date of your instruction (i.e. the date you accept these terms). This is because we are acting for thousands of individual Claimants and it is simply not practicable for us to process claims that need issuing within a threemonth period of taking on the case.

By accepting our terms and conditions, you are stating that **you understand that any claim(s) you have that expire within three months of the date of this retainer fall outside of the scope of this retainer (unless we inform you in writing that we are able to assist)**. Please refer to the “*Issuing Proceedings*” section below for further details of these restrictions.

If, as your case progresses, you wish to take some further action other than that which we can foresee now, we will discuss whether we can assist you and the cost implications of our doing so.

We have accepted your instructions and below we give you some preliminary advice and set out our plan of action.

Advice

The types of legal claims we recommend you bring depends on your individual circumstances. Certain criteria must be met to bring each type of claim. Not all types of

claim are available to everybody. Even where available, we may recommend that you do not bring a particular type of claim in your circumstances.

Broadly speaking:

1. All Claimants can claim in **deceit/fraudulent misrepresentation** and **breach of statutory duty** against the manufacturer of their vehicle, which may include Porsche AG, Volkswagen AG, Audi AG, Skoda Auto A.S and SEAT S.A.
2. All Claimants can claim against their dealer or finance company for **breach of contract**, provided they bought or leased their vehicle not less than 6 years before proceedings are issued. At this stage, we intend to include this legal claim as part of the group action only where your vehicle was purchased from an authorised or approved Volkswagen Group dealer or if you obtained finance from VWFS.
3. **CPUT** claims can only be made by Claimants who bought their vehicle or made a finance payment in relation to their vehicle on or after 1 October 2014 (this is when the legislation providing for CPUT claims came into force) and used it for non-business purposes. However, this claim may be more difficult to prove against non-Volkswagen approved dealers or finance companies. We may recommend that Claimants who bought their vehicle from a non-approved Volkswagen Group dealer or took out finance with a finance company other than VWFS do not make this claim.
4. Claims under the **Consumer Credit Act** should only be made by Claimants who financed their car with VWFS.

Each of the different types of claim has different advantages and disadvantages.

The biggest difference is between those who can claim under CPUT and those who cannot. Generally, Claimants who can claim under CPUT are able to claim for substantially greater compensation than under any of the other types of claim.

This is because under CPUT you are in principle entitled to recover a discount on payments made in respect of your vehicle(s) after 1st October 2014 ranging from 25% to 100%, depending on how serious the court considers the Volkswagen Group's actions to have been. The size of the discount is less dependent on proving you suffered financial loss, compared to the other types of claim. We will seek a 50% - 75% discount. However, the

court may award less than that and it is common for claims to settle for something less than the full amount claimable to avoid the risk of losing.

The compensation recoverable under the other types of claim is more dependent on proving loss and, on the information currently available, a lower amount may be recoverable than under CPUT.

The Volkswagen Group may deny that software fitted to vehicles included as part of this claim is unlawful. They may also argue that they have or intend to fix the offending vehicles and that, once this has been done, consumers will sustain no loss and the vehicle will be brought into compliance with law without its performance being affected.

However, based upon the information we have at present, we advise that making a court claim and participating in the group action has reasonable prospects of success overall. We consider the potential benefits of bringing a court case will justify the costs and risks involved provided enough Claimants join the group claim. This advice may change once we have obtained expert evidence and counsel's advice about the categories of vehicles currently under consideration. As is explained in more detail below, we have obtained funding and insurance on terms which protect our client from the costs and risks involved, in any event.

Funding your Claim

We are offering to bring your claim under a Conditional Fee Agreement (CFA) and we have secured funding for your claim from an appropriate commercial funder. The funder will pay on your behalf our discounted charges and disbursements as set out in the CFA.

In return for providing this funding, the funder will require payment from your damages if you win your claim or from any settlement sum if the case settles. **Such payment will be capped at a set percentage, the level of which depends on the number of clients we act for:**

- If we act for fewer than 25,000 clients, the payment will be capped at **35%**;
- If we act for more than 35,000 clients, the payment will be capped at **30%**; and

- If we act for more than 25,000 but less than 35,000 clients, the payment will be capped at **35% minus a prescribed calculation**.¹

Therefore, this payment will only ever be a maximum of 35% of any compensation due to you inclusive of VAT. Full details of the funding arrangement are enclosed in the CFA attached.

The CFA does not, however, protect you from exposure to the opponent's legal costs should the claim be unsuccessful.

To protect our clients from the risk of having to pay the Volkswagen Group's and other defendants' legal costs should the claims be unsuccessful, we have taken out an After the Event (ATE) legal expenses insurance policy on behalf of the group of clients to cover the risk of this potential liability, details of which are included in the CFA.

Other sources of Funding and Legal Expenses Insurance

You may have other sources of funding your claim than the package we are offering. For example:

- Legal expenses insurance. Many home insurance products include legal expenses insurance either automatically or as an optional add-on. You should contact your insurers to check.
- If you are a member of a trade union, you should check whether the union will fund you.

If you have such an alternative source of funding, then it may be cheaper for you to use it, rather than the funding package we are offering. We are not offering to act via such legal expenses insurance/union funding, so if you wish to use it you will need to instruct another firm.

¹ The applicable calculation will be: 35% less (the number of clients in excess of 25,000 x 0.05%).

Action

The next steps we need to take are set out below:

- **If you have not already accepted the terms by clicking where clearly marked on our website, you need to confirm you accept the terms of the enclosed funding documentation by emailing us, or by signing and returning a paper copy of this document.**
- Ensure we have completed regulatory checks including verification of your identity electronically and if necessary via supporting documents you will be asked to provide.
- Seek your confirmation of the details of your vehicle(s) and any finance you used to buy the vehicle(s).
- Ask you to provide us with documents relating to the purchase of the vehicle(s) that you are claiming for e.g. your purchase invoice, order form or finance agreement. Please note the '*Issuing Proceedings*' section below.
- Calculate the estimated value of your claim, which is called "quantum".
- Obtain expert evidence.
- Issue proceedings and pursue your claim in court (if appropriate).

Time limits to claim

The time limit for claiming depends on the type of claim:

- **Deceit/misrepresentation** and **breach of statutory duty** claims must be brought within six years of you discovering (or if you could have discovered with reasonable diligence) that your vehicle had emissions test cheating software.
- **Breach of contract claims** must be brought within 6 years of the breach of contract, which in this case is 6 years from the date of purchase.
- **CPUT claims** must be brought within 6 years of buying the vehicle, or each payment you made in respect of buying or financing your vehicle.

- **Consumer Credit Act claims** should be brought within 6 years of the first payment made under your finance agreement with VWFS, although it may be possible to bring the claim after that date but only in respect of getting compensation for any payments made within 6 years or to be made in the future.

Issuing proceedings

By accepting our terms and conditions, you authorise us to issue proceedings on your behalf in order to pursue your claim (subject to the restrictions noted below).

As set out above, for some of the claims available in this case, the time limit to bring a claim is six years from the date on which you purchased/leased/acquired your vehicle. It is nearly always advisable to issue court proceedings within the time limit. If the time limit passes for you to bring a claim, you cannot rely on that claim. You can still bring any of the other kinds of claim available for which the time limit has not yet passed.

To maximize your chances of success, we recommend that you issue legal proceedings in time to protect your right to bring all claims.

In a group claim such as this, where there are a very large number of Claimants, it is important to conduct the case in a proportionate and coordinated manner - and in accordance with the court's expectations - from the outset. Issuing separate Claim Forms for each individual client in a group claim is disproportionate to managing the claims in a cost-efficient manner.

At this stage, it is our intention to issue a Claim Form on a regular basis for groups of clients, where necessary to protect certain claims from expiring (please see the 'Time Limits to Claim' section above). We will issue proceedings for all other clients at the appropriate stage in due course. If we believe one or more of your claims is at risk of expiring, we will request further information from you so we can issue proceedings on your behalf.

Please note: restrictions on issuing proceedings

As explained in the 'Limitations and Exclusions' section above:

We will not issue proceedings on your behalf for any claim(s) which expire within three months from the date you accept these terms, as any such claims are excluded from the scope of this retainer (unless we have confirmed otherwise in writing).

We will also only be able to issue proceedings on your behalf once we have received further information and sufficient evidence to support your claim.

Unless we have sufficient evidence, we will not be able to issue proceedings on your behalf. If court proceedings are not issued in time for certain claims, we will still be able to act for you in relation to any other available claims and will issue proceedings on your behalf at the appropriate stage in due course. As noted above, it is nearly always advisable to issue proceedings within the applicable time limit. If you believe that a time limit may be about to expire within the above three-month period, and you wish to protect your claim from expiring, the best option would be for you to issue individual protective proceedings. This can be achieved by filing an individual claim form with the court and paying the applicable court fee. **We are unable to assist you with issuing individual protective proceedings.**

Are there any significant risks in issuing proceedings? In short, no; for those Claimants on whose behalf we issue proceedings we will cover the court fee and the ATE insurance in place will protect you against the risk of losing. Your claim will be joined with the many thousands of people who will be joining the court proceedings.

Timescales

At this early stage, it is impossible for us to give an accurate prediction of the timescale for a satisfactory outcome, taking into account your requirements and objectives above. In our experience, group claims of this type may take 2 to 5 years to progress through the Court, but it could take much longer. The length of time the claim takes will depend on any complexities arising within the litigation.

There are some things we cannot control (in particular, the approach that Volkswagen Group takes to the litigation).

We will update you regularly with more information on the timescale of your case, particularly in relation to the timescales for next steps, which can be predicted more accurately.

Documents

You are now under a legal duty to preserve all documents (including electronic documents such as emails and mobile phone messages) that may be relevant to your case. This includes not only documents that support your case, but also any documents that adversely affect your case. The term 'document' is interpreted widely and includes anything in which information of any description is recorded. If you are in any doubt about whether a document should be preserved, please contact us and we can advise you accordingly. Examples of documents that might be in your possession and might be relevant to your case include the following:

1. Contract of sale and/or other proof of purchase;
2. Finance agreement;
3. Lease agreement;
4. Certificate of conformity;
5. Marketing materials and other documents provided by the manufacturer.

The Management of your Case

Shazia Yamin has responsibility for the overall management of the Porsche, Audi and other Volkswagen Group vehicles emissions claims and will be running your case within the group action.

Shazia is a Partner within the firm and has extensive specialist product liability and group action experience. She will also be assisted from time to time by other partners, solicitors and paralegals within the International and Group Litigation department, but she will remain responsible for your individual case.

It is the policy of our firm, and one of our professional responsibilities, that the work of the person handling your case be supervised by one of the partners in the practice. This rule applies even if the person handling your case is himself or herself a partner in the practice. The partner charged with responsibility for supervision of the work done on your case is Martyn Day.

Communicating with you

During the current pandemic we have contingency plans in place, including homeworking arrangements, to make sure we can continue to provide a service to our clients, via email, telephone and where appropriate for you, via Microsoft Teams.

We usually correspond with clients by email. We will send any sensitive personal material in an attached document, which is encrypted with a password for reasons of information security.

If you would prefer to use another method of communication, please let us know. Even where we usually communicate with you via email, there may be occasions when we have to send material to you non-electronically (for example, bulky documents).

When we correspond with you by post we will send you any sensitive material (such as, for example, medical records or reports) using Special Delivery to protect against the loss or misuse of this information. Special Delivery requires a signature from you, or it will be returned to us. Should you not wish us to use Special Delivery to send you such documents, but you would prefer us to use the ordinary post for all postal correspondence with you, including sensitive material, then please let us know.

We ask that you do not use WhatsApp to contact your Legal Team.

Finally, if you are happy for us to discuss your case with any other person, please provide their details.

Complaints

Leigh Day is committed to providing high quality legal advice and client care. If you are unhappy about any aspect of the service you have received or about your bill, please bring it to our attention as soon as you can. We will try to resolve the matter fairly and quickly. We will apologise if need be and do our best to offer a practical solution.

You can obtain a copy of our complaints procedure here: <https://www.leighday.co.uk/our-complaints-policy> or by request.

If we are unable to resolve your complaint, then you can have the complaint independently looked at by the Legal Ombudsman. The Legal Ombudsman investigates complaints about services issues with solicitors.

The Legal Ombudsman expects complaints to be made to them within one year of the date of the act or omission about which you are concerned or within one year of you realising there was a concern. You must refer your concerns to the Legal Ombudsman with six months of our final response to you.

You can contact the Legal Ombudsman at PO Box 6806, Wolverhampton, WV1 9WJ,
Telephone: 0300 555 0333,
email: enquiries@legalombudsman.org.uk
Website: www.legalombudsman.org.uk

The Legal Ombudsman has produced helpful booklets to guide you if you have a complaint. We can let you have copies on request, or you can find them on the Legal Ombudsman's website. They are called **Here to Help**, **How to Complain to Your Service Provider**, **Investigating Your Complaint** and **Our Approach to Investigations**

The Solicitors Regulation Authority (SRA) can help you if you are concerned about our behaviour and that it may be in breach of the SRA's Code of Conduct. You can find information on how and when to raise a concern with the SRA on the SRA website here; <https://sra.org.uk>

If your complaint is about your bill you can apply for an assessment of the bill under Part III of the Solicitors Act 1974. The Legal Ombudsman cannot consider a complaint about the bill if you have applied to the Court for assessment of the bill. We may be able to charge interest on all or part of an unpaid bill.

Any concerns about our commitment to equality, diversity and inclusion will be dealt with in line with our Equality, Diversity and Inclusion policy, which is available upon request.

Data Protection

All information that we hold concerning you will be held and processed by the firm in accordance with current UK data protection legislation. Such personal and sensitive data will be used by the firm to provide you with legal services and for related purposes, such as to inform you about the firm's services and events. We will not, without your consent, supply your name and addresses to any third party except where:

- such transfer is a necessary part of the legal services that we undertake,

- the transfer is necessary to comply with the reasonable requirements of a third party
- who is funding your case, or
- we are required to do so by operation of law.

As an individual, you have a right under Data Protection Legislation to obtain information from us, including a description of the data that we hold on you. Should you have any queries concerning this right, please contact our Data Protection Officer, Viviana Marcus dataprotection@leighday.co.uk. A copy of our firm's Privacy Policy is available on our website. Please let us know if you would like the policy sent to you.

Confidentiality

Generally speaking, the law says that the information you give to your solicitor for the purpose of obtaining legal advice, or because you are involved in litigation, is confidential. Your solicitor may not disclose it to anyone, even members of your family, without your permission. This duty to preserve your confidential information applies both to individual and institutional clients of the firm.

However, it is important that you are aware that there are some exceptions to this.

If you have insurance to cover your legal costs, we will also have to provide information to your insurers, whether they are legal expense insurers or after the event insurers. For example, it is likely to be a condition of your cover that we report to your insurer from time to time on the prospects of success of your claim in percentage terms, the value of your claim and whether there are any negotiations in progress. In that situation, we will discuss this with you.

The Solicitors Regulation Authority (SRA)

The Solicitors Regulation Authority (SRA) regulates more than 100,000 solicitors in England and Wales, as well as registered European lawyers and registered foreign lawyers. Established in January 2007, it is the independent regulatory body of the Law Society of England and Wales

Leigh Day is a legal disciplinary partnership. We are regulated by the Solicitors Regulation Authority under registered number 00067679. Our VAT number is 429700745. A list of

partners is available for inspection at our Registered Office:
Leigh Day, Panagram, 27 Goswell Road, London, EC1M 7AJ.

Please contact Shazia if there is anything that you would like to discuss at this stage regarding the arrangements for the conduct of your case or if you would like any other information.

Yours faithfully,



Shazia Yamin Partner Leigh Day

Conditional Fee Agreement ('CFA') for
Porsche, Audi and other Volkswagen Group vehicles
Emissions Test Cheating Claims

This agreement is a binding legal contract. Before you sign, please read everything carefully.

Agreement date:

We/Us/Our: Leigh Day, Panagram, 27 Goswell Road, London, EC1M 7AJ

You (the client)

What is covered by this agreement

- Your claim for remedies arising from the emissions test cheating software/equipment installed in your Porsche, Audi or other Volkswagen Group vehicle(s). The claim will be brought under such causes of action and against such defendants as Leigh Day advise, including, but not limited to, any Volkswagen Group company including Volkswagen Financial Services (UK) Limited and the dealer from which you purchased your vehicle (the **Defendants/the Opponents**).
- This agreement applies to your claim from the date that we were first informed of your claim and started work on it, even if that was before the date of this agreement. This agreement will continue until the end of the proceedings to which it relates, unless it is ended before that date.
- Any appeal you make with our agreement.
- Any appeal made by an opponent which we advise you to defend.
- Any proceedings you take to enforce a judgment, order, or agreement.
- Negotiations about and/or a court assessment of the costs of this claim.
- Any pre-action applications or non-party disclosure applications which we advise you to make.

What is not covered by this agreement

- Any counterclaim against you.
- Any appeal made by you without our agreement, or any appeal by your opponent which we advise you not to defend.

Paying us if you Win

If you win your claim, you pay (i) our basic charges, our disbursements and our Success Fee, plus VAT where applicable (collectively 'our costs'), together with (ii) the premium (or your share of the premium) for any insurance you take out and (iii) your share of the 'Funders Fee' under any litigation funding agreement which you have authorised us to enter in order to help finance the costs of your claim. You may seek recovery from your opponent of part or all of our basic charges and our disbursements, but not the Success Fee, any insurance premium or any Funder's Fee.

Although you are liable to pay these charges if you win, irrespective of whether they can be recovered from your opponent, so long as you keep to this agreement and comply with its terms, your total liability (including VAT unless reclaimable) for any unrecovered charges will be limited to a maximum of 35% of your damages inclusive of VAT. This 'overall cap' means that you are guaranteed to keep at least 65% of your damages.

Formal offers to settle by your opponent

A situation may arise when your opponent makes a formal offer to settle your claim which you reject on our advice, and on our advice either you later accept that offer or your claim goes ahead to trial where you fail to obtain a judgment more advantageous than that offer. If this happens, you will only have to pay our disbursements and your part of the share of the insurance premium and the Funder's Fee but not our basic charges or Success Fee, during any period when you do not recover costs from your opponent because you did not accept the offer in time.

Interim Hearings

If you win overall but, on the way, lose an interim hearing, you may be required to pay your opponent's costs of that hearing. We have arranged insurance to cover this risk, so subject to the terms of the insurance policy and your compliance with it you should be insured against such costs. See schedule 5.

If at any time you are awarded any costs, by agreement or court order, then (even if you lose or have lost your claim) we are immediately entitled to payment of the costs you recover from your opponent, together with a Success Fee on our relevant basic charges if you win or have won your claim overall.

Paying us if you lose

If you lose, you only have to pay our costs to the extent that the Funder pays them on your behalf and/or that they are covered by insurance.

Paying opponent's costs if you lose or fail to better a formal offer to settle

If you lose or fail to better a formal offer to settle after court proceedings are started, you will be at risk of paying your opponent's costs. However, this risk is also covered by the insurance referred to in schedule 5, subject to the terms of the policy and your compliance with it.

Interim Payments of Our Costs

Where we have obtained litigation funding to pay part of our basic charges ('Discounted Charges' – see schedule 2 below), disbursements and/or the insurance premium as the case proceeds, then you are liable to pay such charges on demand, but only to the extent of the litigation funding. The balance of our costs, together with the other charges explained above, will then be payable if you Win.

The Success Fee

If you Win, we will charge a Success Fee. The Success Fee is explained at schedule 1.

Basic Charges & Discounted Charges These charges are explained at schedule 2.

Right to Cancel

You may have a right to cancel this agreement if you are instructing us as a consumer rather than for business purposes. Please see schedule 3.

Group Management Agreement

Where we act for large groups of Claimants, we appoint a Claimant Committee ('**the Committee**') made up of representative Claimants who will make decisions and provide

instructions on behalf of everyone in accordance with the Group Management Agreement. This is explained further in schedule 4. By accepting this agreement you also agree and accede to the Group Management Agreement, and to the Committee giving instructions on your behalf.

Litigation Funding, 'Funder's Fee' and After the Event Insurance

This is explained further at schedule 5. By accepting this agreement you authorise us to enter into the litigation funding agreement on reasonable terms broadly equivalent to those summarised in schedule 5, and you irrevocably authorise us to deduct the Funder's Fee from the damages you recover and to pay it to the Funder, subject to the overall cap. In the event that for any reason we are unable to pay the Funder's Fee to the Funder from your damages then you further agree that you will be personally liable to pay the Funder the Funder's Fee out of the damages you receive, subject to the overall cap, and that this provision of our agreement may be enforced directly by the Funder pursuant to the Contracts (Rights of Third Parties) Act 1999.

Ending this agreement after the cancellation period

The circumstances in which this agreement may be ended early, and the resulting payment obligations, are addressed in the Law Society Conditions below.

Costs sharing and group litigation

Your claim will be one of a large group of similar claims. Unless otherwise agreed, and subject always to any contrary order of the court, members of the group will share liability for our costs as follows:

- (a) The member will be exclusively liable for costs which relate exclusively to his or her claim.
- (b) A member who wins his or her claim (or who is awarded costs despite not winning) will be liable for a share of such of the costs which are common to multiple claims ('common costs').
- (c) Irrespective of the date of their agreement with us, each member of the group will be treated as if they were a member from the earliest date on which common costs began to be incurred, or otherwise from such date as we will nominate, and liability to pay common costs may then be calculated quarterly beginning with that date.
- (d) In each quarter, liability to pay the common costs will be divided by the number of members pursuing claims on the first day of each quarter who (in due course) win

their claims or are otherwise awarded common costs, and each such member will be liable to pay an equal share.

- (e) If in any quarter a member compromises his or her claim with an opponent on terms which provide for the opponent to pay that member's costs, then that member will be liable to pay his or her share of the common costs up to and including the last day of that quarter.

For liability to pay the insurance premium and any Funder's Fee, please see schedule 5. You agree that it may be necessary to enter different costs sharing agreements. Where we reasonably consider this is necessary, you agree that we may substitute such alternative costs sharing terms as are reasonable. If you do not agree to these terms, we may end this agreement – see 'Your responsibilities' below.

Where you are part of a group, any liability to pay the costs of an opponent will, in default of agreement, be determined by the court.

Funding

We have secured funding in principle for your claim from an appropriate commercial funder ('the Funder')

Costs Estimates

You will be responsible for a proportionate share of the common costs. The exact amount of your share depends on both the overall scale of those costs and the number of Claimants.

It is too early to give you any meaningful figure for the number of Claimants. Both the Claimants' and your opponents' costs may be budgeted and managed by the court. However, we broadly estimate that:

- The Claimants' common costs: being the costs of solicitors' time in investigating and pursuing the claim through to trial, will be in the region of £10.5 million.
- Barristers' fees through to trial will be in the region £4.2 million.
- Experts' fees and other disbursements will be in the region of £900,000.
- Your opponent's common costs through to trial will be in the region of £10 - 15 million.
- The costs of investigating your individual claim will be in region of £118 plus VAT depending on the complexity of your case, the availability of documentation and

the speed with which you respond to any questions.
The more complex, the higher the cost of the individual claim.

On the assumption of there being 100,000 Claimants on the Group Register, we estimate that each Claimant will in principle be liable for 1/100,000th of the total common costs. i.e. approximately £156 plus VAT per Claimant plus the costs of the investigation of their own individual claim. The more Claimants within the group, the lower your proportion of costs.

You should not be alarmed by these figures, as if you win costs will be covered by the money you recover from your opponent, with the guarantee that you will keep at least 65% of the damages element of that sum. If you lose, then your liability to pay costs will be fully covered by the litigation funding and your insurance, subject to your compliance with the terms of this agreement and your insurance policy (see schedule 5).

VAT

We add VAT to our costs where this is required by law. Our VAT Registration Number is 429700745.

Where you are VAT registered and your claim relates to your business, you will have to pay the VAT element of any charges, and these will not be recoverable from your opponent. However, you will be able to reclaim these charges as input tax in your VAT return. You should consult your accountant about this if necessary. We will issue you with a VAT invoice where required to enable you to claim a refund. VAT which can be reclaimed in this way is not counted when calculating the amount of deductions from your damages under the overall cap provided for above.

Right to Detailed Assessment

Where costs become payable under this agreement, you have the right to have our basic charges, Success Fee and disbursements checked for reasonableness by the court. This is called detailed assessment. There is no equivalent right for any insurance premium or the Funder's Fee. Your right to detailed assessment is subject to court time limits and other special rules, so if you would like to have our costs assessed you should inform us at once. We will provide you with full information about detailed assessment immediately upon request.

Other Points

Definitions of some words used in this agreement are given at the end of the Law Society Conditions below.

By either clicking 'accept' via our online form, sending us an email or signing below or you are confirming that you accept the terms of this agreement, and also specifically agree:

- (a) That this agreement is not a contentious business agreement within the meaning of the Solicitors Act 1974;
- (b) That if any part of this agreement is found to be unlawful or unenforceable, or would if given effect render all or part of this agreement unlawful or unenforceable, then that part of the agreement will be without effect and is severed from it, and the remainder of this agreement continues in full force and effect;
- (c) That this agreement is governed by English law, and (save where otherwise provided for below) any dispute arising out of or related to it or arising out of or relating to us acting for or advising you (or purporting to act for or advise you) will be subject to the exclusive jurisdiction of the courts of England and Wales;
- (d) That we may arrange litigation funding and ATE insurance on such reasonable terms as we see fit, and deduct the cost of litigation funding and insurance from your damages at the end of the case, subject to the overall cap.
- (e) That we may enter a Group Management Agreement on your behalf, and thereafter take instructions from the appointed steering committee in respect of all claims, including yours, rather than take instructions from you personally.

Acceptance of terms and signatures

You may accept this agreement either by clicking 'accept' via our online form, sending us an email confirming you accept the terms and the obligation to pay if you win, or by signing and returning a paper copy. By accepting this agreement, you confirm that you have read this agreement and that you have asked any questions you wanted to ask about it and understand it, and that you agree to be legally bound by it. You specifically confirm that you have understood and agree to the matters stated under 'Other points' above.

Signed by the client:

Client name:
[please print name]

Date signed:

I confirm that Leigh Day agrees to be bound by the terms of this Agreement.

Signed by the authorised representative of Leigh Day.



Shazia Yamin Partner Leigh Day

Claim in relation to emissions test cheating affecting Porsche, Audi, and other Volkswagen Group vehicles

Schedule 1

Success fee

The Success Fee is a percentage uplift on Leigh Day's basic charges and the Barristers' fees. The applicable percentage will be:

- I. In respect of Leigh Day: 50% of our basic charges until such time as we are instructed by 15,000 eligible Claimants,
- II. If and from the date on which Leigh Day are instructed by 15,000 or more eligible Claimants, 30% of our basic charges with retrospective effect.
- III. In respect of any Barristers who have a CFA: 30% of Barristers' Fees irrespective of the number of Claimants.

The Success Fee percentage reflects the following:

- a) The Funder will meet 50% of our basic charges on your behalf, until such time as we are instructed by 15,000 Claimants or less. If we are instructed by 15,000 or more Claimants, the Funder will pay 70% thereafter as per the Third Party Litigation Funding Agreement;
- b) The Funder will meet 70% of our Barristers' Fees as per the Third-Party Litigation Funding Agreement;
- c) If you lose, we will not recover all of our costs;
- d) Our costs are subject to the overall cap, which means we are at risk of a substantial shortfall if you are deprived of a significant part of your our costs (for example because you lose on certain issues in your claim), or if you cannot enforce an award of damages or costs against your opponent;
- e) Litigation is inherently uncertain;
- f) We defer a proportion of your liability to pay basic charges until you have won; g) These specific risks:
 - Expert analysis may reveal there are no or very small losses arising from Volkswagen Group's actions and/or that the Volkswagen Group "fix" has no significant effect on the performance of your vehicle. If compensation recovered by the group is low, then because of the maximum 35% of damages costs cap, the amount recovered for you may be insufficient to cover the insurance premium and our and Barristers' Success Fees.
 - Your opponents may successfully argue that the software/equipment fitted to affected vehicles in the UK did not constitute a defeat device and so was not prohibited under the law.
 - Your opponents may successfully argue that the use of the software fitted to the vehicle was not misleading as defined in the Consumer Protection from Unfair Trading Regulations (CPUT) or did not amount to a fraudulent misrepresentation or breach of contract.
 - Some Defendants (such as the dealers) may successfully argue that, because they are separate legal entities and did not know about the emissions cheating software, they are not liable for the Volkswagen Group's misconduct.
 - Your opponents may successfully argue that the Volkswagen Group's prohibited conduct under CPUT was not a significant factor in your decision to purchase the vehicle, or that you did not rely on the Volkswagen Group's misrepresentations when purchasing the vehicle.
 - Your opponents may successfully argue that you are not entitled to any discount under CPUT or that you have suffered no losses.

- Other causes of action that we may bring such as deceit or breach of contract (term as to satisfactory quality) may fail for similar reasons.
- We may not attract enough Claimants to support sufficient funding to pursue the claim to completion.

Although the Success Fee cannot be recovered from your opponent, we guarantee that it together with other irrecoverable costs (such as Barristers' Success Fees, insurance premium and the Funder's Fee) will (inclusive of VAT unless you can reclaim it) only amount to a maximum of 35% of your total damages. This is the 'overall cap' referred to above.

Schedule 2: Basic charges and discounted charges

Basic charges are calculated by the time spent by us or our agents on your claim. We will calculate our basic charges in units of one tenth of an hour. The hourly rates are:

	Hourly Rate	Hourly Rate including VAT at 20%
A+ Conducting Partners with more than 12 years post qualification experience.	£600.00	£720.00

A Solicitors, in-house counsel and legal executives with over eight years post qualification experience including at least eight years litigation experience, and other fee-earners of equivalent experience and/ or responsibilities.	£500.00	£600.00
B Solicitors, in-house counsel and legal executives with between four- and eight-years post qualification experience including at least four years litigation experience, and other fee-earners of equivalent experience and/ or responsibilities.	£350.00	£420.00
C Other solicitors of up to 4 years post qualification experience and legal executives and fee earners of equivalent experience and/ or responsibilities.	£270.00	£324.00
D Trainee solicitors, paralegals and other fee earners of equivalent experience and/ or responsibilities.	£175.00	£210.00

We may review the hourly rates above annually and we will notify you of any change in the rate in writing.

Discounted Charges are that part of the Basic Charges which are payable by the Litigation Funder as the case proceeds. Although payable by you, they will be met by the Funder without recourse to you unless you go on to Win.

The Discounted Charges will be 50% of our Basic Charges unless the number of Claimants instructing us to bring similar claims arising from the same subject matter exceeds 15,000, in which case Discounted Charges will increase to 70% of Basic Charges.

Subject to the terms of the funding agreement, the funder will also pay 70% the basic charges of counsel and 100% of other disbursements as the claim proceeds.

Schedule 3

Notice of the Right to Cancel

Client Reference Number: 00298817/1

Unless your claim is wholly or mainly connected to your trade, business, craft or profession, you may cancel this agreement without giving any reason within a period of 14 days starting with the day after the date on which the agreement was entered. Your right to cancel will expire once this period ends.

To exercise the right to cancel, you must inform us of your decision to cancel this agreement by a clear statement (e.g. a letter sent by post, fax or e-mail). You may use the attached cancellation form if you wish but you do not have to.

To meet the cancellation deadline, it is sufficient for you to send your communication concerning your exercise of the right to cancel before the cancellation period has expired. You can cancel by:

post to: Leigh Day, Panagram, 27 Goswell Road, London, EC1M 7AJ, UK or

e-mail to: porscheaudi@leighday.co.uk or

fax to: + 44 20 7253 4433

If you cancel this agreement, we will reimburse to you all the payments received from you. We will make the reimbursement within 14 days of being informed that you have cancelled. We will make the reimbursement using the same means of payment as you used, unless you have expressly agreed otherwise; in any event you will not incur any fees as a result of the reimbursement.

Where you requested us to begin the performance of services during the cancellation period, you will pay us an amount which is in proportion to what has been performed until you have communicated your cancellation to us.

Leigh Day

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Cancellation Notice

To: Leigh Day, Panagram, 27 Goswell Road, London, EC1M 7AJ, UK
Email: porscheaudi@leighday.co.uk
Fax: + 44 20 7253 4433

If you wish to cancel the agreement you may use this form if you want to, but you do not have to.

I/We give notice that I/we wish to cancel my/our conditional fee agreement.

Reference - 00298817/1

Claim in relation to diesel emissions test cheating affecting Porsche, Audi and other Volkswagen Group vehicles.

Signed
Name:
[please print your name]

Address:
Date:

Schedule 4

Group Management Agreement

RECITALS

- A. This Group Management Agreement (“the Agreement”) binds all individuals who (i) have instructed Leigh Day to act on their behalf (“the Porsche, Audi and other Volkswagen Group Claimants”) in respect of the Porsche, Audi and other Volkswagen Group Emissions Litigation, (“the Litigation”) to commence group litigation to seek compensation on their behalf and (ii) whose instructions have been accepted by Leigh Day.
- B. This agreement provides a mechanism by which Leigh Day can obtain instructions on behalf of the many thousands of Porsche, Audi and other Volkswagen Group Claimants who form part of the Litigation and governs the relationship between the Porsche, Audi and other Volkswagen Group Claimants and Leigh Day.

PROVISIONS

1. A Claimant Committee (“the Committee”) will be established which will comprise
 - (a) 2 Leigh Day Partners, to be nominated by Leigh Day from time to time;
 - (b) 5 representative Porsche, Audi and other Volkswagen Group Claimants; and
 - (c) Any substitute Claimants shall be appointed pursuant to the mechanism set out at 6 (b) below.
2. The representative Claimants will be appointed by Leigh Day, acting exclusively in the best interests of the Porsche, Audi and other Volkswagen Group Claimants, and they shall be fully independent of Leigh Day, any ATE insurer and the Litigation Funder.

3. Leigh Day will appoint Porsche, Audi and other Volkswagen Group Claimants who have volunteered to serve on the Committee, and shall use their best endeavours to appoint Claimants with business or professional experience enabling them to exercise an informed and independent judgement so as to manage the Litigation in the best interests of the Porsche, Audi and other Volkswagen Group Claimants as a whole.
4. The Porsche, Audi and other Volkswagen Group Claimants hereby agree that the Committee shall be their agents in respect of the conduct of the Litigation and empower the Committee to enter into any such agreements as are necessary for the efficient management of the Litigation including but not limited to the procuring of additional funding and / or insurance as against adverse costs risk etc. if required.
5. In appointing the Committee as agents in respect of the conduct of the Litigation, the Porsche, Audi and other Volkswagen Group Claimants irrevocably grant the Committee the power to:
 - (a) Approve or enter reasonable litigation funding and after the event insurance agreements;
 - (b) Provide instructions to Leigh Day and any Solicitors appointed either by the Court or by agreement to the Porsche, Audi and other Volkswagen Group Emissions Litigation Steering Committee, (the Solicitors) pursuant to any Group Litigation Order to settle the Litigation on any such terms as the Committee deems fit, acting in the best interest of the Porsche, Audi and other Volkswagen Group Claimants as a whole;
 - (c) Discontinue any and all claims;
 - (d) Instruct Barristers, Experts and incur any such disbursements as are necessary for the conduct of the Litigation;
 - (e) Provide instructions to the Solicitors as to the distribution of global damages between the parties to this Agreement in the event of settlement on a global basis; and

- (f) Take any necessary and lawful steps to prosecute the claims of all parties to successful conclusion.
6. The Committee shall operate as follows:
- (a) The Committee shall have a quorum of three representative Claimants and one partner of Leigh Day;
 - (b) Decisions of the Committee shall be by majority vote and similarly, the initial 5 members of the Committee may appoint substitute Claimant members to the Committee by majority vote;
 - (c) A representative Claimant shall cease to be a member of the Committee if he or she resigns, dies or becomes incapable of managing his or her affairs, has a bankruptcy or insolvency order made against him or her or if a majority of the Committee, with the agreement of the Leigh Day members, vote to remove the representative Claimant;
 - (d) The Chairman of the Committee shall be appointed by majority vote at the first Committee meeting, and shall have both an ordinary vote and the casting vote in the event of any tie;
 - (e) The Committee shall keep minutes of its meetings, to be prepared and maintained by Leigh Day, and shall approve the same at each subsequent meeting;
 - (f) In the providing of instructions to the Solicitors as to the making or acceptance of offers of settlement, or of the distribution of global damages, no decisions can be made unless the Solicitors have recommended the course of action to the Committee; and
 - (g) The Committee shall ensure that the Solicitors communicate with all Porsche, Audi and other Volkswagen Group Claimants in a timely manner in respect of the general progress of the Litigation.
7. This Agreement forms part of the Conditional Fee Agreement and if you do not agree to these terms or breach any of the terms of this Group Management

Agreement, Leigh Day may end the Conditional Fee Agreement and cease acting for you.

8. This Agreement shall be governed by the law of England and Wales and any disputes arising from it shall be referred to arbitration by a Queen's Counsel nominated by the Chairman of the Bar of England and Wales.

Schedule 5

Legal Expenses Insurance and Third-Party Litigation Funding

We recommend that your claim is subject to After the Event (ATE) insurance and thirdparty litigation funding because:

1. you are liable to pay our disbursements, win or lose, and these need to be both financed and covered in the event you lose;
2. Litigation funding enables Discounted Charges to be paid as the Litigation progresses, without which we and the barristers would be unwilling to act; and
3. you are at risk of having to pay your opponent's costs if proceedings are issued and you lose either your claim or an interim hearing/dispute.

As of the date of this CFA, we have agreed ATE legal expenses insurance and litigation funding arrangements.

The key proposed features of the policy and the litigation funding agreement are:

Insurance Policy - Summary

We are arranging £5 million of insurance cover through Litica and Harbour Underwriting Limited. The insurers will be A rated for credit worthiness.

A premium of £950,000 +IPT is payable for the policy by the Funder. Any part of the premium that is not deferred will be paid by the Funder. The balance will be payable if damages are recovered from your opponent, in which case liability will be shared by all the successful Claimants, and each such Claimant's share of the premium will be deducted from their damages, subject to the overall cap.

Litigation Funding Agreement - Summary:

The Funder will advance funds to Leigh Day, to enable it to pay disbursements, to pay barristers' Discounted Charges and to receive its own Discounted Charges.

In return for the litigation funding, in the event that the Litigation against the Volkswagen Group is successful, Leigh Day has agreed to repay the sums advanced by the Funder out of the costs recovered from your opponent, and in addition to pay the Funder's Fee.

You authorise Leigh Day to conclude the proposed agreement with the Funder, and to deduct such sums as are necessary from your damages (in addition to its own costs) to defray the Funder's Fee, subject to the overall cap provided for above.

What will the Funder pay?

Leigh Day has prepared a budget of the costs required to run the claim for you and all other Claimants in the group, which includes an amount for marketing to increase the group size. The total budget is GBP8.5 m, although the budget is lower if the total group size is smaller than 15,000 Claimants. The Funder will pay the costs incurred by Leigh Day in accordance with that budget.

Although Leigh Day believes the budget is sufficient to run the claim to conclusion, it may be that something changes and therefore additional money is required beyond the budget. In that case the Funder may agree to provide additional funding, but that extra funding would have to be negotiated by Leigh Day and the Funder at the relevant time and might not be on the same terms as the original funding.

When could the funder stop funding?

The funder may stop the funding if there is a material change in your claim (for example, if your claim turns out not to be valid, or unlikely to win in court or if it transpires that total value of all group members' claims is so small that the Litigation will not be economical). Funding may also be stopped if there is a material breach the terms of the funding agreement. If funding is stopped, Leigh Day will return to the Funder any money disbursed to them and not already spent on legal costs in relation to the claim.

Law Society Conditions (as amended by us)

The amended Law Society Conditions below are part of this agreement. You should read the conditions carefully and ask us about anything you find unclear.

Our responsibilities We

must:

- always act in your best interests, subject to our duty to the court;
- explain to you the risks and benefits of taking legal action;
- give you our best advice about whether to accept any offer of settlement;
- give you the best information possible about the likely costs of your claim for damages.

Your responsibilities You

must:

- give us instructions that allow us to do our work properly;
- not ask us to work in an improper or unreasonable way;
- observe the utmost good faith in all your dealings with us, disclosing all information relevant to your claim, and never providing us with information which is misleading or untrue;
- co-operate with us;
- provide us with all reasonable assistance to recover costs from your opponent;
- comply with all the terms of this agreement and the terms of any Third Party Funding Agreement and Insurance Policy;
- where your claim becomes part of a group, enter into any costs sharing agreement with other Claimants which we advise you to enter (thereby consenting where necessary to the variation of this agreement), and thereafter comply with the terms of that costs sharing agreement, and do nothing which might unreasonably prejudice any other members of the group;
- not enter into any direct negotiations or agreements with an opponent without our prior agreement;
- even where this agreement has ended, not make or accept any offer of settlement without our agreement;
- even where this agreement has ended, not do anything which might unreasonably prejudice our recovery of any part of our costs from your opponent;
- keep confidential all information received by you in connection with your claim, and the claims of any other Claimants who with you form part of a group;
- authorise us to deduct the share of the insurance premium and Funder's Fee attributable to your claim from your damages if you Win, subject to the overall cap;
- You must also let us know if you are subject to a bankruptcy order or a bankruptcy petition has been presented by or against you or you are subject to any other form

of insolvency process. This applies both at the outset and throughout the course of your case. This is because it could affect us being able to conduct your claim and have an impact on your award of compensation. If you are declared bankrupt, some or all of your compensation may go to your Trustee in Bankruptcy.

Dealing with costs if you Win

Normally, you can claim part or all of our Basic Charges and our disbursements from your opponent, and you will use your best endeavours to do so. You further provide us with your irrevocable authority to pursue such a claim in your name on your behalf.

If we and your opponent cannot agree the amount of our Basic Charges and disbursements, the court will decide how much you can recover. If the amount agreed or allowed by the court does not cover all of our Basic Charges and our disbursements, then you pay the difference, subject to the overall cap.

We are allowed to keep any interest your opponent pays on costs. If you are awarded enhanced costs or interest on costs because you have made a formal offer to settle, then the enhanced costs or interest which you recover shall be payable to us.

You agree to pay into a designated account any cheque or other monies received by you or by us from your opponent and made payable to you. Out of the money, but subject to the overall cap, you agree to let us take our costs (including costs which have already been paid so that the sums advanced may be remitted to the funder) and the share of the insurance premium and Funder's Fee's attributable to your claim. We will pay you the remainder.

It may happen that an opponent makes an offer to settle for an amount that includes payment of damages and costs. If so, unless we consent, you agree not to tell us to accept the offer. You agree that, unless we otherwise consent, in no circumstances will you make or accept, or instruct us to make or accept, any offer to settle your case on terms that your opponent pays less than 100 per cent of your standard basis legal costs for the whole of your claim.

If your opponent does not pay any damages or charges owed to you, we have the right to take recovery action in your name to enforce a judgment, order or agreement. The charges of this action become part of the basic charges and are payable in accordance with this

agreement (but no success fee will be payable on such costs).

You must provide us with all the assistance which we reasonably require in such proceedings.

Your obligations under this section of the agreement survive even if the agreement is ended.

Payment for advocacy & barristers

The cost of advocacy by us, or by any solicitor agent or costs draftsman on your behalf, forms part of our basic charges.

We may instruct a Barrister (or a team of Barristers) to represent you, and you authorise us to do this.

Barristers who have a conditional fee agreement with us

If you win, you may normally recover their fee from your opponent, but not their Success Fee. The Barrister's Success Fee is shown in the separate conditional fee agreement we make with the Barrister. You must pay the Barrister's Success Fee shown in the separate conditional fee agreement we make with the Barrister if you win. If you lose, you will only have to pay the Barristers' costs to the extent that the Funder pays them on your behalf, or they can be claimed back under an insurance policy. The Barrister's fees, including Success Fee and VAT thereon, will be subject to the overall cap.

Barristers who do not have a conditional fee agreement with us

The Barrister's fees will be a disbursement under this agreement, and therefore subject to the overall cap.

What happens when this agreement ends before your claim ends?

(a) Paying us if you end this agreement

(This section does not apply where this agreement is cancelled by you under Schedule 3).

If you end this agreement, you must pay our Basic Charges and our disbursements immediately, together with any insurance premium. If we have entered into a funding agreement on your behalf, you will also have to reimburse the funder for any charges and disbursements which the funder has paid on your behalf. If you go on to win your claim,

you must also pay our Success Fee and the Funder's Fee attributable to your claim. The overall cap will not apply.

(b) Paying us if we end this agreement

We can end this agreement if you do not keep to your responsibilities. You must then pay us our Basic Charges (subject to any discounted charges which have been paid already) and our disbursements (to the extent that these have not been paid already) immediately, together with any insurance premium. If we have entered into a funding agreement on your behalf, you will also have to reimburse the funder for any discounted charges and disbursements which the funder has paid on your behalf. If you go on to win your claim, you must also pay our Success Fee and the Funder's Fee attributable to your claim. The overall cap will not apply.

We can end this agreement if we believe you are unlikely to win. If this happens, you will only have to pay our costs to the extent to which Discounted Charges and disbursements have already been paid and to the extent that further costs can be claimed back under an insurance policy.

We can end this agreement if you reject our reasonable advice about making or accepting a settlement with your opponent. You must then pay our Basic Charges (subject to any Discounted Charges which have been paid already) and our disbursements (to the extent that these have not been paid already) immediately, together with any insurance premium. If we have entered into a funding agreement on your behalf, you will also have to reimburse the funder for any Discounted Charges and disbursements which the funder has paid on your behalf. If you go on to win your claim, you must also pay our Success Fee and the Funder's Fee attributable to your claim. The overall cap will not apply.

We can end this agreement if, in our sole discretion, we reach the view that we are unable to obtain appropriate funding for your claim. If this happens, you will only have to pay our costs to the extent they are covered by litigation funding or can be claimed back under your insurance.

We may also end this agreement before you win or lose if we fail to sign up enough clients with similar cases to yours to make it likely that, when shared by winning clients, our costs and the ATE insurance premium/litigation funding fees will be covered within the overall cap. If this is the reason for ending the agreement, you do not pay us anything except to the extent that it is covered by litigation funding or your insurance.

In the event of a dispute between us as to our right to end the agreement, the matter will be referred to an independent barrister, such barrister to act as expert and not as arbitrator and his decision shall be binding. The barrister will be of a standing and seniority which is suitable having regard to the complexity and value of your claim. In default of agreement as to the identity of the barrister, the chair of the Commercial Bar Association or his delegate shall nominate the barrister. Both you and us may then make representations to the barrister in writing within 21 days of receiving notification of his appointment. The barrister will then immediately prepare a written opinion deciding whether we may end the agreement. We will undertake to pay the barrister's fees in the first instance, but the barrister will direct that you pay their fees if the barrister agrees with us, and that we pay their fees if the barrister agree with you.

(c) Death or Incapacity

If you die or become incapable of giving us instructions (or are found without our prior knowledge to have been incapable of giving us instructions), this agreement does not end automatically. We may either agree with your personal representatives that they will continue to instruct us under the terms of this agreement as if they were you, or we may end this agreement, in which case you or your estate must immediately pay our Basic Charges and disbursements, together with any insurance premium. In addition, the Success Fee and that part of the Funder's Fee attributable to your claim will be payable if your personal representatives or you continue your claim and subsequently win.

(d) Attaining capacity

Where this agreement has been entered by a person other than the person for whose benefit the claim is primarily brought ('the beneficiary') because the beneficiary did not have the capacity to enter the agreement him/herself, then if the beneficiary thereafter attains capacity s/he may, where we agree, ratify and adopt this agreement, and will thereafter be bound by it as if s/he had been a party to the agreement with capacity from the start.

What happens after this agreement ends

After this agreement ends, we may apply to have our name removed from the record of any court proceedings in which we are acting unless you have another form of funding and ask us to work for you. We may preserve our lien unless another solicitor working for you undertakes to pay us what we are owed including a Success Fee if you win.

Explanation of words not elsewhere explained

Advocacy

Appearing for you at court hearings.

Claim

Your demand for damages or other remedies whether or not court proceedings are issued. There is no set time limit within which we must conclude work on your claim.

Counterclaim

A claim that your opponent makes against you in response to your claim.

Damages

Compensation that you win whether by a court decision or settlement, excluding awards of legal costs.

Disbursements

Payments we make on your behalf such as court fees, experts' fees, or travelling expenses.

Formal Offer to Settle

A written offer to settle your claim which the court takes into account when determining issues of costs.

Interim hearing

A court hearing that is not final.

Lien

Our right to keep all papers, documents, money or other property held on your behalf until all money due to us is paid. A lien may be applied after this agreement ends.

Lose

The court has dismissed your claim, or you have stopped it on our advice.

Opponent/ Defendant

Any party to proceedings or proposed proceedings against whom you seek relief, including any party joined (whether formally or otherwise) to proceedings for costs purposes. Where this agreement identifies a defendant, it is not limited to claims against that

opponent, and will also apply to claims against any other defendant arising out of the same or similar subject matter to the claim against the named opponent.

Trial

The final contested hearing or the contested hearing of any issue to be tried separately and a reference to a claim concluding at trial includes a claim settled after the trial has commenced or a judgment.

Win

Your claim is finally decided in your favour, whether by a court decision or an agreement to pay you damages (including provisional damages) or where there is any other outcome whereby you derive benefit from having pursued the claim.

Finally

This means that your opponent is not allowed to appeal against the court decision; or has not appealed in time; or has lost any appeal.