

In re: Volkswagen “Clean Diesel” Marketing, Sales Practices and Products Liability Litigation
Case No. 3:15-md-02672-CRB

**REPORT OF INDEPENDENT CLAIMS SUPERVISOR ON
VOLKSWAGEN’S PROGRESS AND COMPLIANCE RELATED TO 3.0
LITER RESOLUTION AGREEMENTS ENTERED MAY 17, 2017:**

- 3.0 Liter Amended Consumer Class Action Settlement Agreement and Release
- Federal Trade Commission Amended Second Consent Order
- Department of Justice, Environmental Protection Agency, California Attorney General’s Office, and California Air Resources Board Second Partial Consent Decree

SEPTEMBER 13, 2017

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Consistent with the requirements of the 3.0 Liter Resolution Agreements,¹ the independent Claims Supervisor respectfully submits its quarterly report for September 2017, which, unless otherwise specified, addresses progress in the 3.0 Liter Claims Program for the period from June 9, 2017 to September 7, 2017.

I. Executive Summary

During the first three months of the 3.0 Liter Claims Program, Volkswagen timely issued offer letters to the vast majority of consumers who submitted preliminarily eligible claims. Consumers generally proceeded without issue through closings and Repair Participation Payment appointments, and the company has rendered timely payments in most cases. The systems and processes the company developed to administer the Claims Program have operated as intended, and the company accordingly received relatively few consumer complaints during this reporting period.

The statistics below provide a cumulative presentation of key 3.0 Liter Claims Program metrics as of September 7, 2017:

- 56,710 registrations had been created in Volkswagen's Claims Portal;
- 42,279 consumers had submitted claims for Volkswagen to review;
- 39,302 consumers had been issued offer letters, the aggregate value of which was \$678,586,918.29;
- 24,669 consumers had scheduled Buyback, Trade-In, Early Lease Termination, or Repair Participation Payment appointments;

¹ Capitalized and/or abbreviated terms in this report take on the definition in the 3.0 Liter Resolution Agreements or the initial report submitted by the Claims Supervisor in June 2017.

- 9,312 consumers with Generation One vehicles had closed on their Buyback, Trade-In, or Early Lease Termination transaction, and the aggregate value of these claims totaled \$374,717,784.47;
- 12,771 consumers with Generation Two vehicles had completed their appointment for a Repair Participation Payment and Volkswagen had approved payments totaling \$47,705,256.56 associated with these claims; and
- 1,396 Former Owners, 953 Former Lessees, and 23 Owners with totaled vehicles had received Restitution Payments, and the aggregate values of these payments totaled \$6,184,341.35; \$1,934,421.95; and \$211,436.85, respectively.

While the 3.0 Liter Claims Program continued to build on its strong start, Volkswagen and the vendor it engaged to facilitate administration of the extended warranty and service contract refund program continued to develop and troubleshoot program administration, and no refunds were paid as of the close of this reporting period. Volkswagen has committed to working with its vendor to accelerate the processing of claims. The Claims Supervisor will continue to monitor the progress of this refund program and provide updates in future reports.

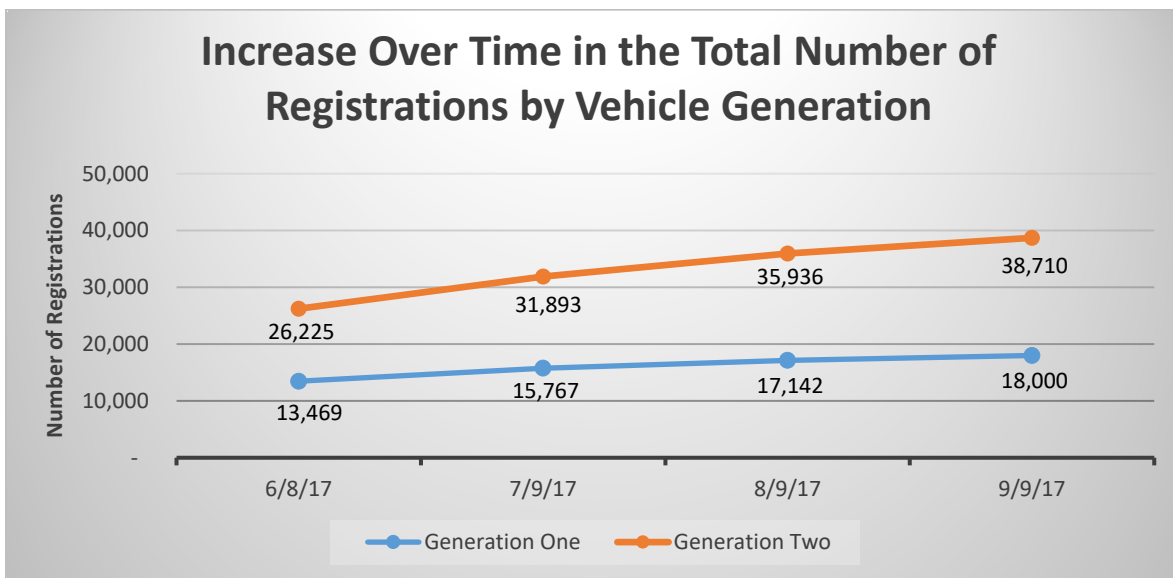
II. Volkswagen's Performance Metrics

This section discusses the status of Volkswagen's 3.0 Liter Claims Program and the company's compliance with certain requirements mandated in the 3.0 Liter Resolution Agreements. All data is as of September 7, 2017, unless otherwise specified. Information relating to Generation One and Generation Two vehicles generally is reported separately because the 3.0 Liter Resolution Agreements afford different remedies to consumers corresponding to the generation of the Eligible Vehicle.

A. Consumer Registrations

As of September 7, 2017, there were a total of 56,710 registrations in Volkswagen’s system.² A registration occurs when a consumer provides Volkswagen with basic information including name, contact information, Vehicle Identification Number (“VIN”), and preferred dealership. Of these registrations, 18,000 were associated with Generation One vehicles (16,496 individuals and 1,504 businesses) and 38,710 were associated with Generation Two vehicles (35,209 individuals and 3,501 businesses). Chart 2-1 shows the change over time in the total number of registrations in Volkswagen’s system by vehicle generation.

Chart 2-1



Charts 2-2 and 2-3 reflect all registrations created by consumers according to eligibility category across Generation One and Generation Two vehicles, through September 7, 2017. The “No Category Selected” population constitutes consumers who had created a registration as of September 7, 2017, but had not yet provided details identifying their eligibility category.

² This figure includes a number of duplicate entries by the same consumer. Duplicate entries, however, are not identified until the claims are submitted and the review periods begin. Thus, the figure overstates the number of unique claims that have been registered in accord with those duplicate claims.

Chart 2-2

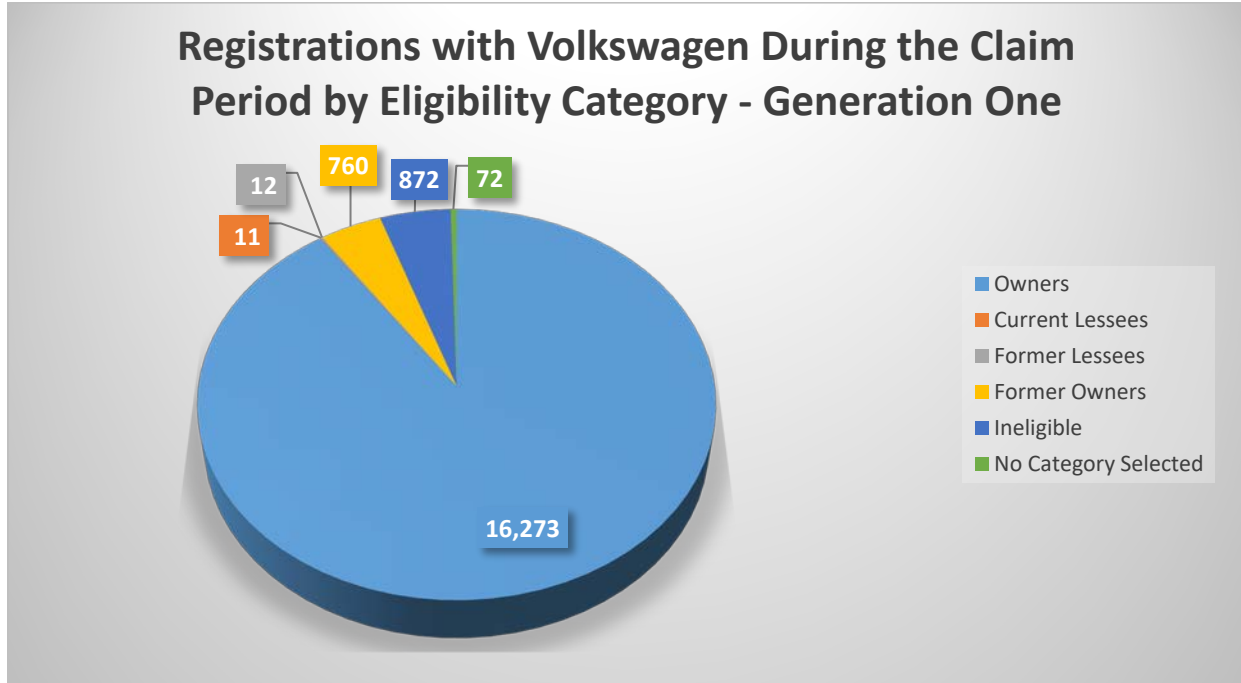


Chart 2-3

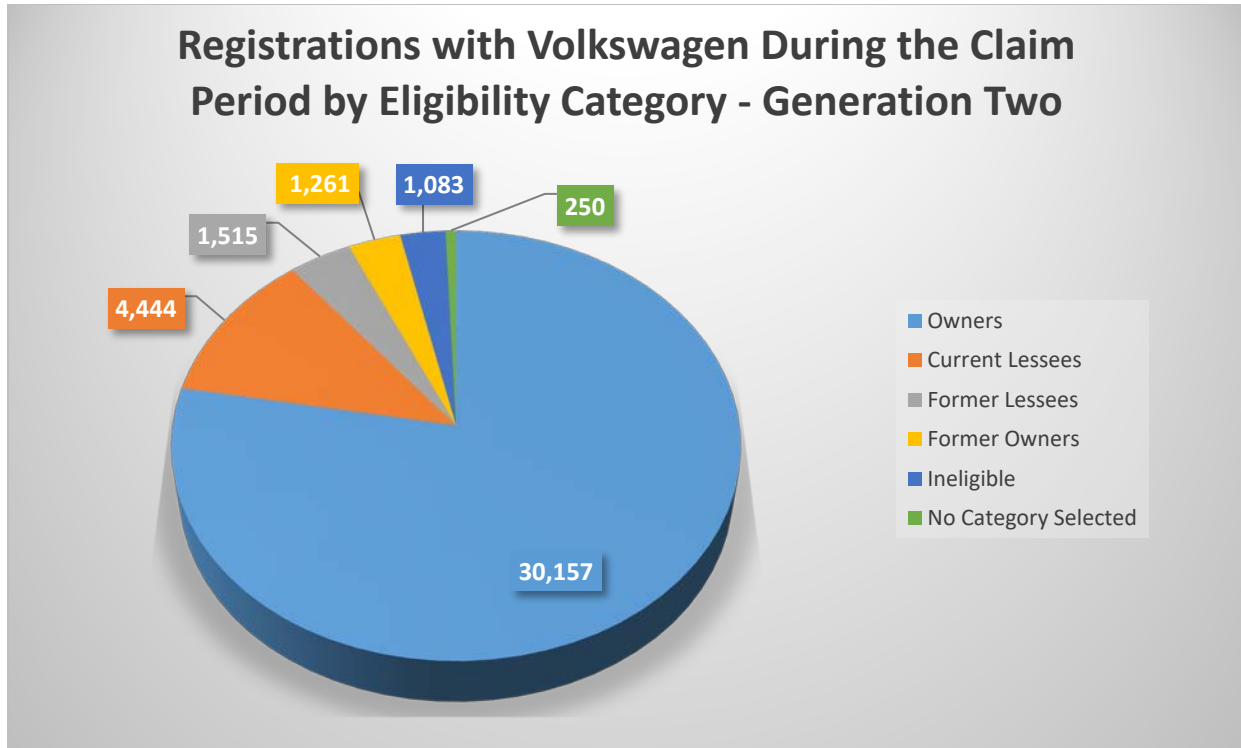
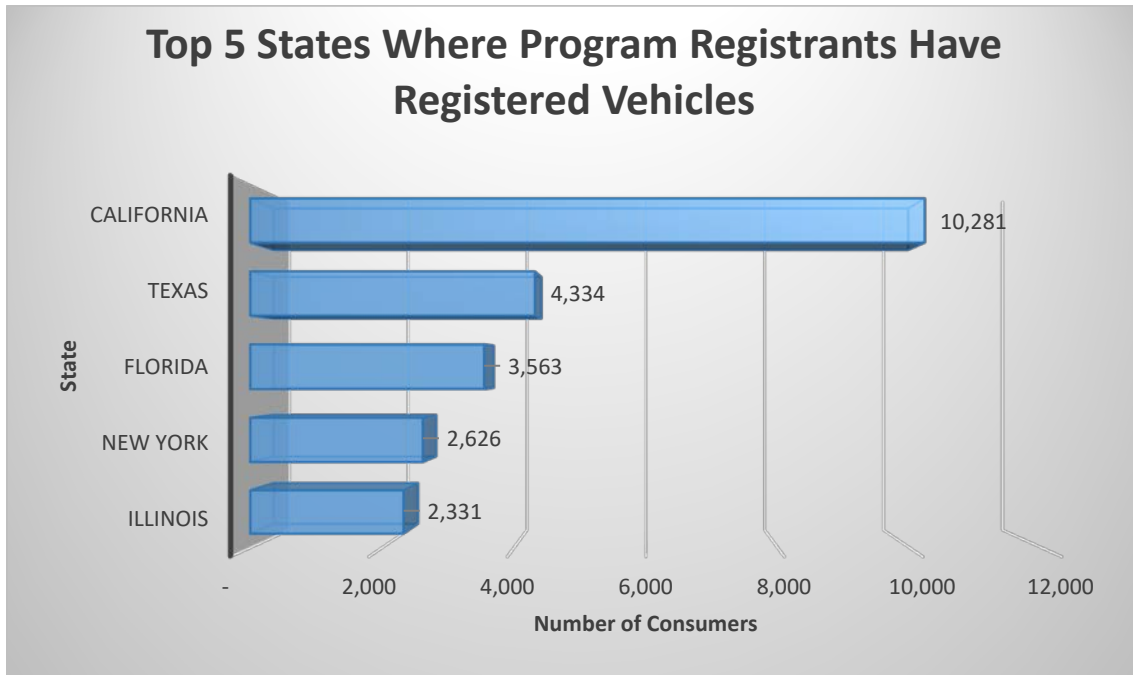


Chart 2-4 shows, among the population of vehicles associated with registered claims, the most common states where the vehicles are registered.

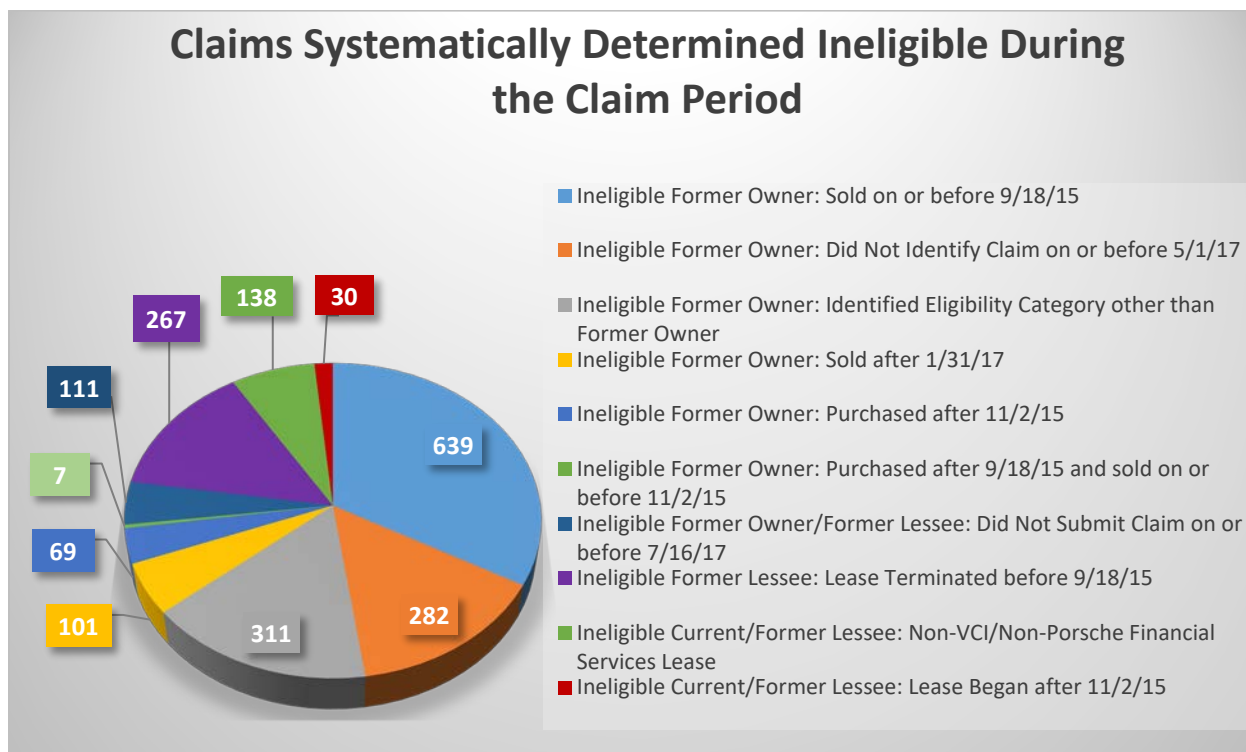
Chart 2-4



With respect to the population of 1,955 claims identified as ineligible in Charts 2-2 and 2-3, Volkswagen’s system is configured to automatically determine certain ineligible claims where information entered by the consumer into the Claims Portal indicates the consumer is not eligible under the requirements of the 3.0 Liter Resolution Agreements. For example, a consumer who attempts to submit a Former Owner claim and indicates the vehicle was sold after January 31, 2017, is ineligible under the “Eligible Former Owner” definition. In these instances, Volkswagen sends the consumer a letter explaining the basis for the ineligibility determination.

Chart 2-5 shows the reasons for ineligibility determinations across the 1,955 claims that have been deemed systematically ineligible.

Chart 2-5



The Claims Supervisor has reviewed all systematic ineligibility determinations, including the 658 ineligibility determinations rendered between June 9, 2017 and September 7, 2017, and confirmed that Volkswagen's systematic ineligibility logic was operating appropriately.

B. Claim Submission and the First Ten-Business-Day Review Period

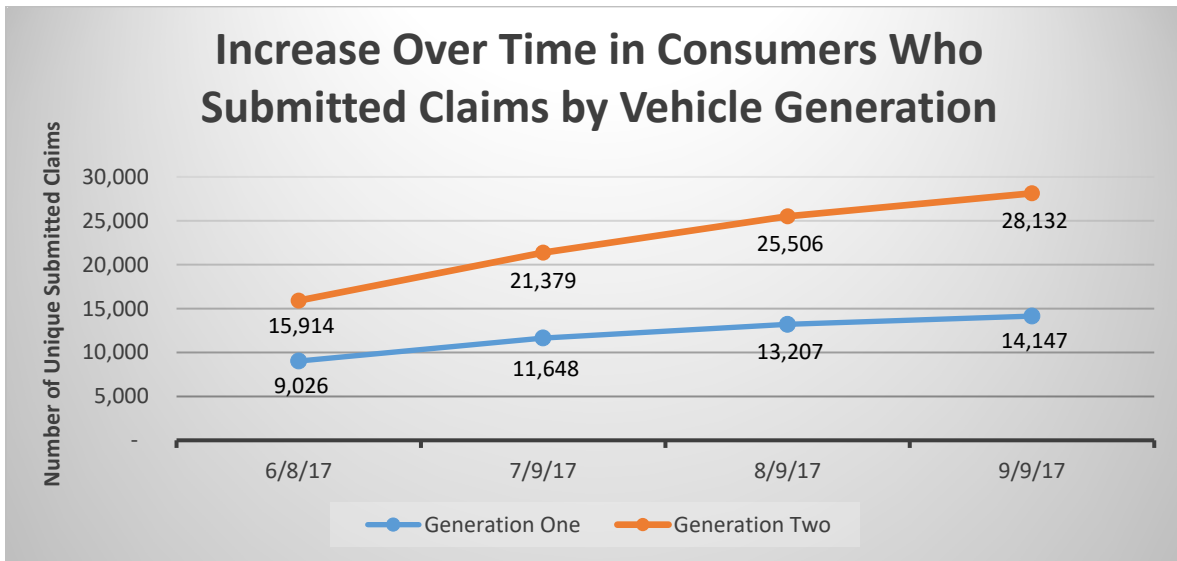
Following registration and preliminary remedy selection, the consumer's next steps in the process are to provide prescribed documents needed to substantiate the claim, and submit the claim to Volkswagen for review.³ As of September 7, 2017, a total of 42,279 consumers had submitted unique claims for Volkswagen to review.⁴ Of these, 14,147 related to Generation One

³ Consumers with Generation Two vehicles (assuming an ECR is timely made available), and all Former Lessees, Former Owners, and Owners of Totaled vehicles, do not have a choice of remedies. Therefore, they are not prompted to select a preliminary remedy in the Claims Portal.

⁴ "Unique claims" means unique VINs within unique eligibility categories. A claim by an Owner and a Former Owner regarding the same VIN is counted as two unique claims. Likewise, a claim by one consumer who owns five separate vehicles is counted as five unique claims.

vehicles (13,177 individuals and 970 businesses), and 28,132 related to Generation Two vehicles (26,039 individuals and 2,093 businesses). Chart 2-6 shows the change over time in the total number of unique claims submitted by consumers by vehicle generation.

Chart 2-6



Charts 2-7 and 2-8 show, across Generation One and Generation Two vehicles, the total population of consumers who had submitted claims by eligibility category.⁵

⁵ The six claims not reflected in Chart 2-7 and eight claims not reflected in Chart 2-8 are associated with claims deemed not eligible.

Chart 2-7

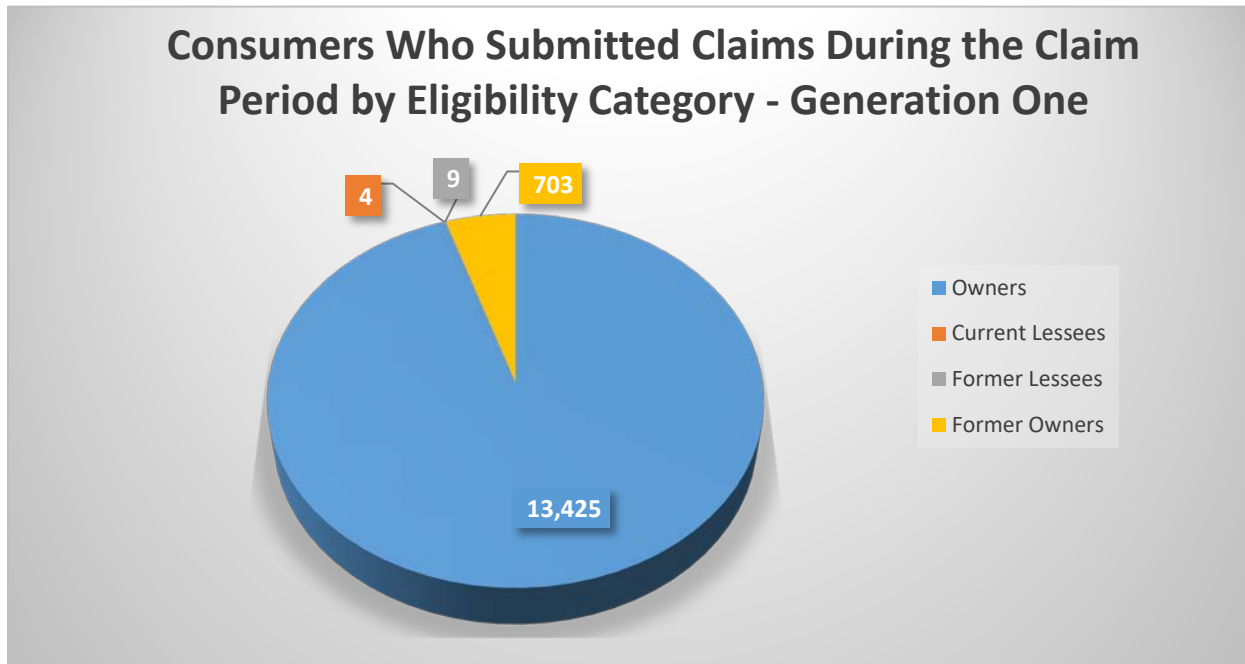


Chart 2-8

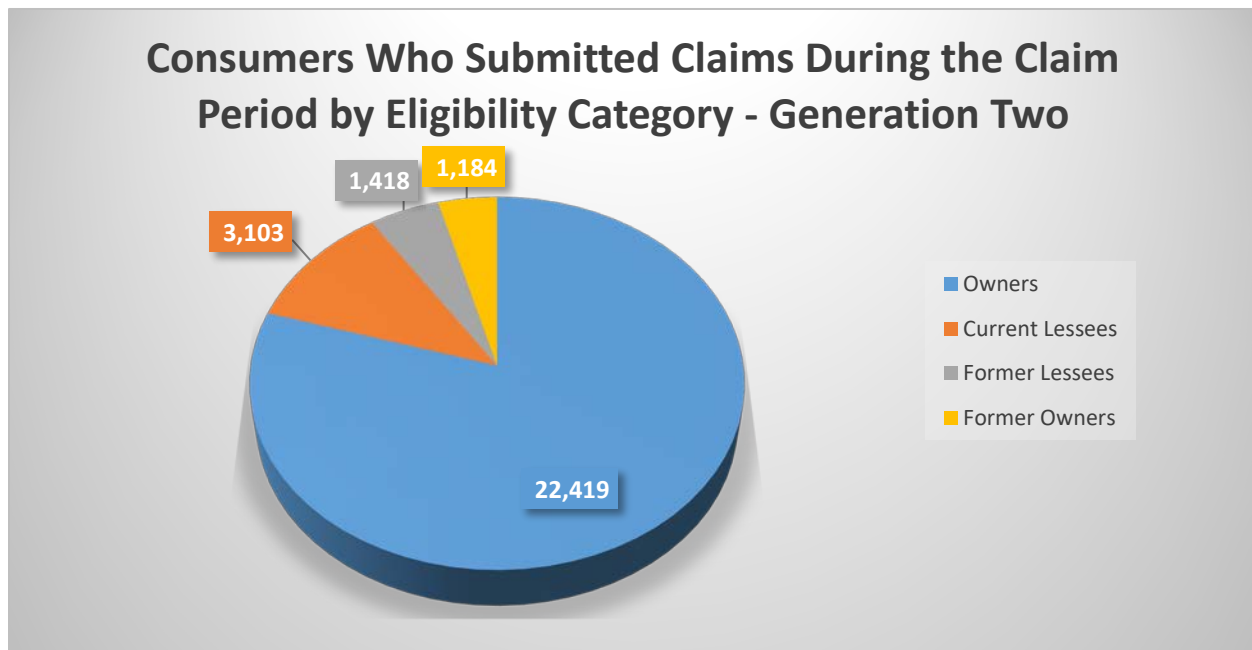
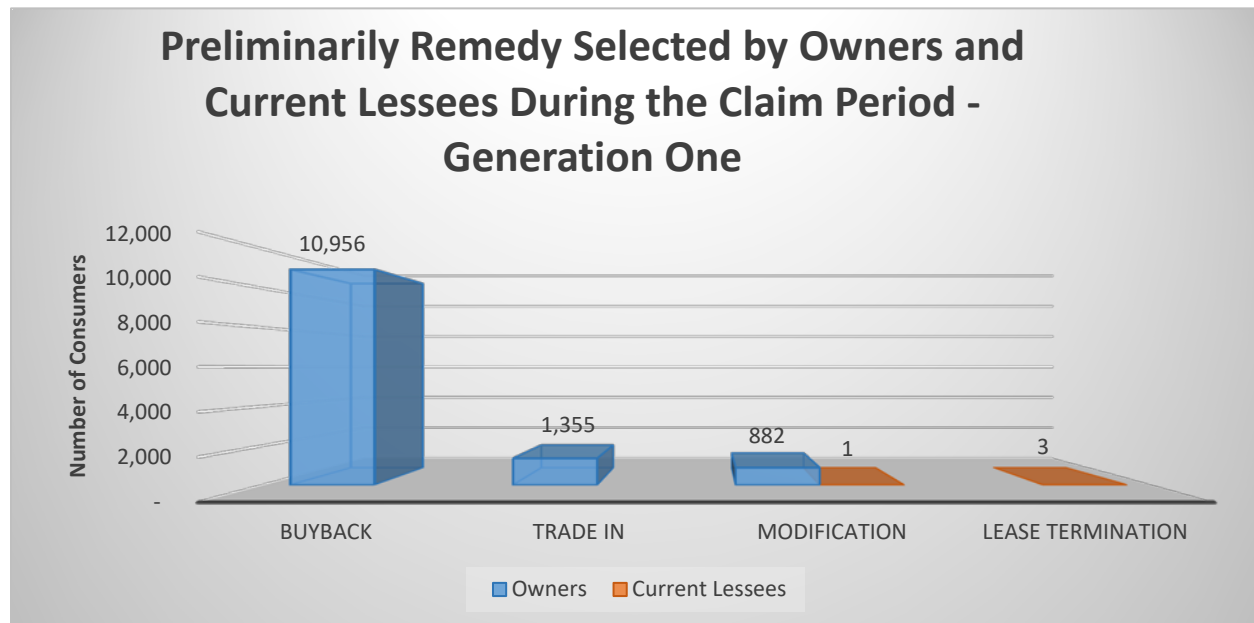


Chart 2-9 reflects the preliminary remedy selections for Owners and Current Lessees of Generation One vehicles who had submitted claims through September 7, 2017. The chart does not include remedy selections for 698 Former Owners, 21 Owners with totaled vehicles, or 9

Former Lessees who had submitted claims associated with Generation One vehicles because the only remedy available to these consumers is Restitution. The chart also excludes 216 claims where consumers cancelled their claims, as well as 6 claims that were deemed not eligible.

Chart 2-9



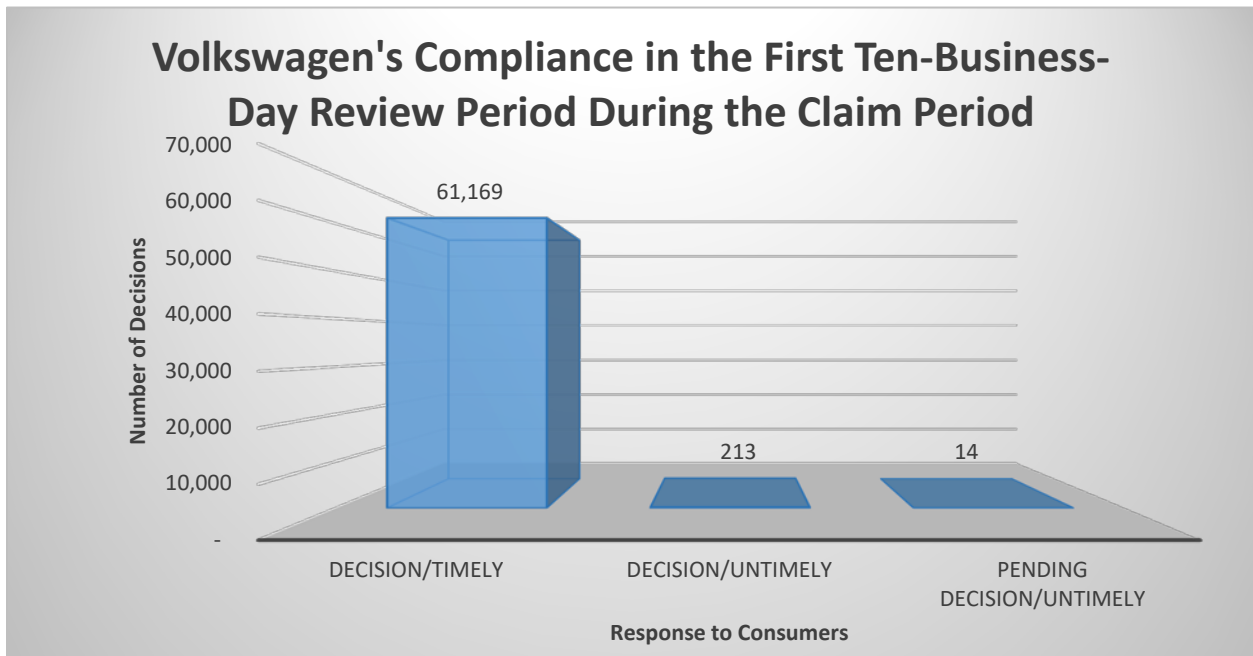
As consumers with Generation Two vehicles currently only have one remedy available, all claims of the 22,179 Owners and 3,042 Current Lessees of Generation Two vehicles who had submitted claims through September 7, 2017, were for an Emissions Compliant Repair. Restitution is the only remedy available for the 1,410 Former Lessees, as well as 1,179 Former Owners, and 37 Owners with totaled vehicles who had submitted claims associated with Generation Two vehicles. There were also 277 claims related to Generation Two vehicles where consumers cancelled their claims, and 8 other claims that had been deemed not eligible.

Beginning the first business day after a consumer submits a claim, Volkswagen has ten business days (that is, excluding weekends and holidays) to review the submission and determine whether the claim is complete or deficient. A claim is complete if it includes all the information and documents needed to determine whether the consumer is eligible, while a claim that does not

include required information or documentation is deficient. If a claim is complete, Volkswagen makes a preliminary determination as to whether the claim is eligible. If a claim is deficient, Volkswagen informs the consumer of the deficiency to allow the consumer the opportunity to cure the deficiency and resubmit the claim.

Through September 7, 2017, Volkswagen had been required to make 61,396 first ten-business-day review period determinations. The company timely rendered 61,169 decisions, for a first ten-business-day review period compliance rate of 99.6%. Chart 2-10 shows Volkswagen’s performance during the Claim Period in timely issuing first ten-business-day review period decisions, and Chart 2-11 shows Volkswagen’s overall first ten-business-day review period performance by eligibility category.⁶

Chart 2-10



⁶ The thirty-four claims not reflected in Chart 2-11 are related to claims that were timely deemed ineligible.

Chart 2-11

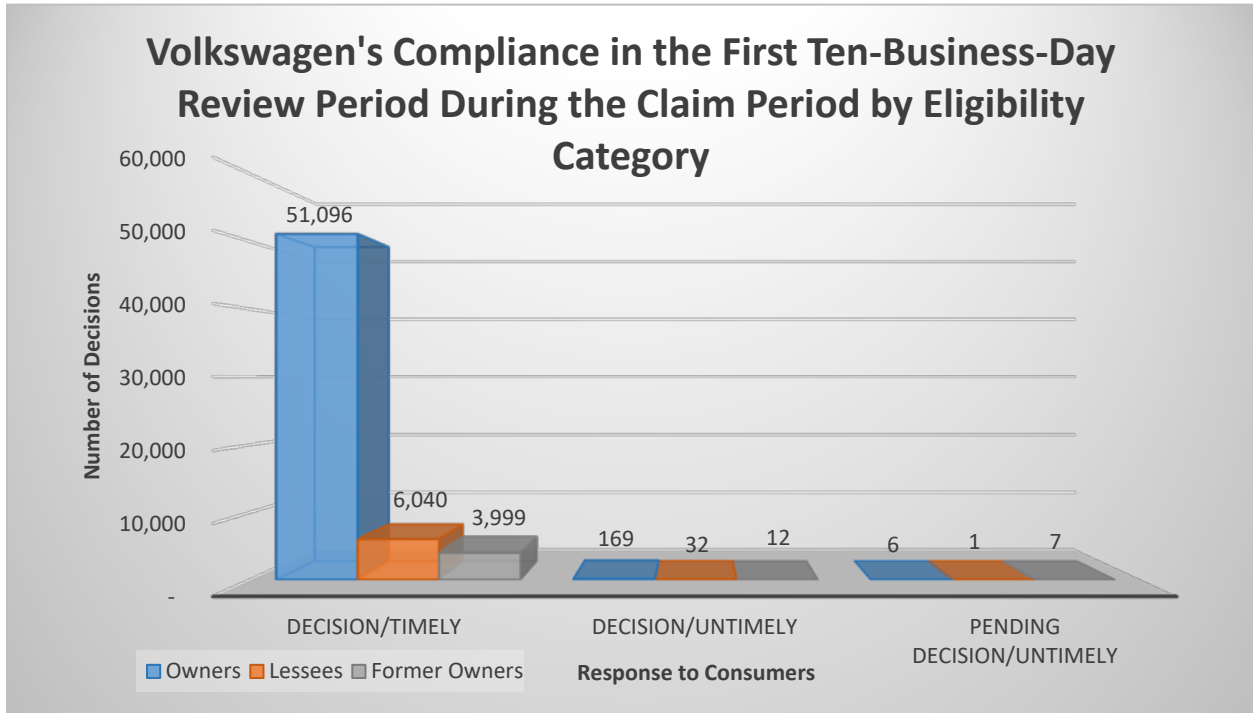
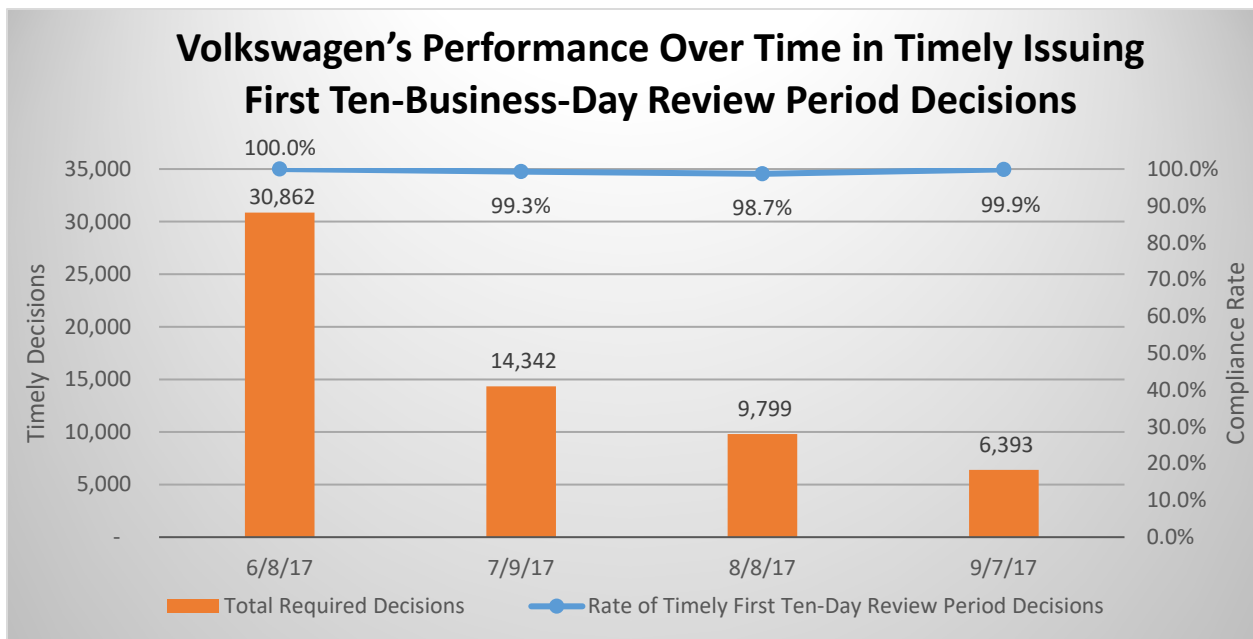


Chart 2-12 shows Volkswagen’s performance in timely issuing first ten-business-day review period decisions across approximately thirty-day intervals during the claim period.

Chart 2-12



Notably, Volkswagen and the Plaintiffs' Steering Committee have been working together to address how the eligibility requirements apply to vehicles branded with a salvage title. A vehicle is designated as salvage when it has been damaged or deemed a total loss by an insurance company that paid a claim on the vehicle. The Claims Supervisor will continue to exclude claims associated with a vehicle branded with a salvage title from the first and second ten-business-day review period timeliness analysis until the parties determine how the eligibility requirements should be applied to these claims.⁷

Finally, the first ten-business-day review period figures (and the second ten-business-day review period figures below) exclude two groups of consumers who had submitted claims for Volkswagen to process and who are not eligible class members pursuant to the 3.0 Liter Resolution Agreements. First, as of September 7, 2017, there were 137 active claims from consumers who initially purchased Eligible Vehicles in the United States but registered them in Canada.⁸ Second, as of September 7, 2017, there were fifteen active claims from consumers who indicated in their claim submissions that they were employees of Volkswagen or the Court. Volkswagen has used the claims process to identify and engage with these types of consumers, but these consumers will not receive funds out of the Funding Pool.

C. Preliminary Eligibility Determinations and Deficiencies

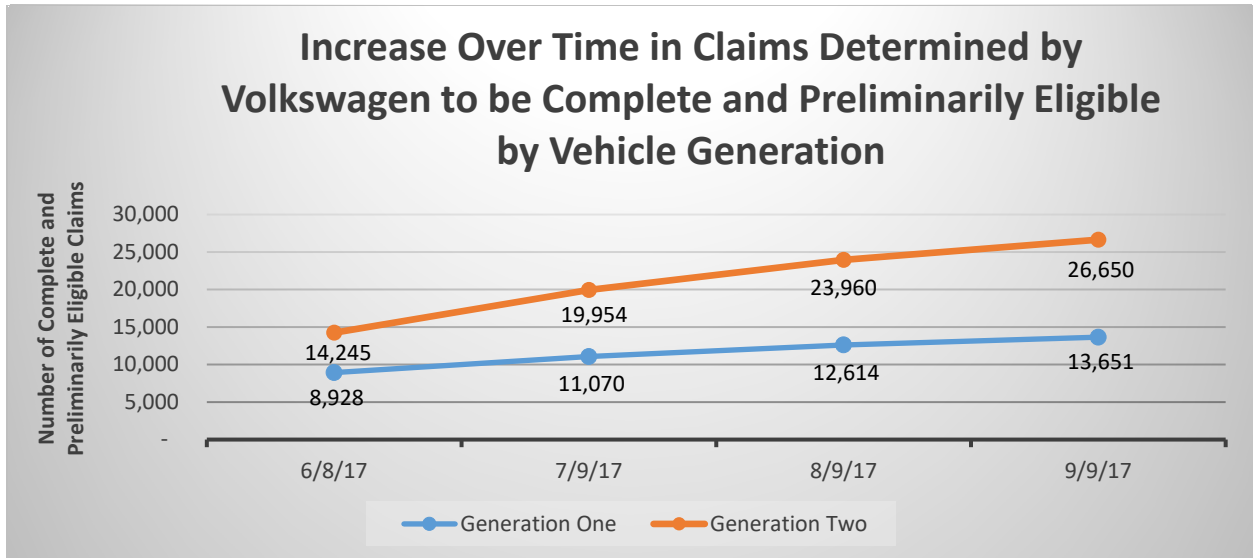
Through September 7, 2017, of the 42,279 unique claims that had been submitted by consumers for Volkswagen to review, a total of 40,301 claims (95.3%) had been determined by Volkswagen to be complete and preliminarily eligible. Of these, 13,651 claims were related to

⁷ Based on available data, as of September 12, 2017, there were forty-three consumer claims involving vehicles branded with a salvage title.

⁸ For these purposes, a claim is considered "active" once a consumer submits it, but before a final determination on eligibility and award (or ineligibility) has been rendered.

Generation One vehicles (12,791 individuals and 860 businesses) and 26,650 claims were related to Generation Two vehicles (24,860 individuals and 1,790 businesses). Chart 2-13 shows the change over time in the total number of claims determined by Volkswagen to be complete and preliminarily eligible during the claim period by vehicle generation.

Chart 2-13



Charts 2-14 and 2-15 reflect the number of claims Volkswagen determined to be complete and preliminarily eligible by eligibility category across Generation One and Generation Two vehicles as of September 7, 2017.⁹

⁹ The three claims not accounted for in Chart 2-14 and six claims not accounted for in Chart 2-15 were related to claims that were ultimately deemed ineligible.

Chart 2-14

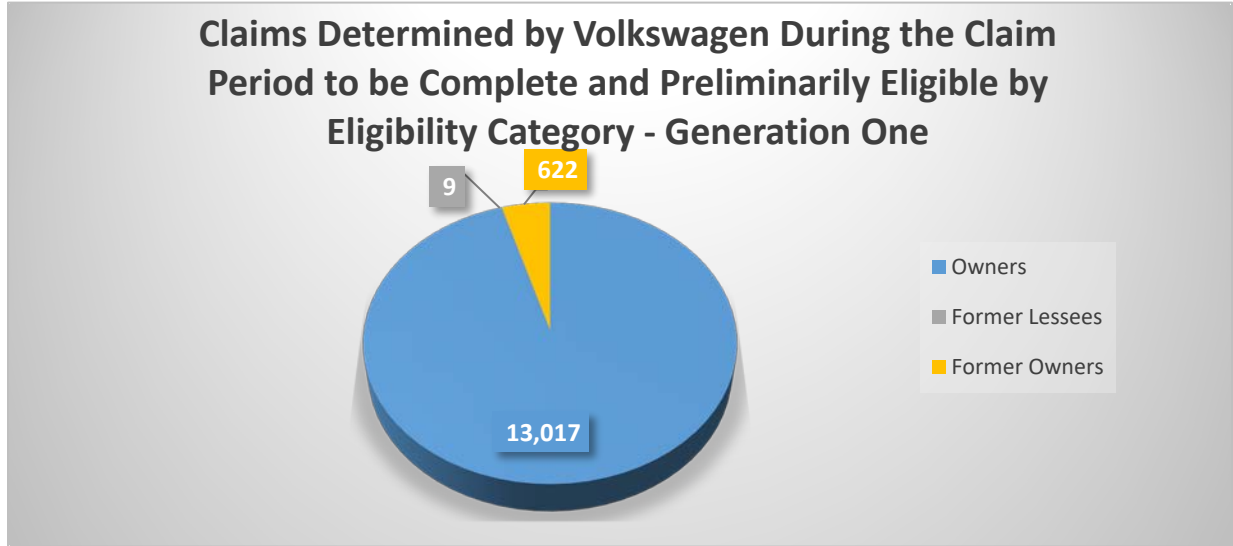
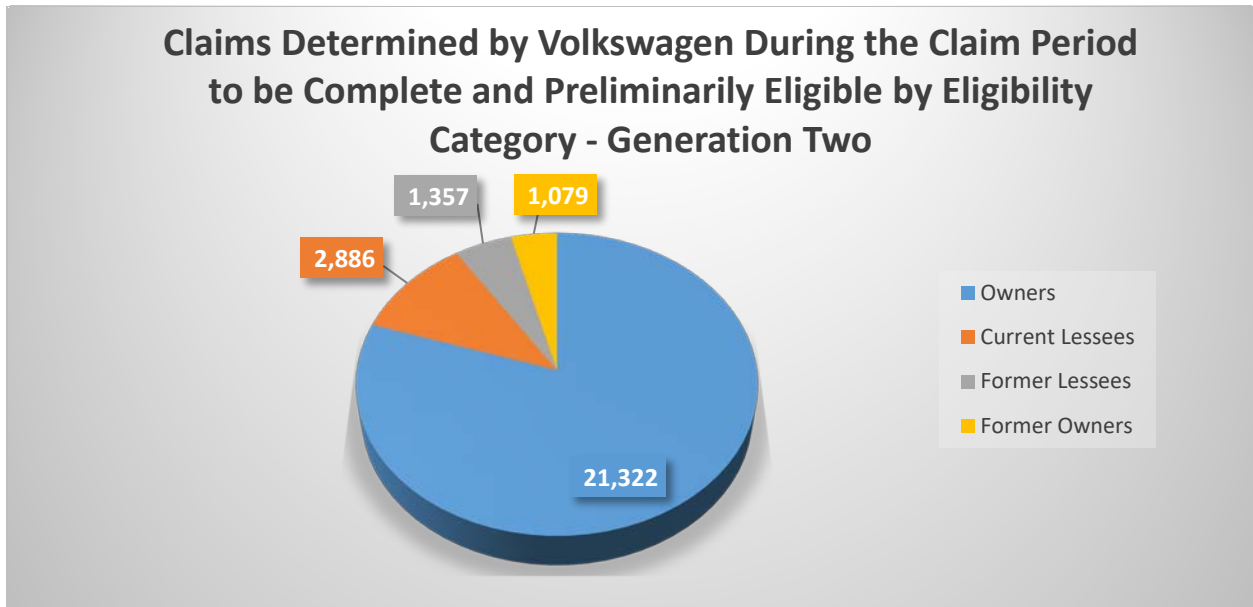


Chart 2-15



Charts 2-16 shows the most common states in which Eligible Vehicles associated with preliminarily eligible claims have been registered.

Chart 2-16

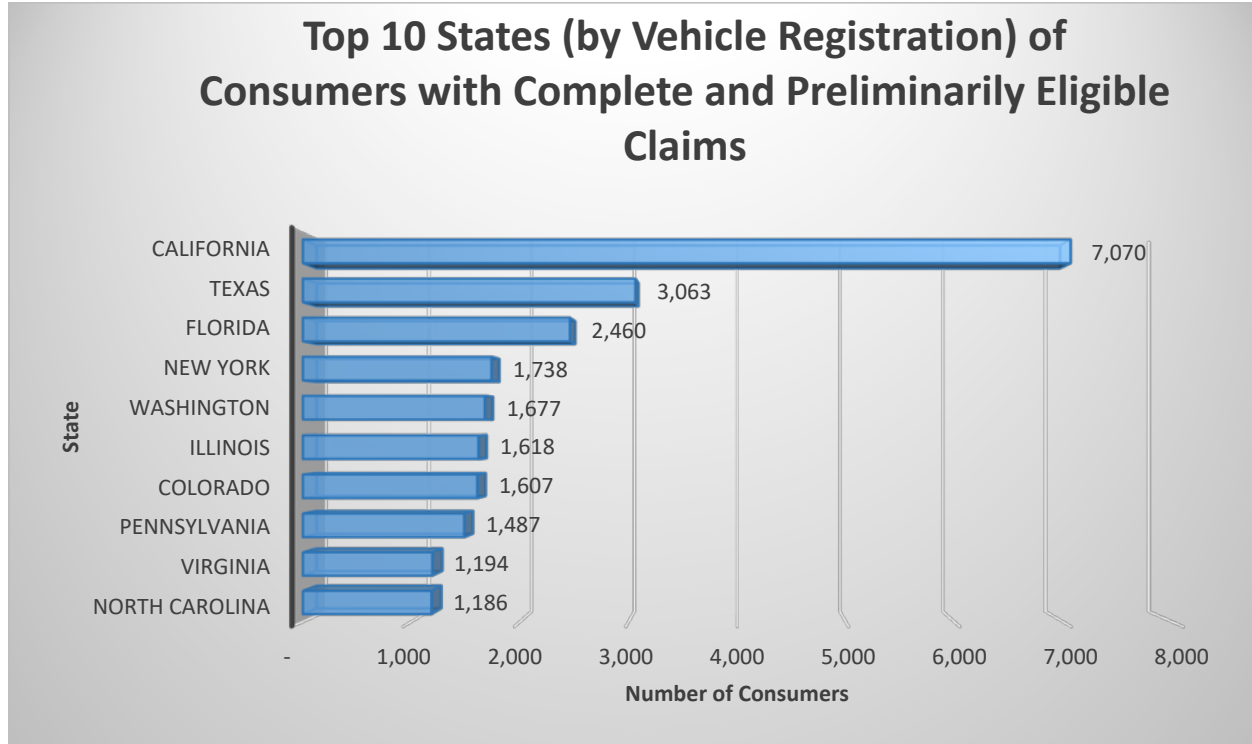
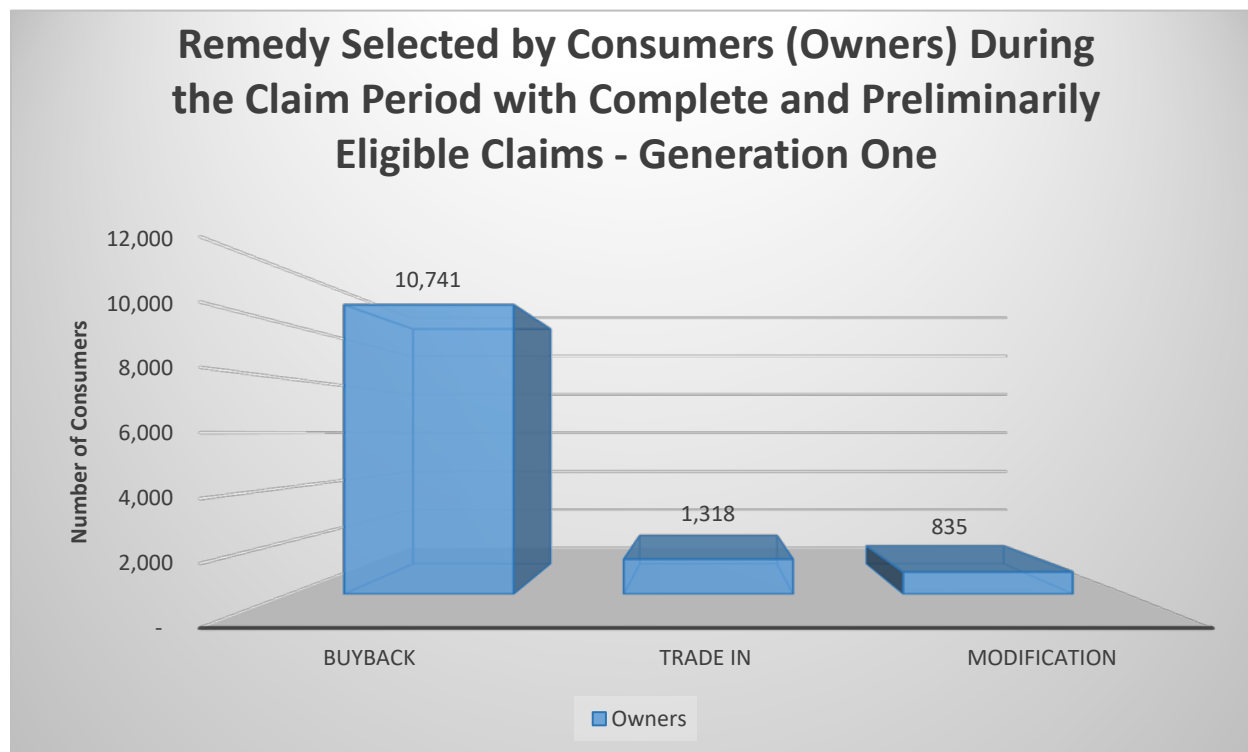


Chart 2-17 shows, as of September 7, 2017, the remedy selected by Owners and Current Lessees of Generation One vehicles whose claims Volkswagen had deemed complete and preliminarily eligible.¹⁰

¹⁰ The chart excludes 620 Former Owners, 16 Owners with totaled vehicles, and 9 Former Lessees because Restitution is the only remedy available for those consumers. It also excludes 109 consumers who cancelled their initial remedy selection, as well as 3 claims that ultimately were determined to be not eligible.

Chart 2-17



For Generation Two vehicles, there currently is only one remedy option available to consumers. As a result, all claims of the 21,208 Owners and 2,848 Current Lessees of Generation Two vehicles that had been deemed complete and preliminarily eligible by Volkswagen through September 7, 2017, were for the Emissions Compliant Repair remedy. Restitution is the only remedy available for the 1,353 Former Lessees, as well as for 1,077 Former Owners and 28 Owners with totaled vehicles who had submitted claims associated with Generation Two vehicles that, through September 7, 2017, had been deemed complete and preliminarily eligible by Volkswagen. There were also 130 claims associated with offers that had been cancelled by the consumer, and 6 other claims that had been deemed not eligible.

Through September 7, 2017, there were 17,472 instances where Volkswagen had deemed a claim deficient during the first ten-business-day review period. More than 29,000 individual deficiency codes had been applied by Volkswagen as of that date, as multiple deficiencies may

be associated with a given claim submission. The most common deficiency codes have been: (i) an incorrect document was uploaded (8,380 claims); (ii) a document was illegible (5,460 claims); (iii) a document was incomplete or the document image was cut off (4,200 claims); and (iv) a document was missing pages (2,345 claims).

As the same claim may be resubmitted to Volkswagen after initially being deemed deficient, the 17,472 instances of deficiency determinations implicated 12,294 unique claims. Of those 12,294 unique claims, 11,507 consumers (93.6%) had made at least one attempt to cure, while 787 consumers (6.4%) had not yet made any attempt to cure. Across consumers who attempted to cure: (i) 10,450 consumers (90.8%) successfully cured the deficiency; (ii) 37 consumers (0.3%) resubmitted claims that were pending a completeness determination by Volkswagen as of September 7, 2017; and (iii) 1,020 consumers (8.9%) had not subsequently resubmitted claims after their initial attempt to cure the deficiency was unsuccessful.

Through September 7, 2017, there were 1,634 consumer claims with active deficiencies. The most common deficiency codes among active deficient claims were: (i) an incorrect document was uploaded (666 claims); (ii) a document was illegible (487 claims); (iii) a document was incomplete or the document image was cut off (243 claims); and (iv) a name on the documents did not match the name in the Claims Portal (214 claims).

Finally, the Claims Supervisor reviewed a sample of 600 deficiency codes applied by Volkswagen reviewers during the first ten-business-day review period to assess whether Volkswagen reviewers were properly applying deficiency codes. The Claims Supervisor substantiated Volkswagen's deficiency code determinations in 570 instances (95.0%). While instances of disagreements over the application of deficiency codes were limited, the most common discrepancies related to the validation of "complex documents" or the use of certain

proof of ownership deficiencies that are inapplicable to claims where the consumer selected an AEM (e.g., deficiency codes relating to a lien on the title).¹¹

D. The “Pause” Period

For Owners of Generation One vehicles who elect a Buyback or Trade-In remedy, whose claims are deemed complete and preliminarily eligible by Volkswagen, and whose vehicles are encumbered by a loan, the second ten-business-day review period does not begin until Volkswagen obtains loan payoff information from the lender. This information is necessary for Volkswagen to generate an offer letter.

Through September 7, 2017, a total of 458 unique claims had been “tolled” pending receipt of loan payoff information. On average, the tolled period has lasted less than two business days per claim. As of September 7, 2017, there were only six claims actively tolled pending receipt of loan payoff information from a lender.

E. The Second Ten-Business-Day Review Period

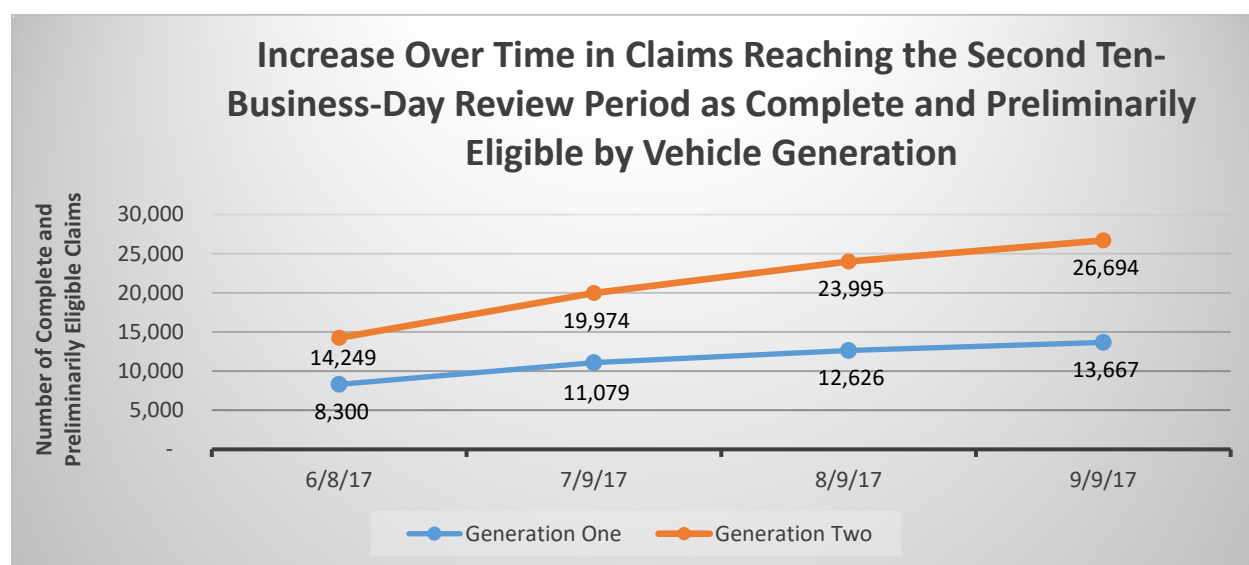
Volkswagen generally has ten business days from the date it concludes that a consumer’s claim is complete and preliminarily eligible to issue an offer letter provided the claim is not tolled pending receipt of loan payoff information from the lender. Within that time, the Claims Supervisor also must independently verify Volkswagen’s completeness, eligibility, and award determinations before an offer letter can issue.¹²

¹¹ “Complex documents” include: power of attorney; death certificate; proof of VCI account; corporate document; previous registration; proof of acquisition; proof of name change; proof of vehicle transfer to insurance; proof of lease conversion; paper claim forms; and proof of sale documents.

¹² In certain instances, Volkswagen can determine during the first ten-business-day review period that a claim is ineligible in which case that ineligibility determination must be verified by the Claims Supervisor during the second ten-business-day review period. These ineligibility determinations are separate from claims automatically deemed ineligible by Volkswagen’s system based on information input by the consumer. Through September 7, 2017, there had been 184 instances in which claims had been deemed ineligible upon review by Volkswagen. Of these, in eighty-eight instances the ineligibility determination had been validated by the Claims Supervisor and communicated by Volkswagen to the consumer. Remaining claims generally either were actively under review or

As of September 7, 2017, a total of 40,361 consumers had reached the second ten-business-day review period after having been deemed preliminarily eligible by Volkswagen.¹³ Of these, 13,667 claims related to Generation One vehicles (12,806 individuals and 861 businesses) and 26,694 claims related to Generation Two vehicles (24,902 individuals and 1,792 businesses). Across this population, 39,302 consumers (97.4%) had been issued offer letters. Chart 2-18 shows the change over time in the total number of claims reaching the second ten-business-day review period by vehicle generation.

Chart 2-18



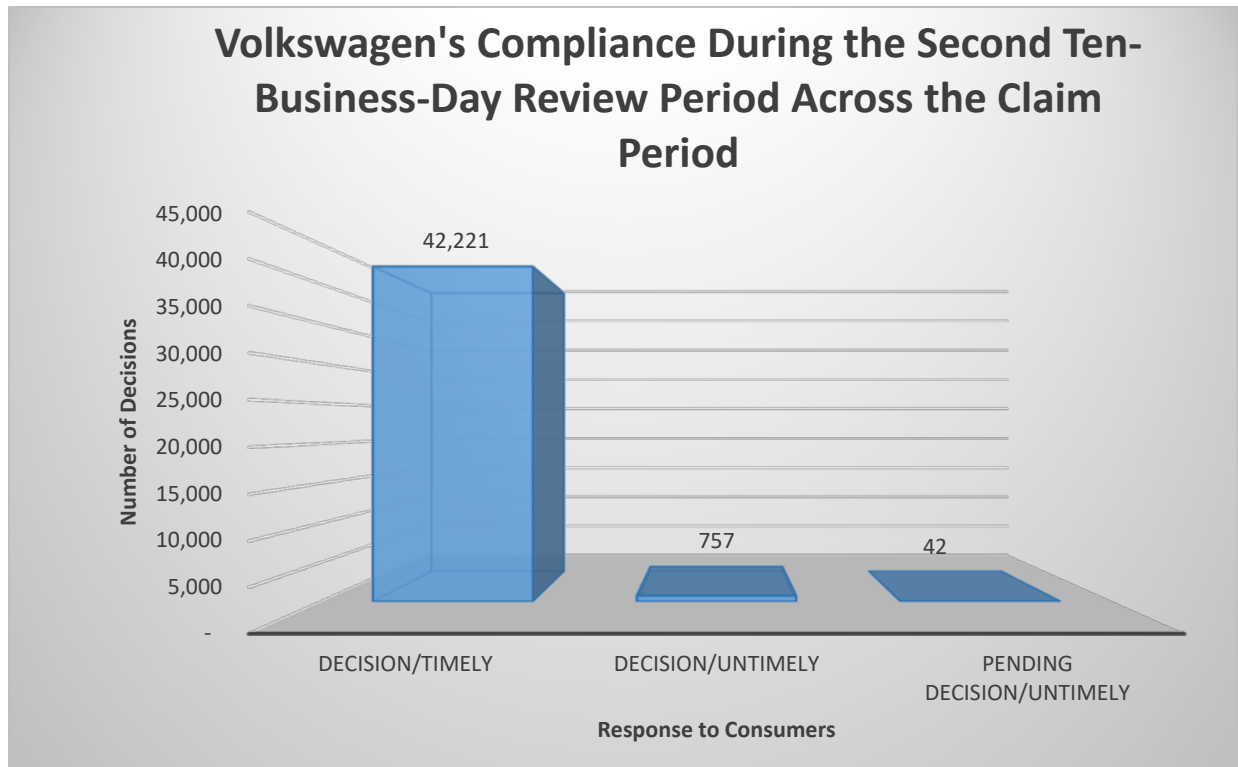
Through September 7, 2017, Volkswagen had been required to make 43,020 second ten-business-day review period decisions. The company timely rendered determinations in 42,221

were instances where a claim was deemed deficient instead of ineligible, offering the consumer an opportunity to cure. Through September 7, 2017, there had been forty-three instances where claims initially deemed ineligible were allowed to proceed to the offer phase or were shifted to a deficiency status and thereafter the deficiency was cured by the consumer.

¹³ As described above, there were 40,301 consumers whose claims were deemed complete and preliminarily eligible by Volkswagen, but 40,361 preliminarily eligible claims reached the second ten-business-day review period. The difference of sixty claims relates to instances where claims reached the second ten-business-day review period having skipped the status that ends the first ten-business-day review period. The distinction would not substantively affect claims -- it is only reflected when data is queried to generate aggregated figures for reporting purposes.

instances, for a second ten-business-day review period compliance rate of 98.1%. Chart 2-19 shows Volkswagen’s performance during the claim period in timely issuing second ten-business-day review period decisions, and Chart 2-20 reflects Volkswagen’s overall second ten-business-day review period performance by eligibility categories.¹⁴

Chart 2-19



¹⁴ The eleven claims not accounted for in Chart 2-20 are associated with claims that were deemed not eligible, ten of which were timely decisions and one of which was untimely.

Chart 2-20

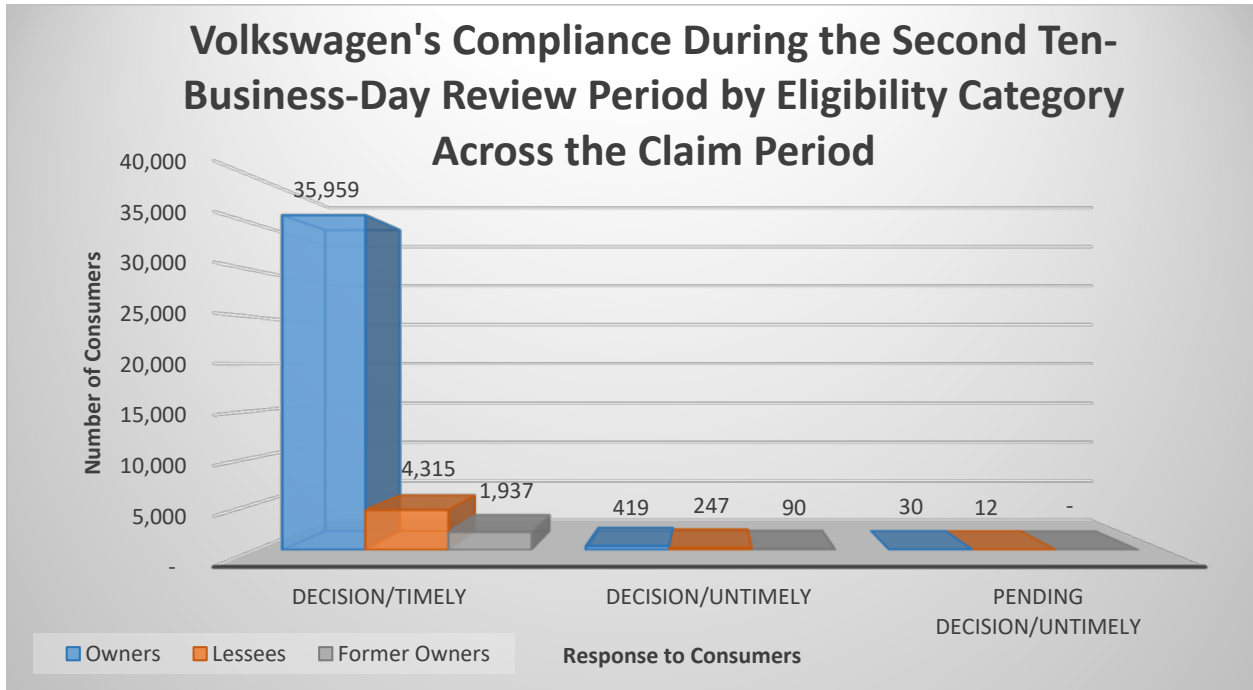


Chart 2-21 reflects Volkswagen’s performance in timely issuing second ten-business-day review period decisions across approximately thirty-day intervals during the claim period.

Chart 2-21

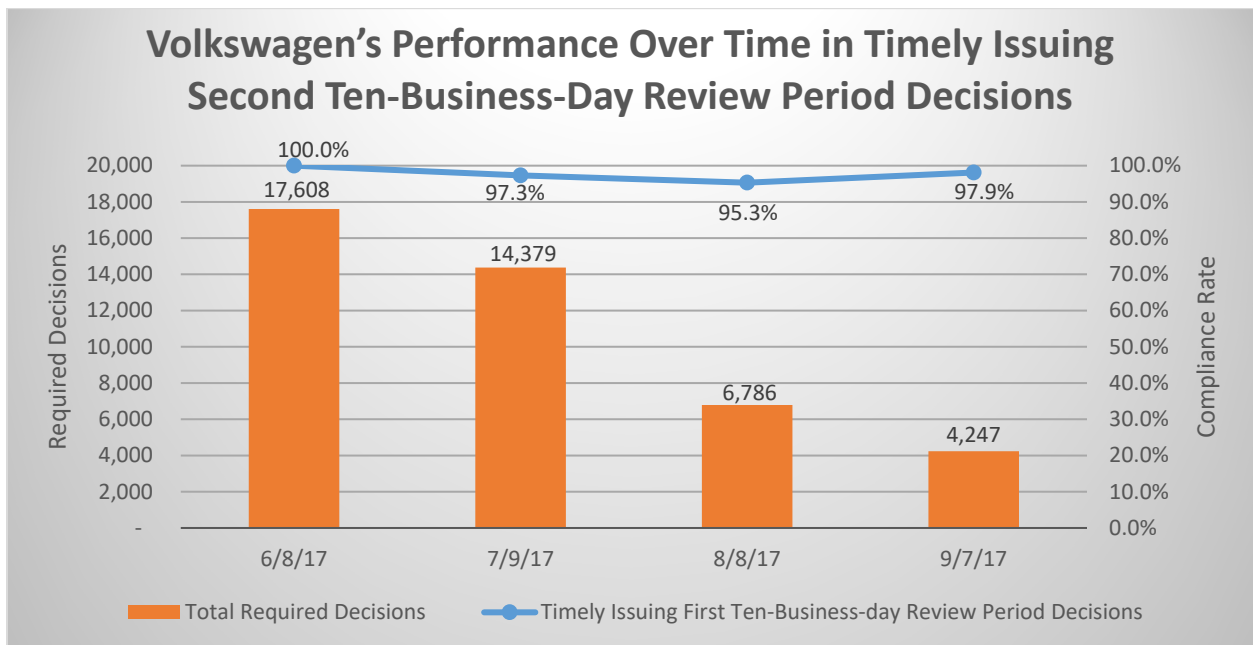
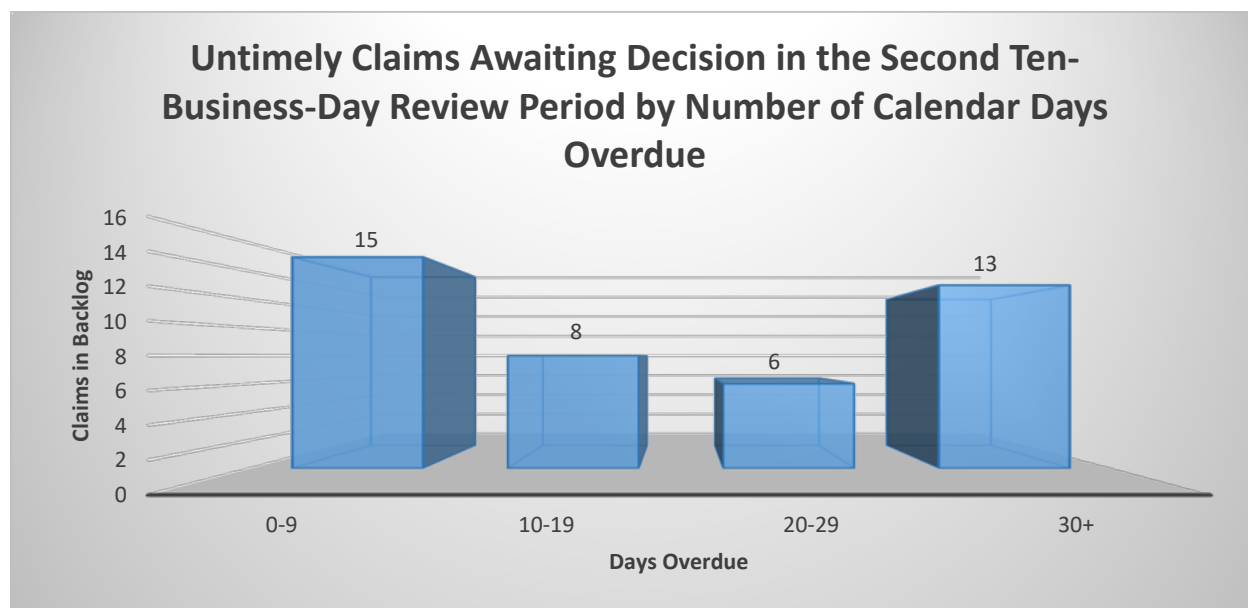


Chart 2-22 shows the forty-two claims in Volkswagen's backlog by the number of calendar days those claims were overdue.

Chart 2-22



Of the forty-two claims in Volkswagen's backlog as of September 7, 2017, thirty-nine were pending resolution by Volkswagen of a document deficiency, non-document deficiency, or eligibility concern associated with the claim. The remaining three claims either were awaiting Volkswagen's generation of an offer letter or Volkswagen's resolution of a deficiency associated with a generated offer letter before the offer letter could be finalized and sent to the consumer.

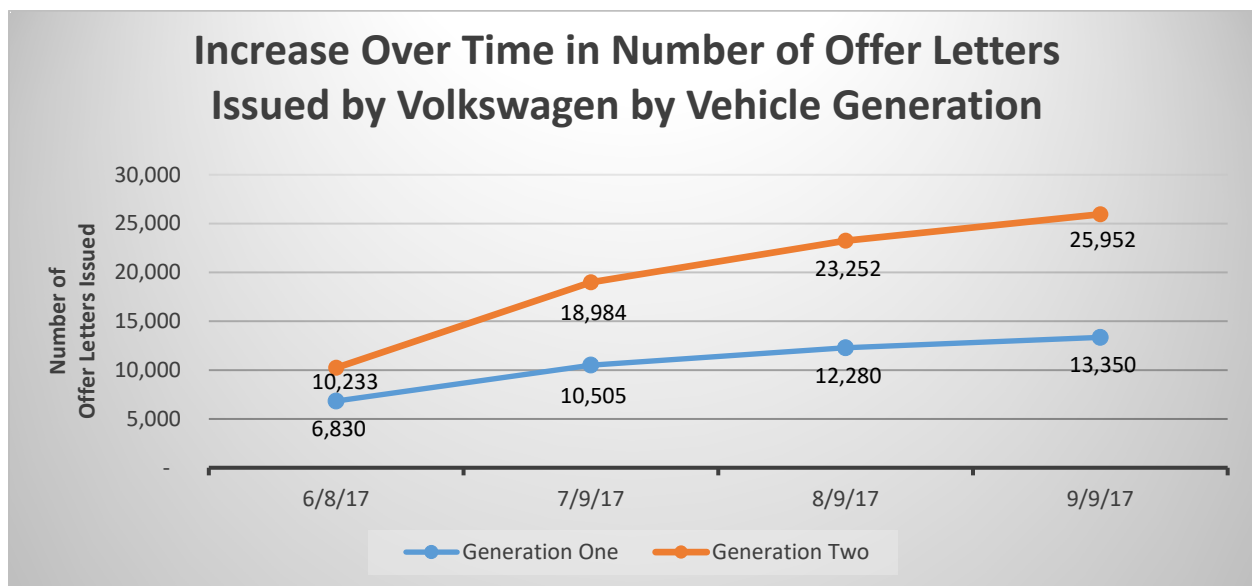
F. Offer Letters

Through September 7, 2017, Volkswagen had issued 39,302 offer letters, the aggregate value of which totaled \$678,586,918.29.¹⁵ Of these, 13,350 offer letters with an aggregate value

¹⁵ The Claims Supervisor identified 282 claims -- 269 related to Generation Two vehicles and 13 related to Generation One vehicles -- where it appears that consumers who leased Eligible Vehicles and later purchased the vehicles after January 31, 2017, had claims that were categorized as Owner (Lease Conversion) claims when they may be more appropriately categorized as Eligible Lessee claims under Section 2.38 of the 3.0 Liter Class Action Settlement Agreement. A review of the claims showed that when offers were extended, those offers were appropriately being valued using the Lessee valuation formulas for Generation One and Generation Two vehicles.

of \$492,548,748.56 related to Generation One vehicles (12,535 offers to individuals with an aggregate value of \$462,541,645.18, and 815 offers to businesses with an aggregate value of \$30,007,103.38). The remaining 25,952 offer letters with an aggregate value of \$186,038,169.73 related to Generation Two vehicles (24,319 offers to individuals with an aggregate value of \$174,841,529.99, and 1,633 offers to businesses with an aggregate value of \$11,196,639.74). Chart 2-23 shows the change over time in the total number of offer letters issued by Volkswagen by vehicle generation.

Chart 2-23



Charts 2-24 and 2-25 show, across Generation One and Generation Two vehicles, the total number of offer letters issued by Volkswagen by eligibility category.

Therefore, this issue is not substantively affecting consumers. It is purely one of data categorization that affects the aggregation of figures for reporting. For purposes of this report, unless otherwise noted, these 282 claims will be captured as Owner claims, as that is how they are currently reflected in the system. The Claims Supervisor will continue to work with Volkswagen to evaluate whether to recategorize these claims as Eligible Lessee claims to align with Section 2.38 of the 3.0 Liter Class Action Settlement Agreement.

Chart 2-24¹⁶

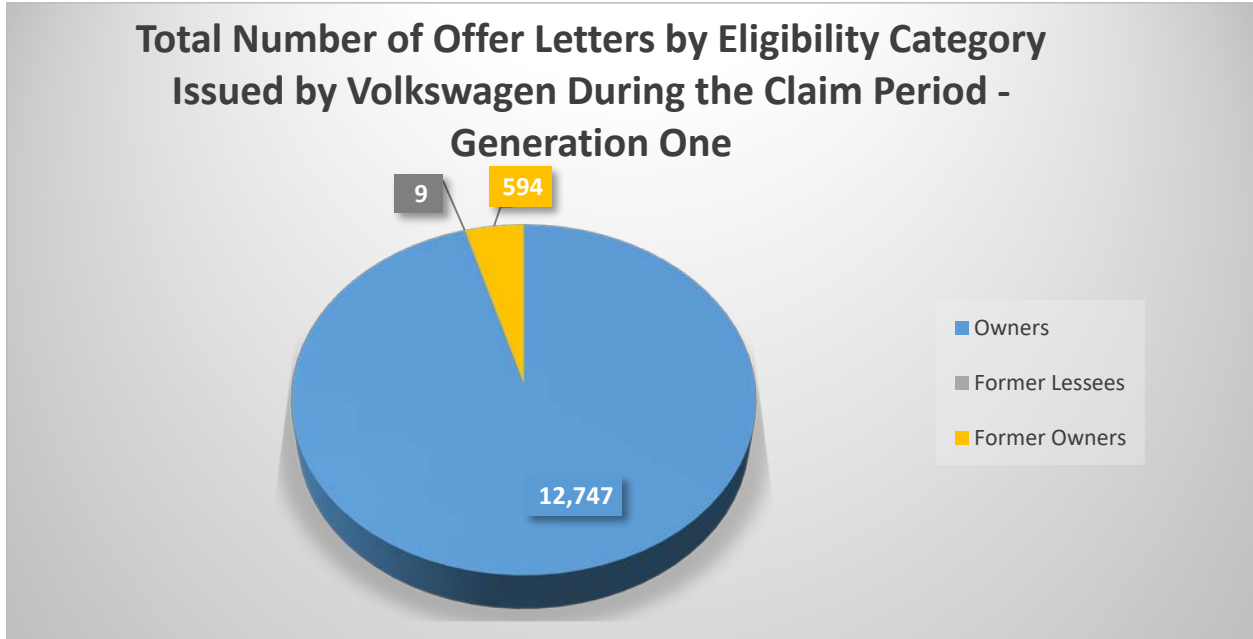
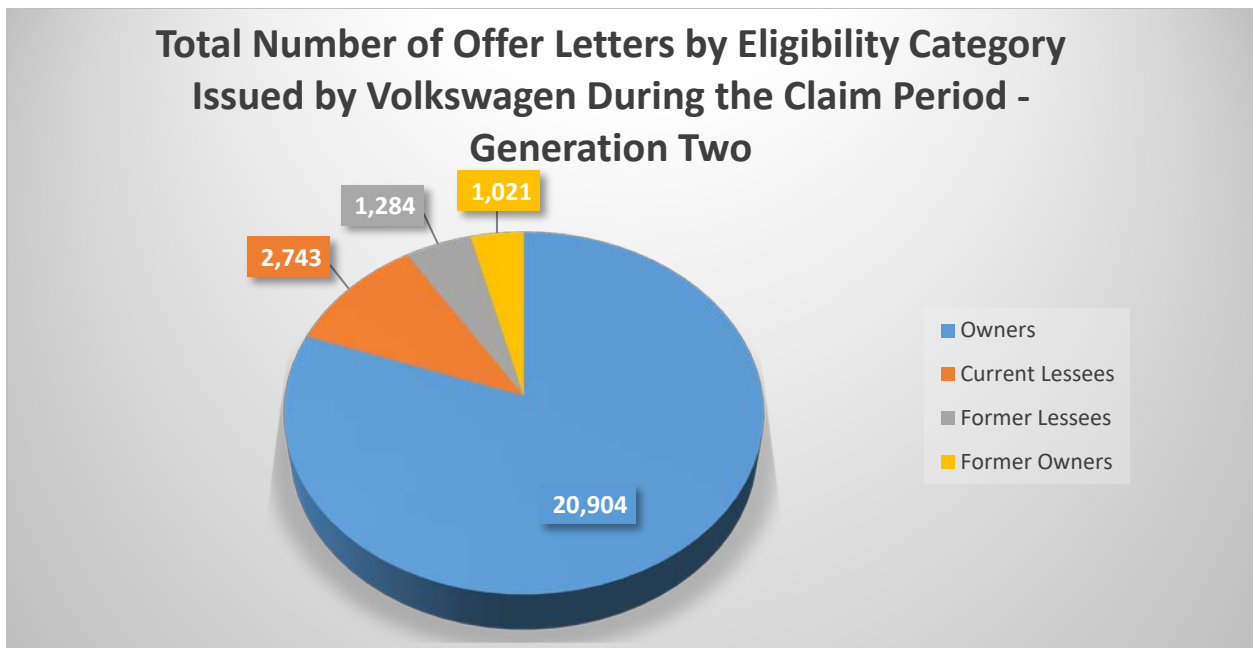


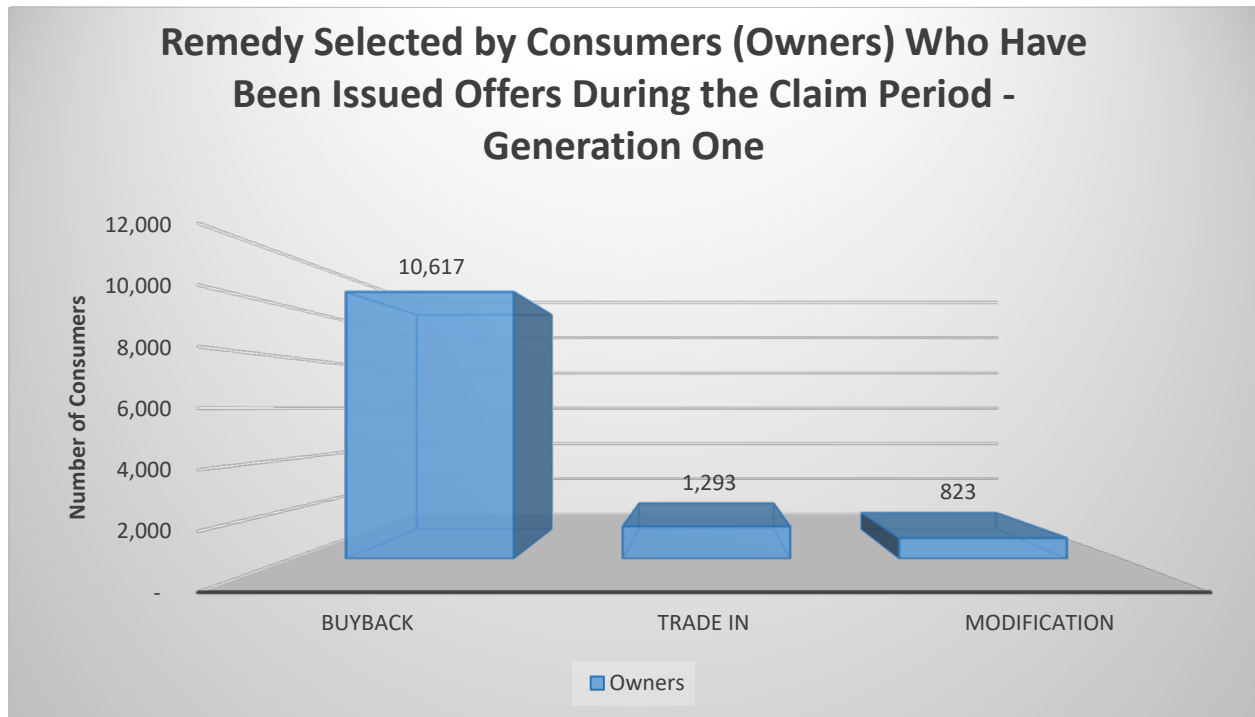
Chart 2-25



¹⁶ Through September 7, 2017, no offers had yet been extended to Generation One Current Lessees. Only four such claims had been submitted as of that date for Volkswagen to review, and none had reached the second ten-business-day review period having. The small number of these submitted claims and processing outcomes likely are a function of the earlier model years of Generation One vehicles, such that these vehicles are generally unlikely to be the subject of active leases.

Chart 2-26 shows offer letters related to Generation One vehicles issued to Owners by remedy selections. The chart excludes the 594 Former Owners, 14 Owners with totaled vehicles, and 9 Former Lessees who had received offer letters because the only remedy available to those consumers is Restitution.

Chart 2-26



As to Generation Two vehicles, a total of 20,879 Owners and 2,743 Current Lessees had received offer letters for an Emissions Compliant Repair, while 1,284 Former Lessees, 1,021 Former Owners, and 25 Owners with totaled vehicles had received offer letters associated with Restitution awards.

Chart 2-27 shows the top ten states by vehicle registration of consumers who had received offer letters through September 7, 2017.

Chart 2-27



Through September 7, 2017, of the approximately \$492.55 million corresponding to the offer letters issued by Volkswagen relating to Generation One vehicles, Owners account for about \$489.55 million. Across these consumers, about \$312.06 million related to Owners without loans; \$177.34 million related to Owners with loans; \$144,854.36 related to fourteen Owners with totaled vehicles; and \$5,475.00 related to one Owner claim where the consumer purchased the vehicle between September 18, 2015 and January 31, 2017, following the expiration of the lease.¹⁷ The remainder was split among Former Owners (594 offer letters valued in the aggregate at about \$2.95 million) and Former Lessees (9 offer letters valued in the aggregate at \$49,846.33).

Chart 2-28 reflects the minimum, maximum, and average awards issued to consumers with Generation One vehicles based on eligibility category and offer selection through September 7, 2017.

¹⁷ Through September 7, 2017, there had been no instances where the loan amount on a Generation One vehicle that was the subject of an Owner claim where the selected remedy was either a Buyback or a Trade-In had exceeded 130% of the award amount.

Chart 2-28¹⁸

Eligibility Category and Offer Selection	Average Value	Min Value	Max Value
Owner - Buyback	\$40,239.06	\$17,722.73	\$64,846.12
Owner - Trade In	\$41,811.99	\$18,055.75	\$58,625.31
Owner – REM	\$9,871.91	\$3,977.50	\$13,033.75
Owner - Totaled Vehicle Restitution	\$10,346.74	\$8,255.00	\$12,516.20
Former Lessee - Restitution	\$5,538.48	\$5,100.00	\$6,344.12
Former Owner - Restitution	\$4,966.73	\$1,995.00	\$6,772.50

Through September 7, 2017, of the approximately \$186.04 million associated with offer letters to consumers with Generation Two vehicles, Owners accounted for about \$173.77 million. The remainder was split among Current Lessees (2,743 offer letters valued in the aggregate at \$5.486 million); Former Lessees (1,284 offer letters valued in the aggregate at \$2.568 million); and Former Owners (1,021 offer letters valued in the aggregate at about \$4.22 million).

Chart 2-29 shows the minimum, maximum and average awards issued to consumers with Generation Two vehicles based on eligibility category and offer selection through September 7, 2017.

Chart 2-29¹⁹

Eligibility Category and Offer Selection	Average Value	Min Value	Max Value
Owner – ECR	\$8,344.74	\$3,562.12	\$12,157.84
Owner – Totaled Vehicle Restitution	\$8,464.67	\$7,081.74	\$10,057.44
Current Lessee – ECR	\$2,000.00	\$2,000.00	\$2,000.00
Former Lessee – Restitution	\$2,000.00	\$2,000.00	\$2,000.00
Former Owner – Restitution	\$4,128.56	\$1,770.44	\$5,722.12

¹⁸ With respect to the figures for Owner-ECR claims, Chart 2-28 excludes the thirteen Generation One claims discussed in footnote 15 above that were potentially miscategorized as Owner instead of Eligible Lessee claims.

¹⁹ With respect to the figures for Owner-ECR claims, Chart 2-29 excludes the 269 Generation Two claims discussed in footnote 15 above that were potentially miscategorized as Owner instead of Eligible Lessee claims.

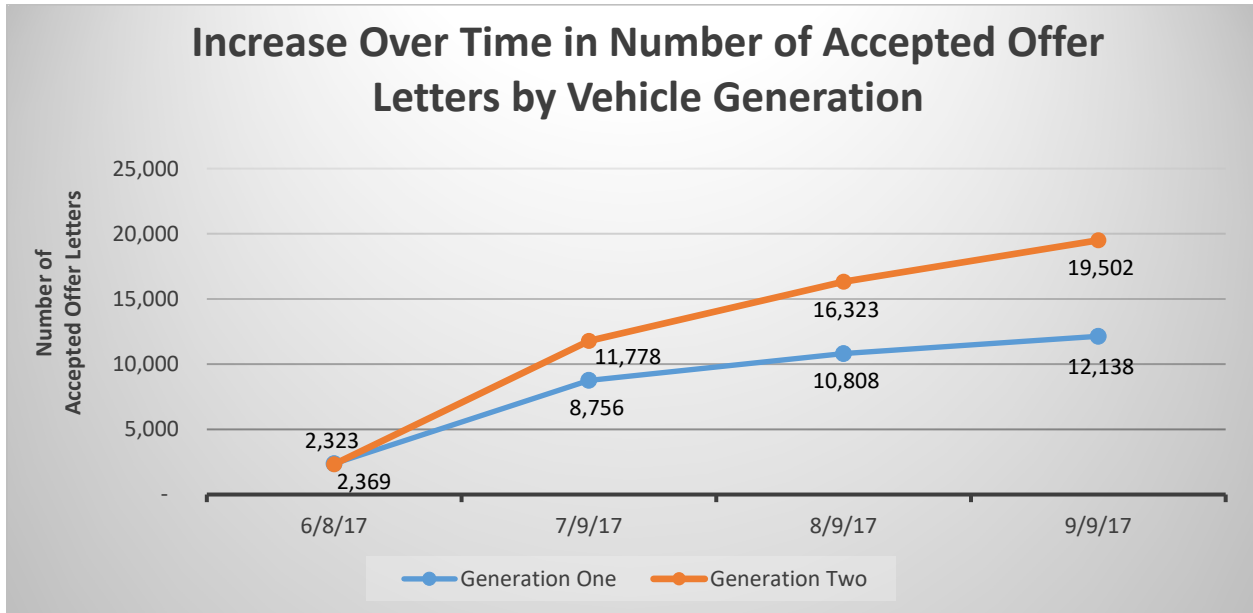
Finally, through September 7, 2017, a total of sixty-eight consumers identified as deployed military personnel with vehicles located overseas and sixty-seven decedent estates had registered with Volkswagen. Of those, sixty-six consumers identified as deployed military personnel with overseas vehicles and forty-seven decedent estates had submitted claims for Volkswagen to review. Across these groups, sixty-two claims from consumers identified as deployed military personnel and forty-three decedent estate claims were deemed complete and preliminarily eligible by the company. Fifty-eight offer letters have been issued to consumers identified as deployed military personnel and forty-two offer letters had been issued to decedent estates, the aggregate values of which were \$1,201,242.38 and \$956,176.71, respectively.

G. Appointments, Closings, and Repair Participation Payments

As of September 7, 2017, a total of 31,640 consumers had accepted offer letters from Volkswagen, the aggregate value of which totaled \$593,658,918.30.²⁰ Chart 2-30 reflects the change over time of the total number of consumers who had accepted offer letters from Volkswagen during the claim period, as well as by vehicle generation.

²⁰ In addition to Owners and Current Lessees, this figure includes Former Lessees, Former Owners, and Owners with totaled vehicles who do not need to proceed through the closing phase because they do not have possession of an Eligible Vehicle. Information on payments made to consumers in these eligibility categories is set forth below.

Chart 2-30



Of the 12,138 consumers with Generation One vehicles who had accepted offer letters as of September 7, 2017, 11,603 were Owners. Within that group of Owners, 10,509 consumers (90.6%) had scheduled closing appointments. Chart 2-31 shows for these consumers the total number of appointments by appointment type across eligibility categories, and Chart 2-32 shows the remedy selection of these consumers.

Chart 2-31

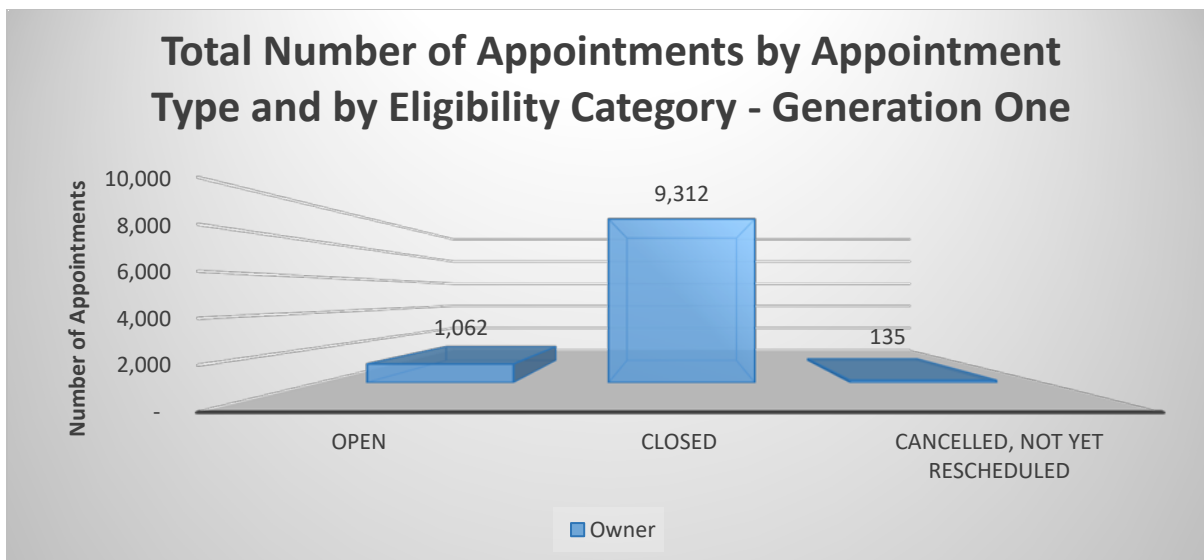
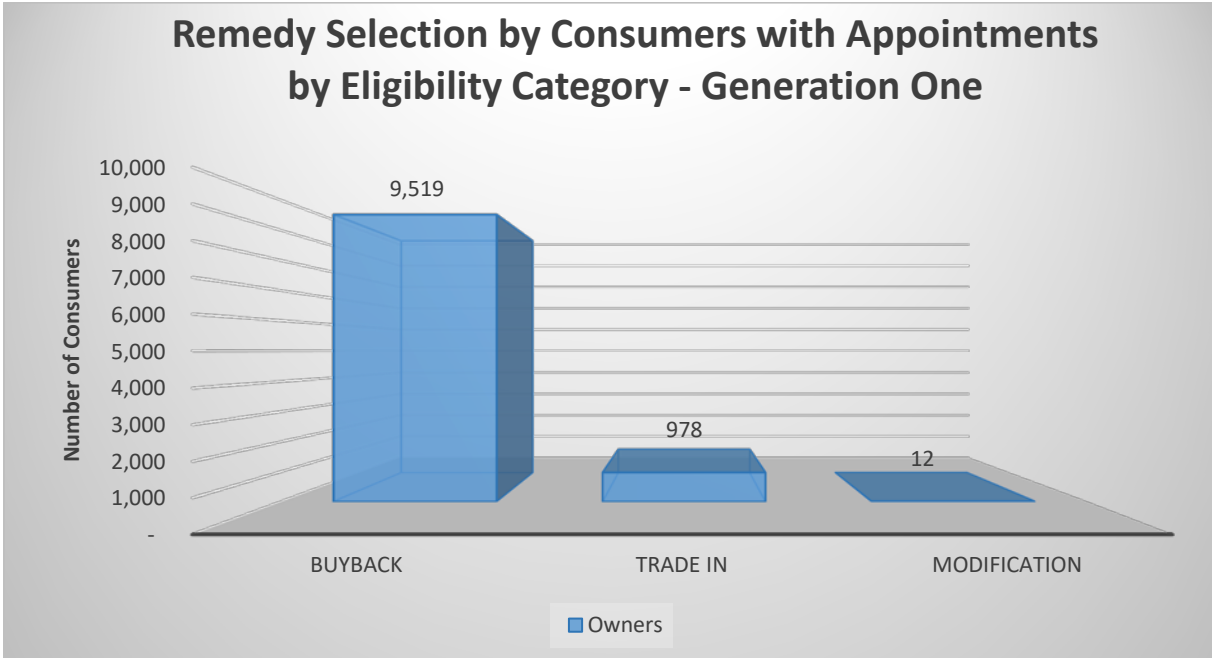
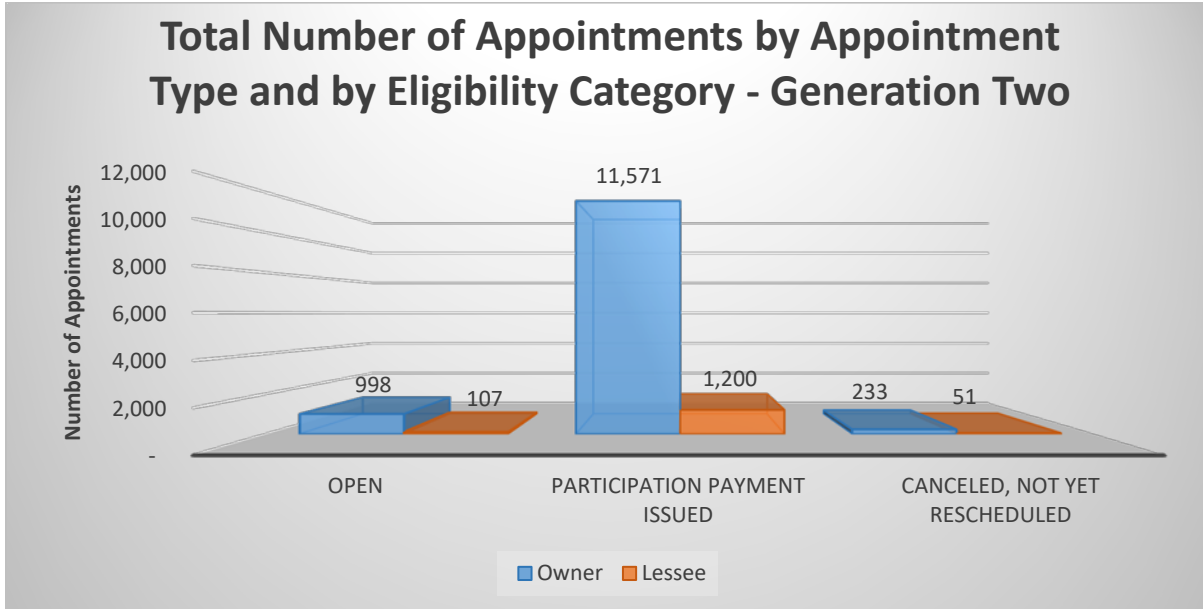


Chart 2-32



Of the 19,502 consumers with Generation Two vehicles who had accepted offer letters as of September 7, 2017, 15,820 consumers were Owners and 1,775 were Current Lessees. Across this population, 14,160 consumers (80.5%) had scheduled appointments to receive a Repair Participation Payment. Chart 2-33 shows for these consumers the total number of appointments by eligibility category.

Chart 2-33



Through September 7, 2017, for both Generation One and Generation Two vehicles, the most common locations where appointments were scheduled (states and cities) are set forth in Charts 2-34 and 2-35, respectively.

Chart 2-34

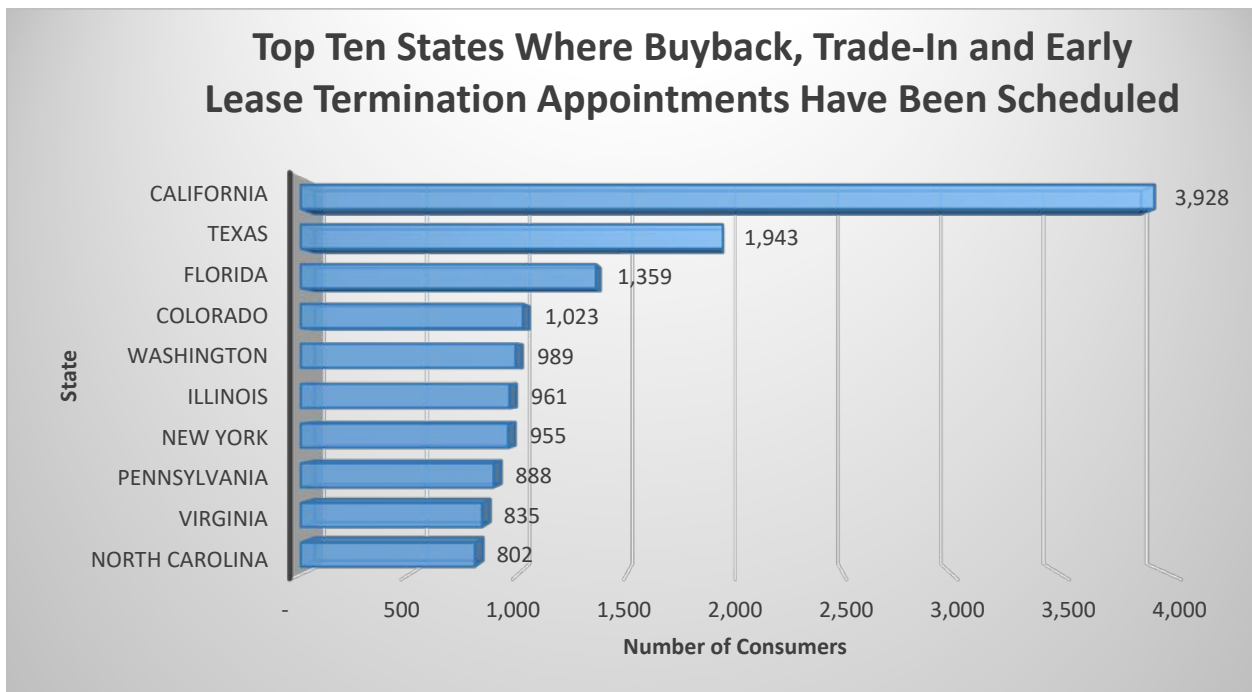
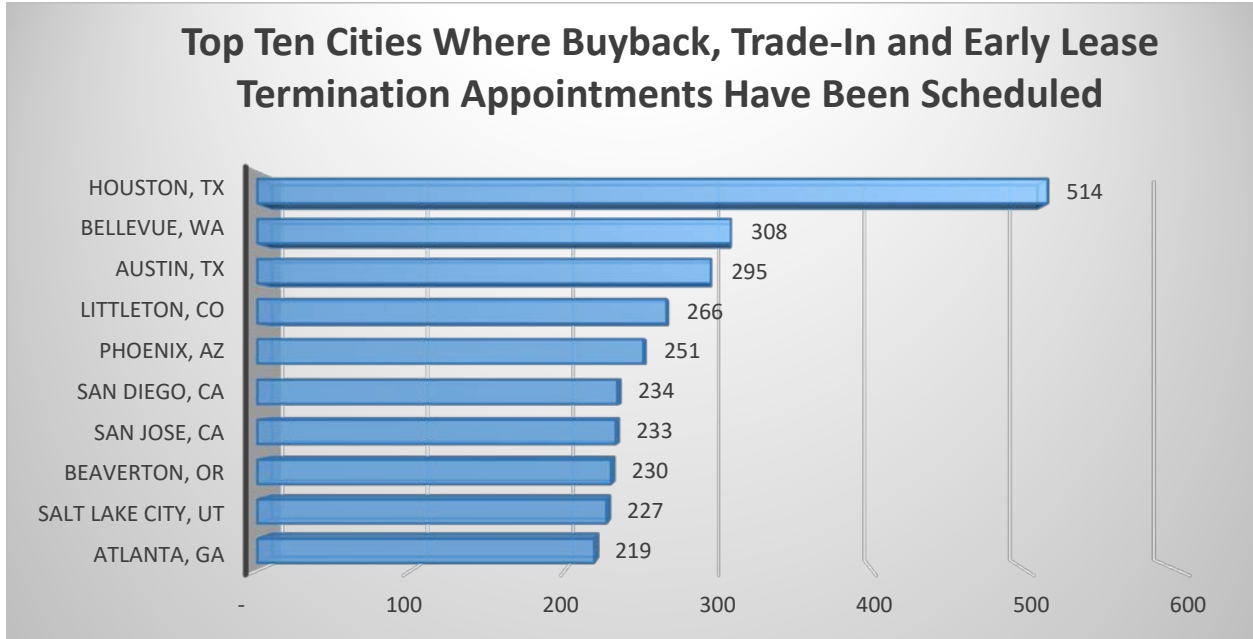


Chart 2-35



As of September 7, 2017, there had been 6,955 instances where scheduled appointments had resulted in cancellation (2,883 associated with Generation One vehicles and 4,072 associated with Generation Two vehicles). Of these, 6,136 appointments (88.2%) were cancelled at the consumer's request. Other common reasons for cancellations included: (i) the customer did not show up to the appointment (536 instances); (ii) the title holder was not present at the closing (53 instances); and (iii) the power of attorney was not produced at the closing (37 instances).

As set forth in Chart 2-31, there have been 9,312 appointments associated with Generation One vehicles that had resulted in closing as of September 7, 2017. The aggregate value of the claims was \$374,717,784.47. Chart 2-36 shows the remedies that this population of consumers had selected, and Chart 2-37 shows the top ten states for consumers with Generation One vehicles who proceeded through closing based on the state in which the vehicle was registered.

Chart 2-36

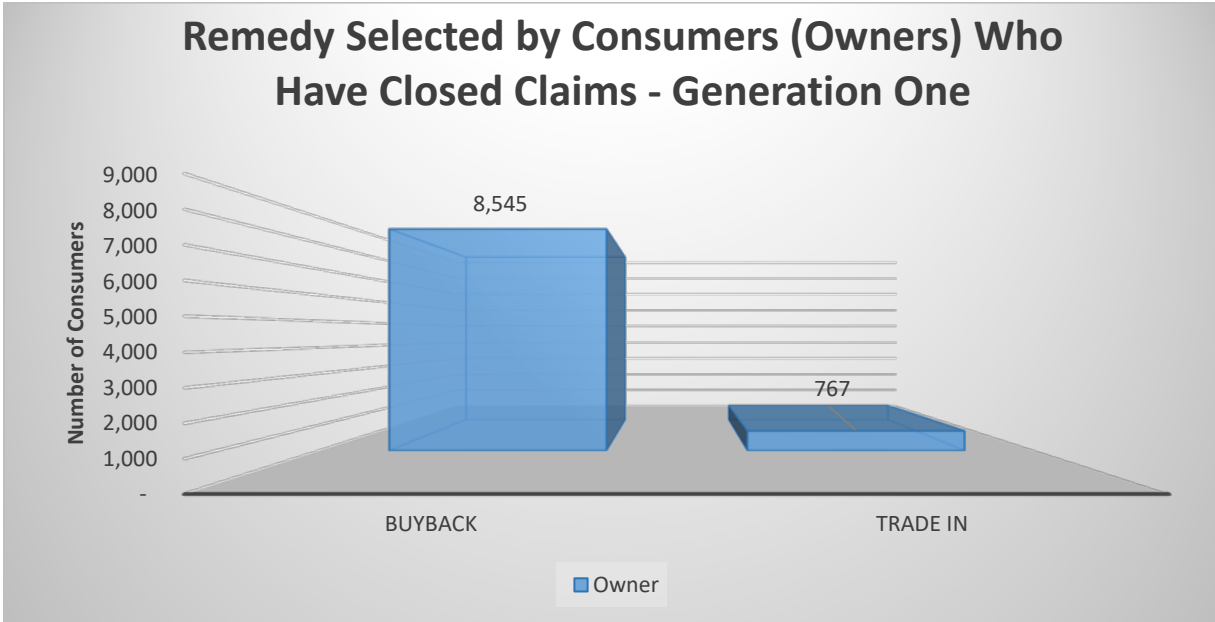
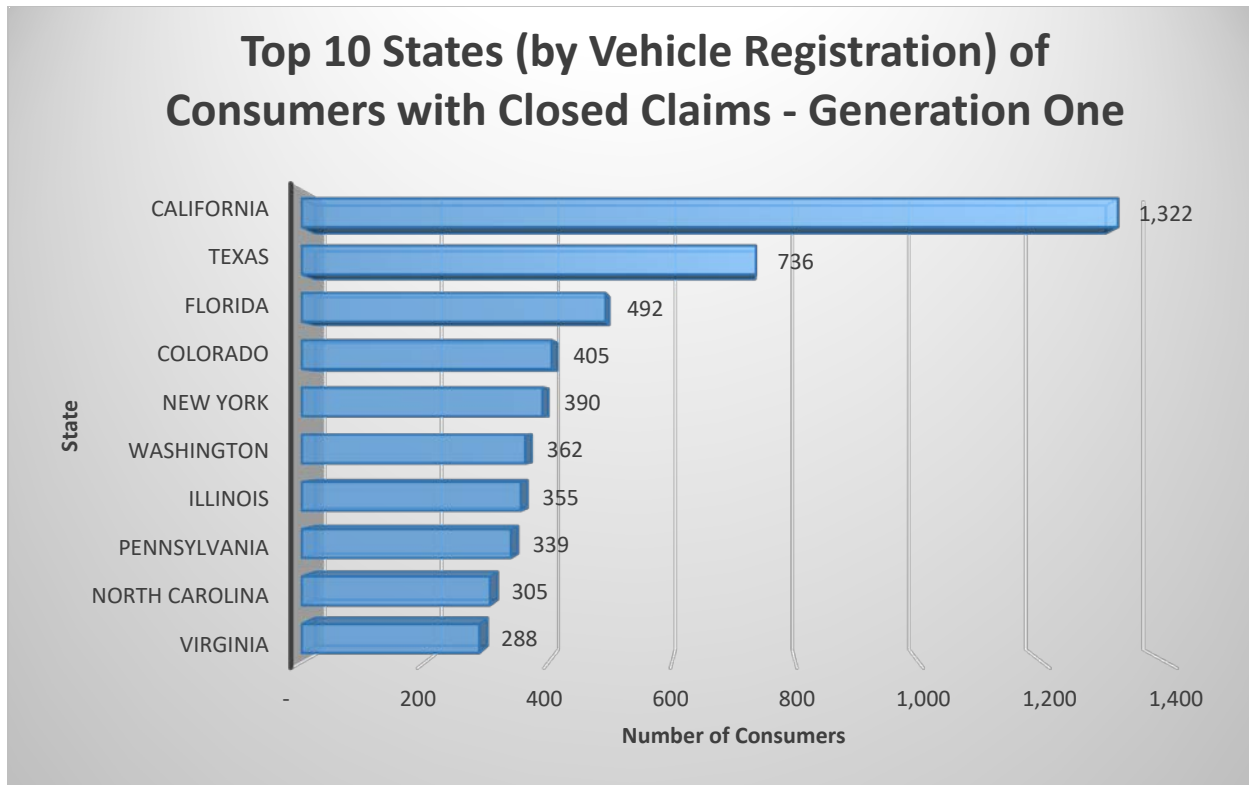
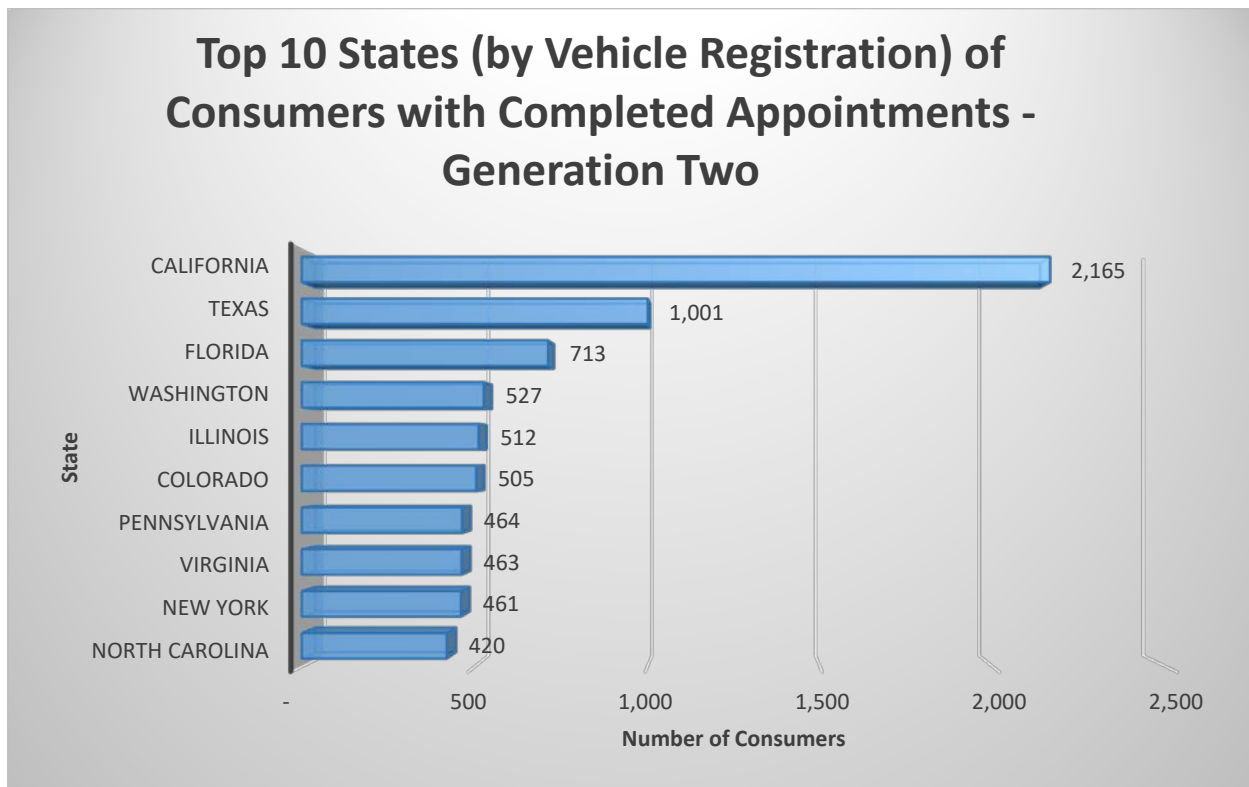


Chart 2-37



As stated above, the only remedy currently available to Owners and Current Lessees with Generation Two vehicles is the Emissions Compliant Repair. While Volkswagen’s application for an Emissions Compliant Repair is pending with the EPA and CARB, these consumers can elect to receive a Repair Participation Payment from Volkswagen. As set forth in Chart 2-33, as of September 7, 2017, there have been 12,771 completed appointments for Repair Participation Payments associated with Generation Two vehicles. Chart 2-38 shows the top ten states for consumers with Generation Two vehicles who have completed Repair Participation Payment appointments based on the state in which the vehicle was registered.

Chart 2-38



The figures above for Generation One and Generation Two vehicles do not account for claims from Former Owners, Former Lessees, and Owners with totaled vehicles because these consumers do not need to go through the closing process. For Generation One vehicles,

aggregated payments across these eligibility categories were: \$2,523,779.40 across 511 Former Owners; \$104,452.33 across 10 Owners with totaled vehicles; and \$44,421.95 across 8 Former Lessees. For Generation 2 vehicles, these figures were: \$3,660,561.95 across 885 Former Owners; \$106,984.52 across 13 Owners with totaled vehicles; and \$1,890,000 across 945 Former Lessees.

III. Claims Program Updates

Volkswagen's performance metrics reflect that claims are generally being processed in a timely manner, and that the company is meeting the demand for closing and Repair Participation Payment appointments and timely issuing payments to eligible consumers.²¹ Overall, the processes and systems the company developed and implemented, along with the staffing it put in place, have resulted in the Claims Program generally operating as intended to satisfy the obligations articulated in the Resolution Agreements.²²

A. Update on Claims Process

The 3.0 Liter Resolution Agreements require Volkswagen to enable consumers to schedule appointments within certain timeframes at the dealership of their choosing, coordinate a uniform process among more than 1,000 dealerships across the country for Buyback, Early Lease Termination, Trade-In, and Repair Participation Payment appointments, and to ensure that both

²¹ The term "closings" is used in this section to refer to Buyback, Trade-In, Early Lease Termination, and completed Repair Participation Payment appointments.

²² While most claims have proceeded without incident, approximately 1,200 Eligible Lessees of Generation Two vehicles received offer letters early on in the Claim Period that inadvertently afforded consumers the option to choose either an ECR or an Early Lease Termination (presently, these consumers are only entitled to an ECR). When the issue was discovered, Volkswagen immediately ceased issuing these offer letters to other consumers in this eligibility category and notified the impacted consumers via e-mail that the offer letter they received contained the error. The e-mail also advised that any offer letters returned from Current Lessees of Generation Two vehicles requesting the Early Lease Termination remedy would not be processed. Volkswagen subsequently corrected the offer letters to reflect that the ECR is the only remedy presently available to Current Lessees of Generation Two vehicles.

consumers and lienholders are paid in a prompt and accurate manner. Volkswagen has leveraged the systems and processes developed for closings and payments in the 2.0 Liter Claims Program and modified them to account for the unique requirements of the 3.0 Liter Claims Program.

The below subsections will outline the processes Volkswagen has developed and implemented, and the progress the company has made with respect to: (i) scheduling appointments; (ii) conducting closings and Repair Participation Payment appointments; (iii) issuing payments; and (iv) reviewing and processing eligible consumer claims for extended warranties and service contract refunds.

1. Appointment Scheduling

Once a consumer submits a signed offer letter, Volkswagen has five business days to review and approve a consumer's acceptance of the offer letter. Following approval, the consumer is directed to schedule an appointment using the Claims Portal.²³ The Claims Portal enables consumers to search for available appointments at various dealerships.

While the customer-facing scheduling process was designed to be straightforward and user-friendly, the back-end technological and operational processes supporting the seamless consumer experience are necessarily rather complex. Among the significant technological components that Volkswagen employs to coordinate appointment scheduling is the Setster application. Setster is an off-the-shelf commercial application that integrates with Volkswagen's Claims Portal, and allows consumers to schedule closing appointments through the Portal. From an operations standpoint, Volkswagen engaged outside consultants to analyze the expected demand for appointment slots based on the volume of registrations and identification by

²³ Utilizing Volkswagen's Claims Hotline, consumers also have the option of reaching schedule analysts, who can assist with appointment scheduling.

consumers of preferred dealerships, among other things. Based on this analysis, Volkswagen coordinated with 1,138 Volkswagen, Audi, and Porsche dealerships throughout the United States to establish an inventory of available appointment slots.

Since the inception of the Claims Program, the data related to dealership closings show that Volkswagen has been offering appointment options within the time parameters prescribed by the Resolution Agreements -- *i.e.*, within sixty days for a Buyback, within forty-five days for an Early Lease Termination, and within thirty days for a Repair Participation Payment -- and that most consumers are attending closing appointments at the preferred dealership listed in their claim application.

If a consumer elects to reschedule a previously scheduled appointment, Volkswagen is required to provide a new appointment within sixty days from the original date. When an appointment must be cancelled due to a problem that arises at the closing -- for example, the consumer neglects to bring the subject vehicle's title to the Buyback appointment -- the settlement specialist should connect the consumer with Volkswagen's "concierge service" to assist in rescheduling as expeditiously as possible. In certain circumstances, Volkswagen can leave the initial appointment open for a period of days to avoid the technical requirement of rescheduling if it is determined that the issue can be resolved quickly.

2. Closing Appointments

In order to successfully execute almost 1,700 closings per week, Volkswagen has trained a network of over 1,000 individuals. This network includes: back-office personnel; Volkswagen, Audi, and Porsche dealership employees; and settlement specialists who are responsible for administering the closings.

Once an appointment is scheduled, Volkswagen closing coordinators prepare packets for the settlement specialists that include bank checks for consumers who elect to be paid by check rather than EFT, as well as FedEx envelopes for the return of signed closing documents. Volkswagen also bulk ships to each dealership closing documents, which include an odometer disclosure statement and limited power of attorney. Combined, these documents generally ensure that the settlement specialists have everything necessary to conduct scheduled closing appointments. Volkswagen check analysts are responsible for requesting checks from J.P. Morgan Chase for consumers who elect this form of payment, and also ensuring that checks to lenders (to satisfy outstanding loan balances) are forwarded once a closing has occurred.

The closing process varies depending on the remedy selected by the consumer.²⁴ At Buyback and Early Lease Termination closings, a trained dealership employee referred to as a program ambassador escorts the consumer to the settlement specialist who takes the requisite photos of the vehicle, confirms the odometer reading, ensures the consumer completes the necessary paperwork, and, if everything is in order, takes custody of the keys and title, assuming title is not held by a lender.²⁵ The settlement specialist then indicates in Volkswagen's closing application that the closing is complete. Consumers are then provided an itemized receipt, either in hardcopy or via e-mail. After the closing is complete, the vehicle is placed in a designated location at the dealership to ensure it is separate from the dealership's inventory and signage is affixed to the vehicle to indicate that it is not for sale.

²⁴ Currently, an AEM is not available for any 3.0 Liter vehicles. In the event an AEM is approved in the future, the process for those appointments will be detailed in subsequent reports.

²⁵ The settlement specialist is required to enter the odometer reading in the closing application twice to decrease the likelihood of erroneous mileage adjustments based on transcription error.

For Trade-Ins, the consumer similarly schedules an appointment at a dealership through the Claims Portal and then coordinates directly with the dealership to ensure that the new vehicle is available for purchase prior to the appointment. At the closing, the settlement specialist verifies the consumer's identity and confirms that the vehicle is operable and matches the one reflected in the portal. The settlement specialist then reviews the Trade-In credit with the consumer and completes the closing. Next, the settlement specialist escorts the consumer back to the program ambassador and the Trade-In transaction may be completed with the dealership.

Consumers electing a Repair Participation Payment also must schedule an appointment at a dealership through the Portal. While these consumers are not surrendering a vehicle, they still must meet with a settlement specialist to verify the consumer's identity and to take pictures of the subject vehicle. The consumer should be provided a receipt; however, payment is issued subsequent to the appointment after a member of Volkswagen's Auburn Hills staff validates the consumer's identification and matches the photographs of the VIN to the information in the portal.

Given the scope of this undertaking and the geographic coverage required, Volkswagen elected to outsource staffing and training of the settlement specialists to a third-party vendor. As a general matter, the settlement specialist's role is largely administrative. Indeed, if a consumer has substantive questions during the closing, the settlement specialist is required to connect the consumer with Volkswagen's Claims Hotline for answers. Because settlement specialists already are familiar with the Buyback and Early Lease Termination appointment process from working on the 2.0 Liter Claims Program, the 3.0 Liter training materials provided to settlement specialists focused on the mechanics of Trade-In and Repair Participation Payment appointments. Volkswagen leadership has indicated that the company is continuously

monitoring Trade-In and Repair Participation Payment appointments as they occur and will provide settlement specialists with any additional training necessary so that these closings may proceed as smoothly as possible for consumers.

In order to evaluate the closing process, the Claims Supervisor conducted on-site observations of closing and Repair Participation Payment appointments, interviewed settlement specialists, and reviewed closing data and consumer feedback related to the closing process. Based on these efforts and related analyses, it appears that Volkswagen's settlement specialists have adequately performed their responsibilities during closings and, in doing so, have effectively applied the processes utilized and experience gained from the 2.0 Liter Claims Program to the 3.0 Liter Claims Program.

Over the course of this quarterly reporting period, the Claims Supervisor observed closings at dealerships in California, Washington, Texas, Colorado, and New Jersey. Generally, the settlement specialists conducted the closings in a professional and efficient manner. The settlement specialists were consistently able to provide accurate responses to basic, non-substantive consumer questions and were responsive to consumers' requests, including, at one closing appointment, accommodating a consumer's request to switch from a Buyback to a Trade-In without the need for a new appointment. For those questions that were substantive or for which the settlement specialists did not have answers, they typically referred consumers to the Claims Hotline, which is consistent with established protocol.

Consumers provided mostly positive feedback regarding the closing process. There were, however, some relatively minor issues that were identified by the Claims Supervisor and settlement specialists, including: (i) new vehicles not being available at Trade-In closing appointments, resulting in the consumer being required to make a subsequent trip to the

dealership to pick up the new vehicle and return any loaner vehicle that was provided; (ii) minor inconsistencies when settlement specialists responded to consumer questions regarding the anticipated timing of the receipt of settlement checks and processing of EFTs; (iii) consumers exhibiting confusion regarding the need for a power of attorney when the closing is conducted by a proxy; (iv) settlement specialists and dealerships initially expressing confusion related to the Trade-In process; and (v) settlement specialists providing answers to substantive questions instead of referring consumers to the Claims Hotline. Volkswagen has been informed of these observations so the company can provide additional training and coaching of the settlement specialists as necessary.

For each of the closings that was observed, a parallel analysis of the payments made to the consumers was conducted to evaluate accuracy. A comparison was made between the amount in the pre-closing e-mail reminder, and the payment that was determined to be owed at closing based on any applicable mileage adjustment. In each instance, the independent Claims Supervisor's analysis reflected that these amounts were determined correctly and that payment arrangements followed accordingly.

3. The Payment Process

Consumers can elect to receive payments by check or EFT. If the consumer opts for a check, it is generally provided at the closing unless the appointment is for a Repair Participation Payment, in which case payment is processed after the appointment, as discussed above. If the consumer opts for an EFT, he or she should receive an e-mail from J.P. Morgan Chase requesting information necessary to initiate the EFT process. The consumer typically receives the funds within three banking days of returning the requested information.

For consumers selecting the Buyback remedy in connection with a vehicle that has an outstanding loan on it, Volkswagen is required under the 3.0 Liter Resolution Agreements to provide the lender with a payoff check within five banking days of the closing. In an effort to ensure that lenders receive payment on time, Volkswagen has established an EFT process to pay Volkswagen Credit, Inc. and Audi Financial Services. For all other lenders, Volkswagen requests payoff checks from J.P. Morgan Chase two weeks in advance of scheduled closing appointments. Once a closing is completed, Volkswagen sends the check to the lender.

Volkswagen has generally satisfied its obligation to issue payments to consumers within three banking days of completing the transaction. While delays in the issuance of payments to consumers occurred from time to time, they have been very limited when compared to the total number of consumers who had completed a closing or Repair Participation Payment appointment. The most common reasons for payment delays to consumers involved instances where the consumer did not receive the initiating e-mail from J.P. Morgan Chase after Volkswagen cleared the EFT for transmission, and where the consumer inadvertently input incorrect information in response to the authentication procedures associated with the EFT. In most cases, these payment delays amounted to only a few additional days. Similarly, the data show just a few instances of delays in payments to third-party lenders. Therefore, since the inception of the Claims Program, the timely issuance of payments to consumers and third-party lenders does not appear to present material challenges.

4. Status of Claims for Extended Warranty and Service Contract Refunds

Consumers with Generation One vehicles electing a Buyback or Trade-In remedy may be entitled to a refund of unused and otherwise nonrefundable portions of the purchase price of certain extended warranties and vehicle service contracts purchased through Authorized Dealers,

including any termination fees, provided that the warranty or service contract was purchased prior to January 31, 2017. Pursuant to Section 7.4 of the 3.0 Liter Class Action Settlement Agreement, a refund claim must be submitted by a consumer within thirty days following the conclusion of a Buyback or Trade-In transaction.²⁶

Volkswagen has engaged a third-party vendor to value and administer these refund claims. As part of the process, Volkswagen transfers daily data related to consumers who complete a Buyback or Trade-In transaction to the vendor, which is responsible for contacting the consumer with instructions on how to submit a refund claim. Among other things, consumers are required to provide complete copies of any applicable extended warranty or service contract to the vendor in order to qualify.²⁷ Refunds are determined on a pro-rated basis to account for any unused months, service and maintenance events, or mileage, depending on the nature and scope of the coverage of the corresponding warranty or contract. To support the refund program, the vendor has established and staffed a dedicated hotline to address consumer questions, and hosts an online claims portal available at www.3LRefundProgram.com where consumers can submit online claims. As with the Claims Program, consumers can elect to be paid by check or EFT.

Consumers began submitting refund claims on July 10, 2017. It appears that approximately 1,000 claims have been received by Volkswagen's vendor as of September 12,

²⁶ Although consumers must file a claim for a refund within thirty days of a closing appointment, the 3.0 Liter Resolution Agreements do not expressly impose a deadline on Volkswagen by which it must determine eligibility and provide the consumer with the refund. Volkswagen's vendor, which is valuing and administering the claims, has, however, set a goal of issuing payments to consumers within thirty days of determining eligibility.

²⁷ The required complete copy of the contract is utilized to confirm a consumer's eligibility, to determine the value of benefits remaining under the warranty or service contract, and to verify whether the consumer is entitled to receive a refund from the issuer pursuant to the terms of the extended warranty or service contract. Consistent with the terms of the 3.0 Liter Class Action Settlement Agreement, and in order to prevent double recovery, consumers are only entitled to recover from Volkswagen the non-refundable portion of the purchase price of an extended warranty or service contract.

2017. The vendor has forwarded thirty-nine of those claims for the Claims Supervisor to review, and has yet to pay any refund claims.

While the number of consumers who have submitted refund claims has been relatively limited, there have been challenges associated with the operation of the program. In a number of instances, Volkswagen's vendor has reported that delays in the processing of claims have occurred because the consumer has not submitted a complete copy of an eligible extended warranty or service contract. When this has occurred, the vendor indicated its practice has been to attempt to reach the issuers of the corresponding contracts to obtain copies.²⁸ According to the vendor, however, this approach has yielded limited results.

The vendor has provided the Claims Supervisor with access to its claims portal and other related data. However, there appear to be material data consistency issues impeding the Claims Supervisor's ability to confirm basic information, including the number of claims submitted, deficiencies determined, or outreach efforts to contact issuers. Volkswagen leadership has acknowledged issues impacting the functionality of the program, and has affirmed the company's commitment to work with the vendor to reconcile the data and accelerate the pace of reviewing refund claims, issuing deficiency notices (as necessary), and providing refunds. The Claims Supervisor will closely monitor progress in this area and will provide additional updates in future reports.

B. Processing of Non-Standard Claims

During the course of this quarterly reporting period, Volkswagen received claims from certain non-standard claimants for which Volkswagen was required to develop and implement

²⁸ The vendor represented that on September 9, 2017, it transmitted notices to all consumers who had submitted deficient claims since the beginning of the program.

special processing procedures. These non-standard claims include those made by consumers who: (i) are serving in the military overseas (where the Eligible Vehicle is also overseas);²⁹ (ii) are living on remote islands in Hawaii and do not have access to a Volkswagen dealership; and (iii) own vehicles that have been branded with a salvage title. The following will provide a summary of Volkswagen's efforts in evaluating and processing these claims.

1. Military Claims

As of September 8, 2017, Volkswagen reported receiving seventy-seven claims from military personnel stationed overseas with their vehicle. Chart 3-1 identifies the countries where these consumers are stationed.

Chart 3-1

Vehicles and Claimant Both Overseas	
Germany	35
Army Post Office address (specific location to be determined)	31
South Korea	4
Belgium	2
Italy	2
United Kingdom	2
Greece	1

Practically, there are a host of unique challenges and legal hurdles associated with closings for these types of claims. While consumers can have the cost of shipping their vehicles back to the United States reimbursed by Volkswagen after successful completion of the closing, many consumers would understandably resist advancing shipping costs, which in some cases could amount to several thousands of dollars. Volkswagen and consumers also have had to

²⁹ If both the vehicle and the consumer are in the United States, then no special process or accommodation is needed. If the consumer is deployed overseas but the vehicle is located in the United States, then Volkswagen can coordinate with the consumer to obtain a power of attorney to complete the closing. Special processing is only required where both the consumer and the Eligible Vehicle are located overseas.

account for tax consequences and certain import restrictions, among other issues, that add further complexity to consummating these closings in an efficient way.

To address these issues, Volkswagen established a process for military personnel participating in the 2.0 Liter Claims Program where these consumers could deliver their vehicles to a vendor located near a major United States military base for transport. The vendor then delivers the vehicles to a port designated as a free trade zone and consumers complete the necessary paperwork electronically. By structuring the closing process this way, consumers were able to avoid potentially significant tax consequences. Volkswagen has leveraged the process utilized in the 2.0 Liter Claims Program for 3.0 Liter vehicles. As of September 8, 2017, three military personnel claims have closed.

2. Hawaiian Claims

Volkswagen also developed and implemented a specialized process to administer claims for consumers living on remote islands in Hawaii who do not have access to a Volkswagen dealership. In connection with the 2.0 Liter Claims Program, the company agreed to reimburse those consumers for costs they incurred to ferry their vehicle to an island with a dealership, and pay for the consumer's return flight home. Volkswagen also partnered with a large rental car company to allow consumers to attend Buyback and Early Lease Termination appointments at rental car facilities located on the remote islands. Volkswagen will leverage this same process for the 3.0 Liter Claims Program, and the first closing is scheduled to occur in the coming weeks.

3. Salvage Title Claims

An additional group of non-standard claims that Volkswagen addressed this quarterly reporting period involved vehicles branded with a salvage title. As discussed in Section II above, a vehicle is designated as salvage when it has been damaged or deemed a total loss by an

insurance company that paid a claim on the vehicle. Some consumers purchased Eligible Vehicles branded with a salvage title after ownership had been transferred to an insurance company, and submitted claims for benefits under the Resolution Agreements. Volkswagen and the Plaintiffs' Steering Committee have been working together with other stakeholders to determine how the eligibility requirements should be applied to such claims.

C. Escrow Account Funding

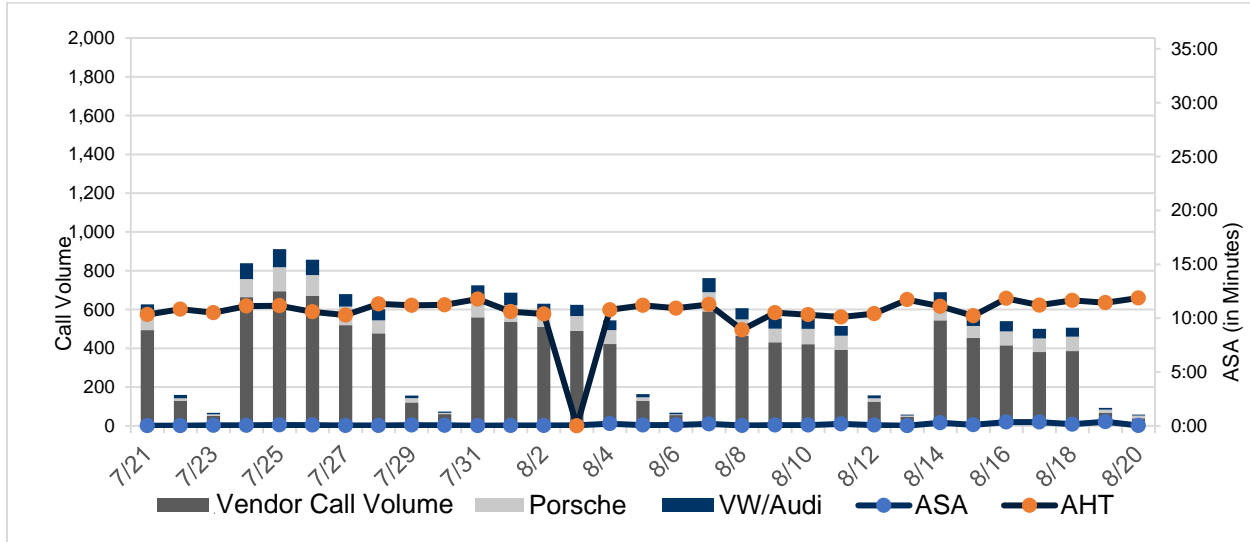
As provided in Section 13 of the 3.0 Liter Class Action Settlement Agreement, Volkswagen is required to fund an Escrow Account to be used to compensate consumers who submit valid claims. On May 24, 2017, Volkswagen deposited into the Escrow Account \$252,000,000, which represents the initial Funding Amount required under the 3.0 Liter Class Action Settlement Agreement. While Volkswagen is required to replenish the Escrow Account if it reaches the minimum balance of \$168,000,000, because Volkswagen is paying claims out of another account, the minimum balance threshold has not been reached.

IV. Consumer Experience

During this reporting period, overall Claims Hotline activity decreased from a high of approximately 1,200 calls per weekday from May 20, 2017 through June 19, 2017, to approximately 650 calls per weekday from July 21, 2017 to August 20, 2017. The average abandonment rate remained less than one percent, and the average wait time (or speed of answer) stayed well below one minute. Chart 4-1 depicts the daily Hotline call volume and related data from July 21, 2017 to August 20, 2017.³⁰

³⁰ ASA is the abbreviation for average speed of answer and AHT represents average handle time.

Chart 4-1



A review of a sample of 1,270 recorded calls and 1,604 chats that occurred between May 1, 2017 and August 30, 2017 showed that the quality and effectiveness of the customer service delivered by Volkswagen's agents was generally high, with almost all calls and chats deemed successful. The primary reasons that the limited number of calls and chats were deemed unsuccessful were that agents provided incorrect information to the consumer, sounded confused or lacked information the agent would be expected to convey regarding the Claims Program, and failed to follow procedures for verifying a consumer's identity.

Since the inception of the Claims Program, Volkswagen has taken several measures to enhance customer service, including: (i) providing regular coaching for its agents; (ii) analyzing statistical trends and recurring issues identified through the Claims Hotline to address consumer needs; (iii) conducting daily meetings between leadership from Volkswagen's Customer Support team and core members of the 3.0 Liter Claims Program to address any questions or issues in real time, as well as to ensure consistent messaging and to implement corrective action where needed; (iv) continuing to refine the content in the Knowledge Management Tool to supply Hotline and Chat agents with accessible and relevant information necessary to respond to

consumer inquiries; and (v) upgrading its chat system to allow agents to manage two chats simultaneously in an effort to increase productivity and reduce wait times.

Throughout this quarterly reporting period, the number of consumer complaints received by Volkswagen remained relatively low. The most common substantive complaints related to challenges with submitting required documentation to substantiate a claim, particularly in connection with more complex documentation requirements, including submission of corporate authority documents by business entities, among others.³¹ As discussed in Section II above, most consumers were able to successfully cure document deficiencies.

A complaint that emerged in July 2017 and continued through August 2017 related to delays reported by a limited number of consumers who elected to be paid by EFT, and either did not receive the initiating e-mail from J.P. Morgan Chase once Volkswagen authorized the transaction for payment or did not timely receive funds. Hotline agents have been trained to troubleshoot EFT issues with consumers and also request to have the EFT e-mail reissued. Although payment delays have occurred from time to time, there have been relatively few compared to the number of completed closings as a result of numerous process enhancements Volkswagen developed as part of the 2.0 Liter Claims Program.

When consumers do encounter challenges navigating the Claims Program, the Resolution Team has been an effective resource. From June 1, 2017 to September 5, 2017, the Resolution Team addressed 769 inquiries and resolved 702 of them, resulting in a resolution rate of approximately 91%. Practically, approximately 91% of all inquiries related to payment issues.

³¹ Additional consumer complaints related to general consumer dissatisfaction with the claims process, the settlement terms, the availability of only one remedy for Generation Two Vehicles, and perceived delays in the receipt of offer letters.

Overall, Volkswagen's ability to process the vast majority of claims in a timely manner, combined with the relatively limited volume of complaints, suggests that most consumers generally have been satisfied with their interactions with the company.

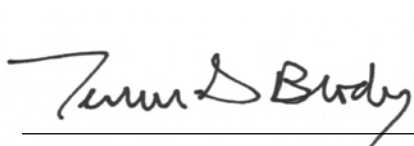
V. Conclusion

During this reporting period, Volkswagen effectively administered the Claims Program with most consumers receiving offer letters, scheduling closing appointments, and obtaining payments for eligible claims in a timely manner. The company also provided effective customer support through the Claims Hotline, Chat function, and Resolution Team, and consumer complaints were limited. In an effort to address Claims Program challenges, Volkswagen made progress in developing procedures to advance non-standard claims and engaged with its vendor to ameliorate the speed with which extended warranty and service contract refund claims will be processed.

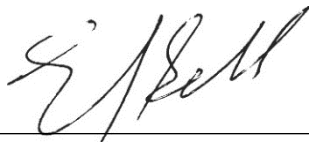
Consistent with the requirements of the 3.0 Liter Resolution Agreements, the Claims Supervisor will continue to evaluate and report on Volkswagen's progress with and adherence to the terms of the 3.0 Liter Resolution Agreements as the Claims Program progresses.

Sincerely,

Ankura Consulting Group, LLC



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