

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

MARCH 13, 2020

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Consistent with the requirements of the 3.0 Liter Resolution Agreements,¹ the independent Claims Supervisor respectfully submits this report, which, unless otherwise specified, addresses progress in the 3.0 Liter Claims Program for the period from December 10, 2019 to March 8, 2020. This will be the Claims Supervisor's final quarterly report prior to the conclusion of the Claims Program on April 30, 2020.

I. Executive Summary

During this quarterly reporting period, Volkswagen generally deployed and managed the necessary resources to effectively administer the Claims Program as the company prepared for the final months of operations. As required by the terms of the 3.0 Liter Resolution Agreements, the company timely processed remaining standard and non-standard claims, completed approved remedies, and distributed payments to eligible consumers. The company also remained responsive to consumer inquiries received through its call hotline and chat portal. Consistent with recent quarterly reporting periods, the company received few consumer complaints.

As the December 31, 2019 deadline for consumers with Generation Two vehicles to submit a claim approached, Volkswagen provided notice to 11,176 consumers who had registered but not yet completed a claim, reminding them of the deadline to do so.² In addition, the notice: (i) advised of an extension of time until January 30, 2020 to attempt to cure a deficiency through the submission of additional documents and information; and (ii) emphasized the April 30, 2020 deadline to complete an approved remedy and be eligible to receive compensation.³

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.

² As previously reported, the deadline for consumers with Generation One vehicles to submit a complete claim was June 1, 2019 and the deadline for those consumers to complete an approved remedy and be eligible to receive compensation was September 30, 2019.

³ As also reflected in the notice, consumers still are eligible to receive an Emissions Compliant Repair ("ECR") after April 30, 2020 free of charge in accordance with the terms of the 3.0 Liter Resolution Agreements.

Following the December 31, 2019 claim submission deadline and the January 30, 2020 extended deadline to cure deficiencies, Volkswagen identified the total universe of claims involving Generation Two vehicles for which those deadlines were not met. Following validation by the Claims Supervisor, the company issued 7,870 ineligibility determinations to consumers who did not meet the December 31, 2019 deadline, and 886 ineligibility determinations to consumers who did not meet the January 30, 2020 extended cure deadline.

Between December 17, 2019 and January 10, 2020, the company also provided notice of an Approved Emissions Modification Correction (“AEM Correction”) to consumers with Generation Two SUVs.⁴ The AEM Correction provides a software calibration update to the original AEM, which: (i) corrects an issue that can cause the “check engine” light to falsely illuminate under certain driving conditions that has resulted in replacement of the diesel oxidation catalyst (“DOC”) in certain vehicles; (ii) reduces the likelihood of the vehicle experiencing an engine shudder that could occur during certain warm-up driving conditions; and (iii) improves on-board diagnostic (“OBD”) monitoring of vehicle emissions systems and otherwise improves the vehicle’s software.

The Claims Review Committee (“CRC”) made further progress during this quarterly reporting period, adjudicating 143 consumer appeals between December 10, 2019 and March 12, 2020. At the end of the quarter, the company had rendered decisions involving all 454 consumer appeals involving Generation One vehicles, and 679 out of 959 appeals (70.8%) involving Generation Two vehicles. A total of 280 appeals remained to be adjudicated. The deadline for consumers with Generation One vehicles to submit an appeal of an ineligibility determination or award amount was October 21, 2019, and the deadline for consumers with Generation Two vehicles to do so is May 21, 2020.

⁴ Generation Two SUVs are comprised of 2013-2016 model year Volkswagen Touaregs, 2013-2015 model year Audi Q7s, and 2013-2016 model year Porsche Cayennes.

The statistics below cumulatively present key 3.0 Liter Claims Program metrics as of March 8, 2020:

- 87,328 registrations had been created in Volkswagen’s Claims Portal;
- 73,423 consumers had submitted claims for Volkswagen to review;
- 69,397 consumers had been issued offer letters, the aggregate value of which totaled \$1,079,047,450.95;
- 68,076 consumers had accepted offer letters, the aggregate value of which totaled \$1,070,932,482.20;
- 16,831 consumers with Generation One vehicles had closed on their Buyback or Trade-In, and Volkswagen had paid \$683,923,893.63 to, or on behalf of, consumers in connection with these claims;
- 1,436 consumers with Generation One vehicles had completed a Reduced Emissions Modification (“REM”), including 1,088 consumers who also had completed the claims process, and Volkswagen had paid \$10,547,115.11 to consumers in connection with completed REM claims;⁵
- 48,154 consumers with Generation Two vehicles had completed an ECR, including 44,695 consumers who also had completed the claims process, and Volkswagen had paid \$348,210,835.55 to consumers, which includes Repair Participation Payments and Repair Payments;
- For Generation One vehicles, 657 Former Owners, 64 Owners with totaled vehicles, and 9 Former Lessees had received Restitution Payments, and the aggregate values of these payments totaled \$3,394,295.70, \$640,632.45, and \$49,846.33, respectively;

⁵ Data related to AEMs are as of March 5, 2020, and include both REMs and ECRs.

- For Generation Two vehicles, 2,367 Former Lessees, 1,113 Former Owners, and 178 consumers with totaled vehicles had received Repair Payments, and the aggregate values of these payments totaled \$4,733,000.00, \$4,733,516.19, and \$1,422,995.55, respectively;
- Volkswagen had paid a total of \$68,352.58 in connection with 560 extended warranty or service contract refund claims; and
- Volkswagen had removed from commerce or modified 95.5% of all Generation One Subject Vehicles, 95.4% of all Generation Two Subject Vehicles, 96.6% of all Generation One Subject Vehicles registered in California, and 96.1% of all Generation Two Subject Vehicles registered in California, and thus has exceeded the required 85% threshold for each Subject Vehicle category.

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 March 8, 2020, 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 depending on the generation of vehicle. References to Volkswagen's performance during "this quarter" refer to the period from December 10, 2019 through March 8, 2020.

A. Consumer Registrations

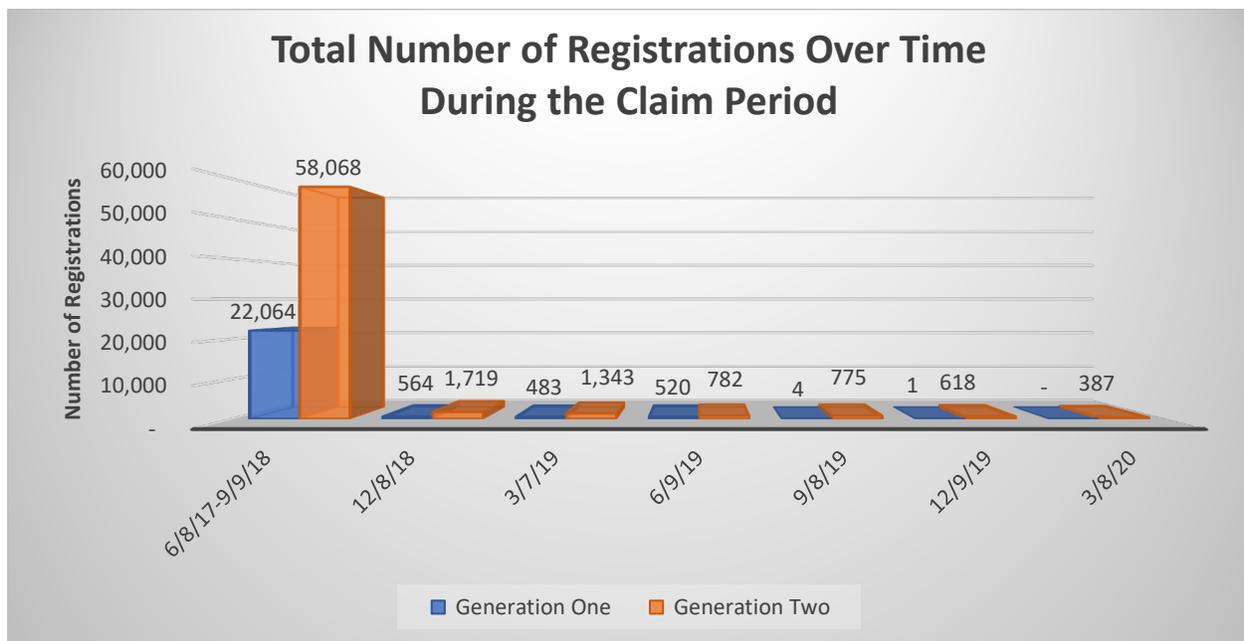
As of March 8, 2020, there had been a total of 87,328 registrations in Volkswagen's system, including 387 registrations created during this quarter.⁶ A registration occurred when a

⁶ These figures include a significant number of duplicate entries. Duplicate entries are not identified until the requisite supporting claims information and documentation are submitted and the review periods begin. Thus, the figure overstates the number of unique claims that have been registered.

consumer provided Volkswagen with basic information including name, contact information, vehicle identification number (“VIN”), and preferred dealership. With the claims submission period deadline and the extended deficiency cure period deadline for Generation Two vehicles having passed on December 31, 2019 and January 30, 2020, respectively, additional registrations no longer are expected to be created apart from specific circumstances (e.g., following a successful CRC appeal).⁷

Of the 87,328 registrations, 23,636 related to Generation One vehicles (21,215 individuals and 2,421 businesses), and 63,692 related to Generation Two vehicles (56,651 individuals and 7,041 businesses). Chart 2-1 shows the total number of registrations created by consumers over time during the Claim Period, including during this quarter.

Chart 2-1⁸



⁷ The claim submission period for Generation One vehicles, inclusive of the extended deficiency cure period Volkswagen provided to consumers, concluded on June 30, 2019. Comprehensive historical information regarding Generation One registrations is set forth in the Claims Supervisor’s September 13, 2019 public report.

⁸ The one registration from last quarter followed from a consumer’s successful CRC appeal.

Charts 2-2 reflects all registrations created by consumers according to eligibility category across Generation Two vehicles through March 8, 2020. The “No Category Selected” population consists of consumers who had created a registration as of March 8, 2020, but had not provided details identifying their eligibility category.

Chart 2-2

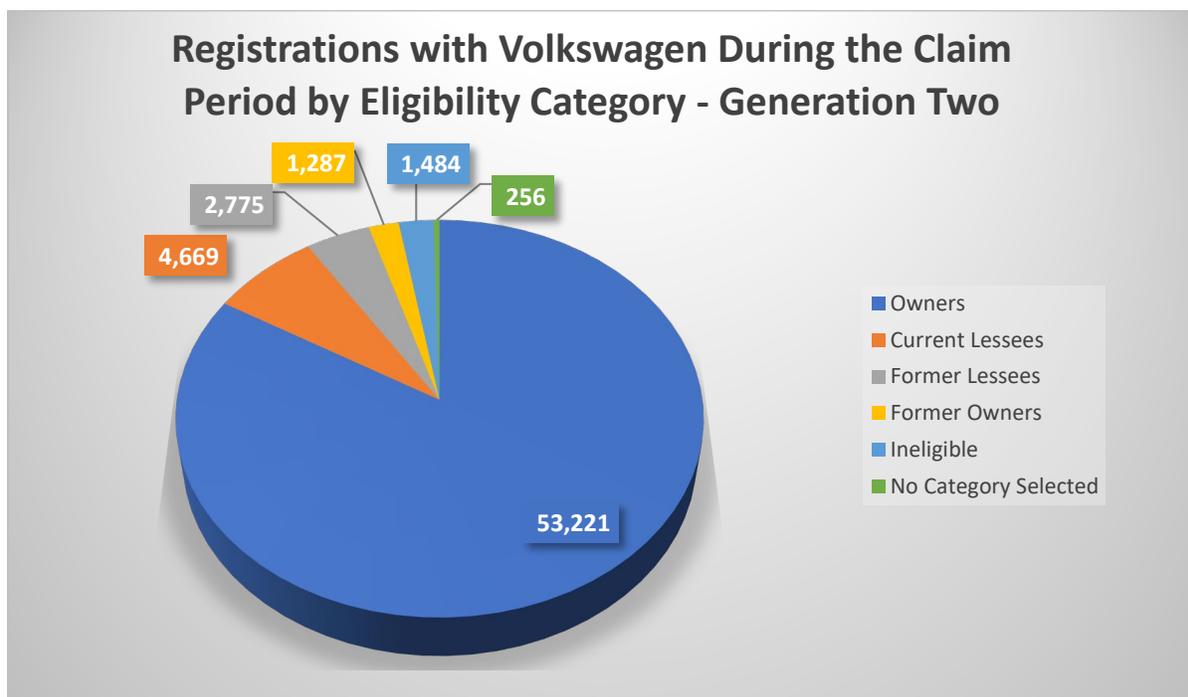
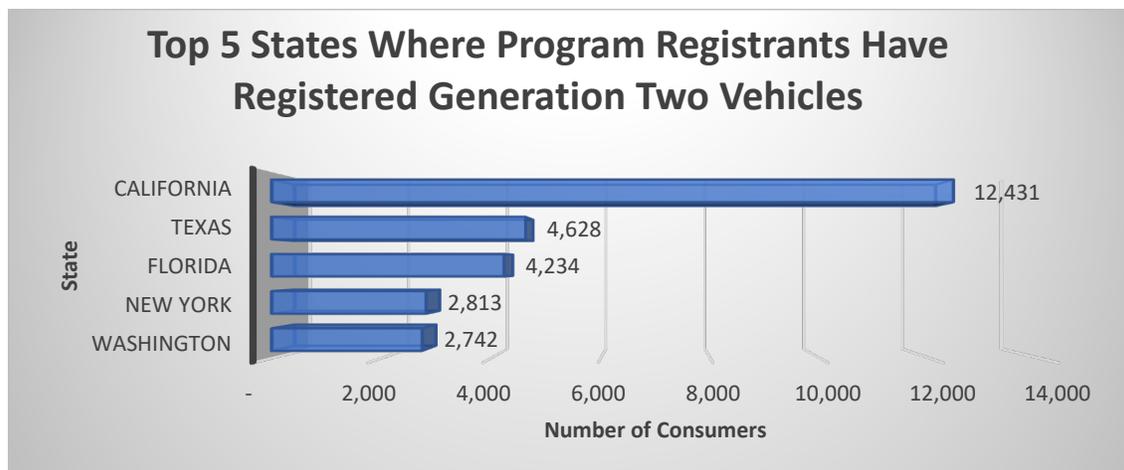


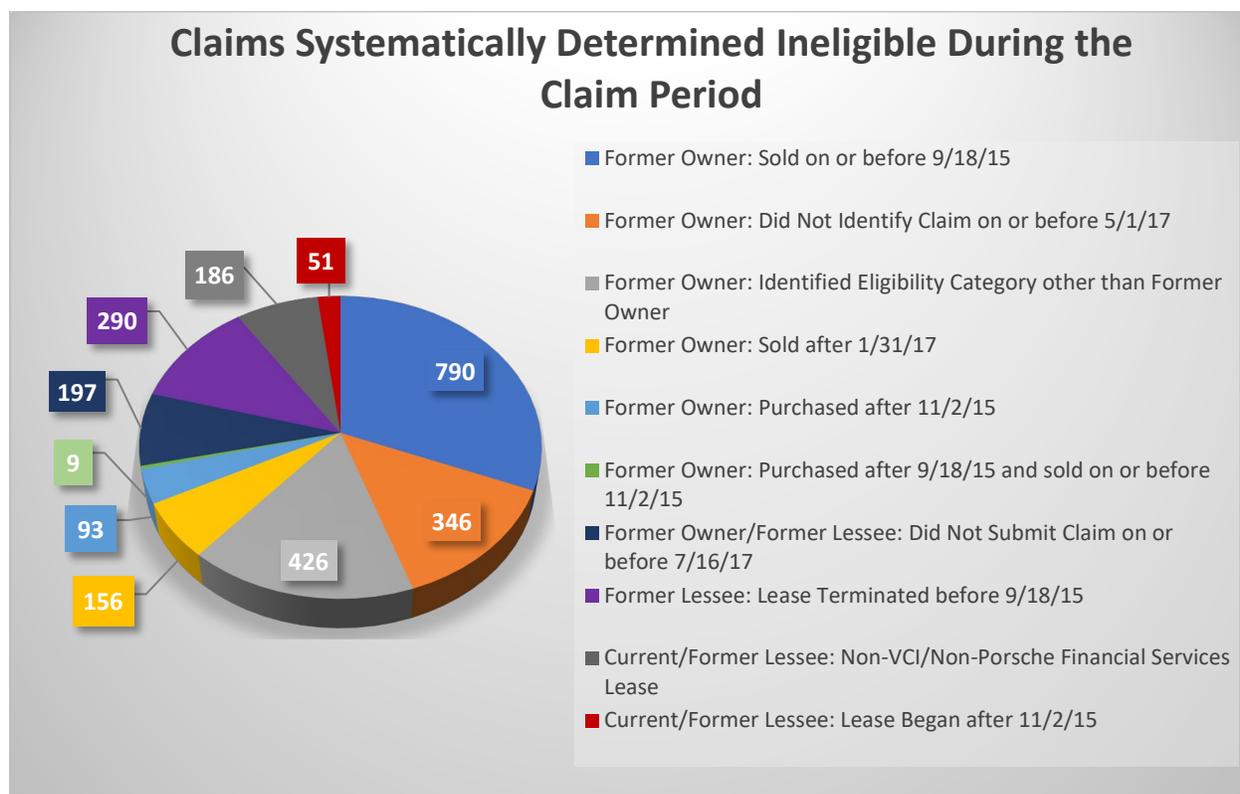
Chart 2-3 shows, among the population of vehicles associated with registered claims for Generation Two vehicles, the states where the largest number of vehicles are registered.

Chart 2-3



Volkswagen’s system was configured to automatically determine certain ineligible claims where information provided by the consumer indicated the consumer was not eligible under the requirements of the 3.0 Liter Resolution Agreements. For example, a consumer who attempted to submit a Former Owner claim indicating the vehicle was sold on or before September 18, 2015 would have been deemed ineligible under the “Eligible Former Owner” definition. In these instances, Volkswagen would send the consumer a letter explaining the basis for the ineligibility determination. Chart 2-4 shows the reasons for ineligibility determinations across the claims that were deemed systematically ineligible, including claims associated with Generation One and Generation Two vehicles.

Chart 2-4



The Claims Supervisor reviewed all new systematic ineligibility determinations each quarter to confirm Volkswagen’s systematic ineligibility logic operated appropriately.

Finally, after the January 30, 2020 extended deficiency cure deadline for Generation Two vehicles passed, Volkswagen and the Claims Supervisor reviewed all claims where consumers completed a registration but never submitted a claim. Following this review and confirmation by the Claims Supervisor, Volkswagen issued 7,870 ineligibility determinations to these consumers for failure to submit a claim on or before the December 31, 2019 claim submission deadline.⁹

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

After registration and preliminary remedy selection, a consumer's next steps in the process were to provide prescribed documents needed to substantiate the claim and submit the claim to Volkswagen for review. As of March 8, 2020, a total of 73,423 unique claims were submitted by consumers for Volkswagen to review, including 495 claims submitted by consumers during this quarter.¹⁰ Of these, 19,549 related to Generation One vehicles (17,860 individuals and 1,689 businesses), and 53,874 related to Generation Two vehicles (48,588 individuals and 5,286 businesses).

Chart 2-5 shows, across Generation One and Generation Two vehicles, the total number of unique claims submitted by consumers over time during the Claim Period, including during this quarter.

⁹ Of the 7,870 ineligibility determinations, 7,264 registrations (92.3%) were not supported by any documents. It is surmised that these registrations most likely were created to check the settlement value associated with a VIN or were duplicates of other completed claims. For 301 registrations (3.8%), at least one document was submitted in support of the registration but another complete and eligible claim within the same eligibility category was submitted and paid. This tends to indicate that these 301 registrations likely could not have been completed (or if they could have been completed, likely would have been deemed ineligible). For the remaining 305 registrations (3.9%), at least one document was submitted in support of the registration and there was not a separate and completed claim within the same eligibility category submitted by a different claimant. It is not clear why these consumers did not ultimately submit a claim or whether they would have been eligible for compensation. Notably, following the June 1, 2019 deadline for consumers with Generation One vehicles to submit complete claims, Volkswagen and the Claims Supervisor agreed that 2,969 registrations related to Generation One vehicles were not associated with a submitted claim. Ineligibility determinations were issued thereafter to consumers for failure to submit a claim on or before the Generation One claim submission deadline.

¹⁰ "Unique claims" means unique VINs within unique eligibility categories. A claim by an Owner and a Former Owner regarding the same VIN was counted as two unique claims. A claim by one Owner who owns five separate vehicles was counted as five unique claims.

Chart 2-5¹¹

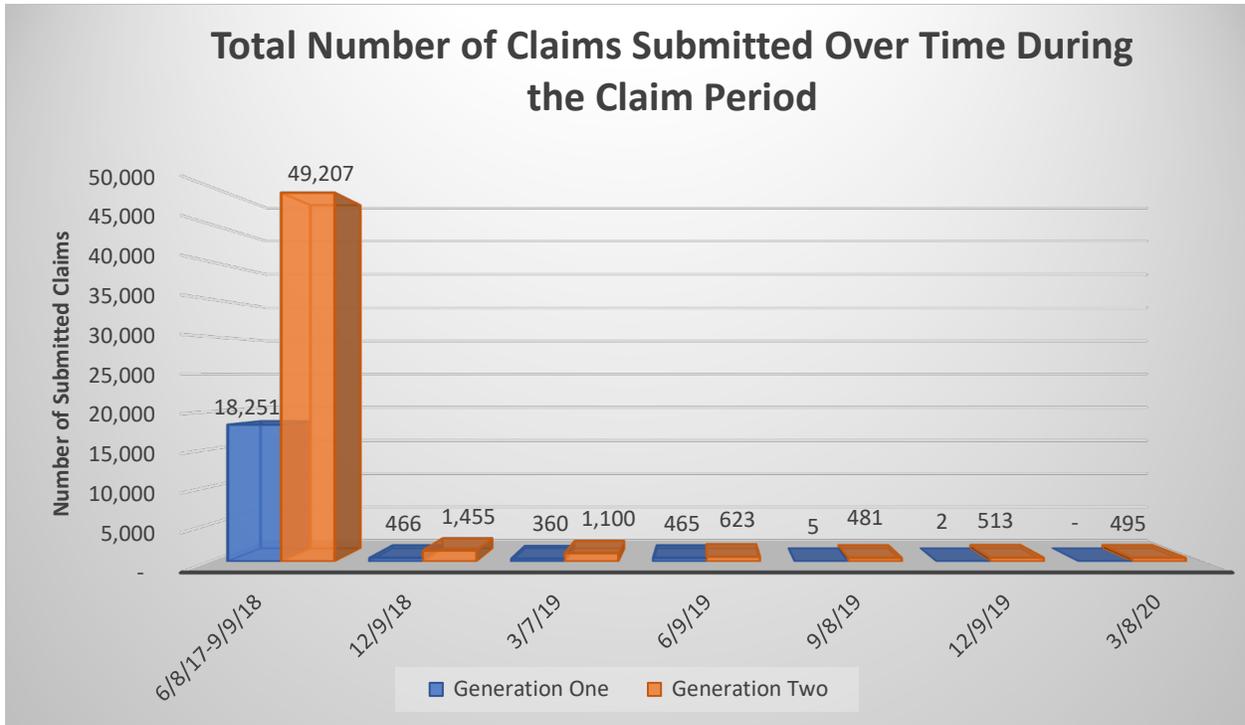
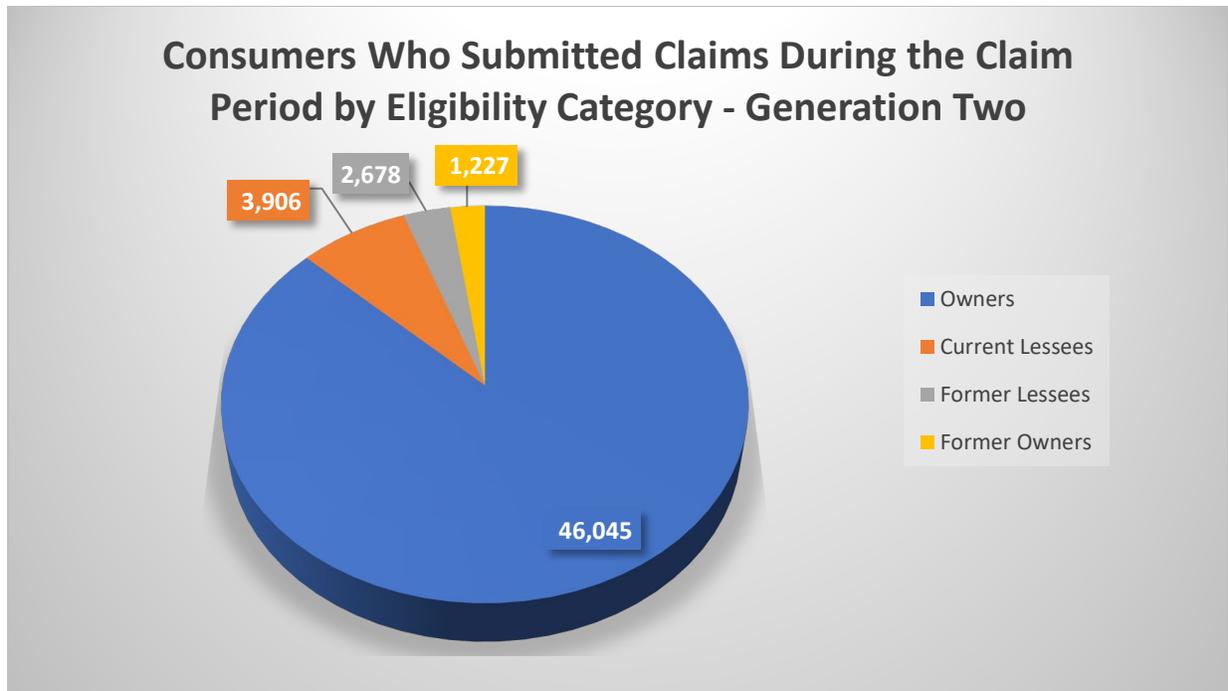


Chart 2-6 shows, for Generation Two vehicles, the total population of consumers who had submitted claims by eligibility category.

¹¹ With respect to the two Generation One claims submitted by consumers in the previous quarter after the June 30, 2019 extended deficiency cure deadline: (i) one claim was submitted after the consumer had prevailed on a CRC appeal, and (ii) one claim was attributable to an Owner who timely submitted an eligible individual claim that, based on information subsequently provided by the consumer, needed to be resubmitted as a business claim after the claim submission period closed. Comprehensive historical information regarding Generation One first ten-business-day submissions and preliminary remedy selections, exclusive of the two claims referenced here, can be found in the Claims Supervisor’s public report of September 13, 2019.

Chart 2-6¹²

The only remedy available to the 44,751 Owners and 3,726 Current Lessees of Generation Two vehicles who had submitted and not subsequently cancelled claims through March 8, 2020 was an ECR. A Repair Payment was the only remedy available for the 2,631 Former Lessees, as well as 1,214 Former Owners, and 200 consumers with totaled vehicles who had submitted claims associated with Generation Two vehicles. Additionally, there were 1,334 claims that were cancelled, usually as a result of the submission of duplicate claims or at the consumer's request, and 18 claims that ultimately were deemed not eligible.

Throughout the Claim Period, Volkswagen continued to substantially satisfy the requirement that it timely issue a determination of whether a claim was complete and preliminarily eligible (or ineligible) within ten business days of the claim submission by the consumer. As of March 8, 2020, Volkswagen had been required to make 113,206 first ten-business-day review period determinations. The company timely rendered 112,646 decisions for

¹² The eighteen claims not reflected in Chart 2-6 were determined to be ineligible.

an overall first ten-business-day review period compliance rate of 99.5%. During this quarter, Volkswagen was required to make 1,529 first ten-business-day review period decisions and timely did so in all instances. As of March 8, 2020, there were no overdue claims pending in the first ten-business-day review period.

Chart 2-7 shows Volkswagen’s performance during the Claim Period in timely issuing first ten-business-day review period decisions, and Chart 2-8 shows Volkswagen’s overall first ten-business-day review period performance by eligibility category.

Chart 2-7

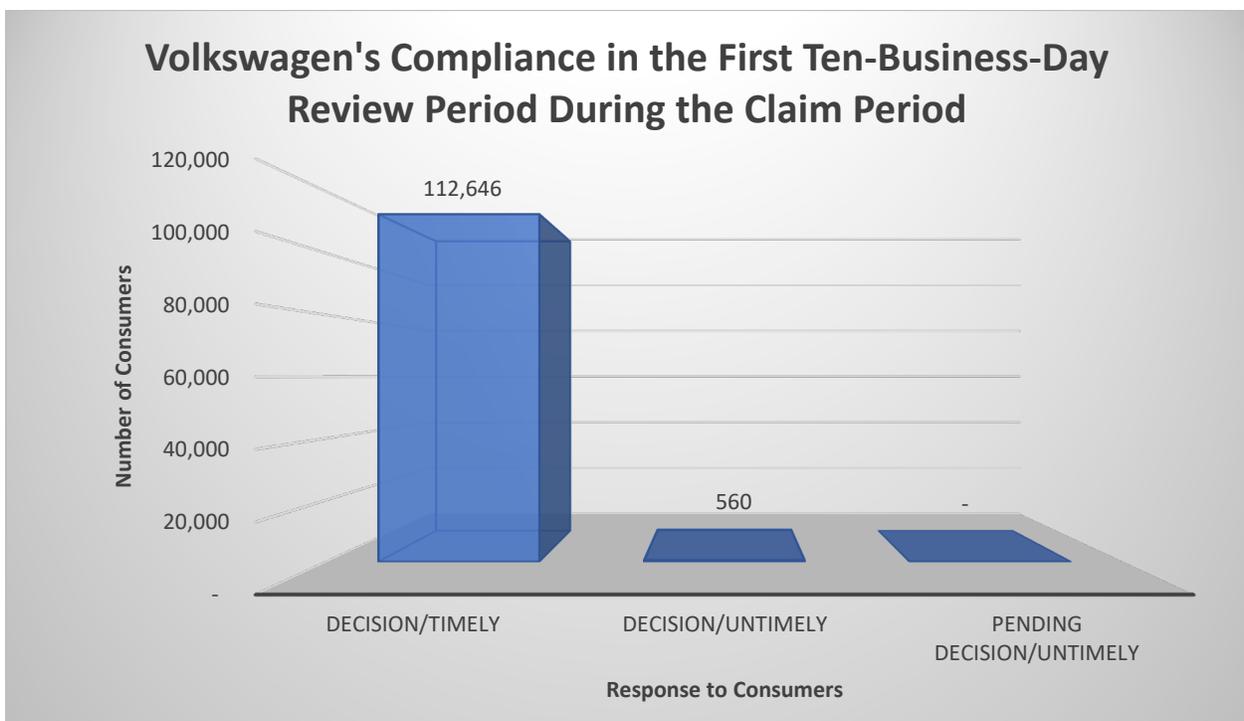


Chart 2-8¹³

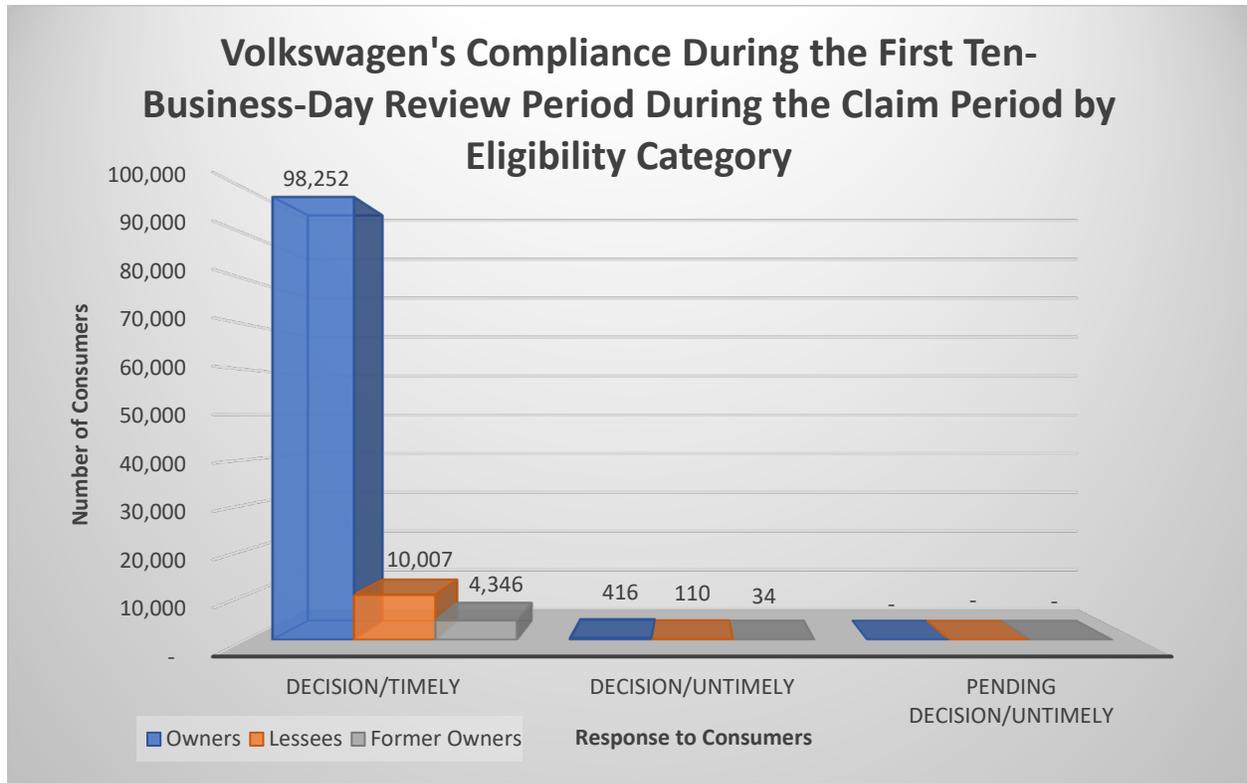
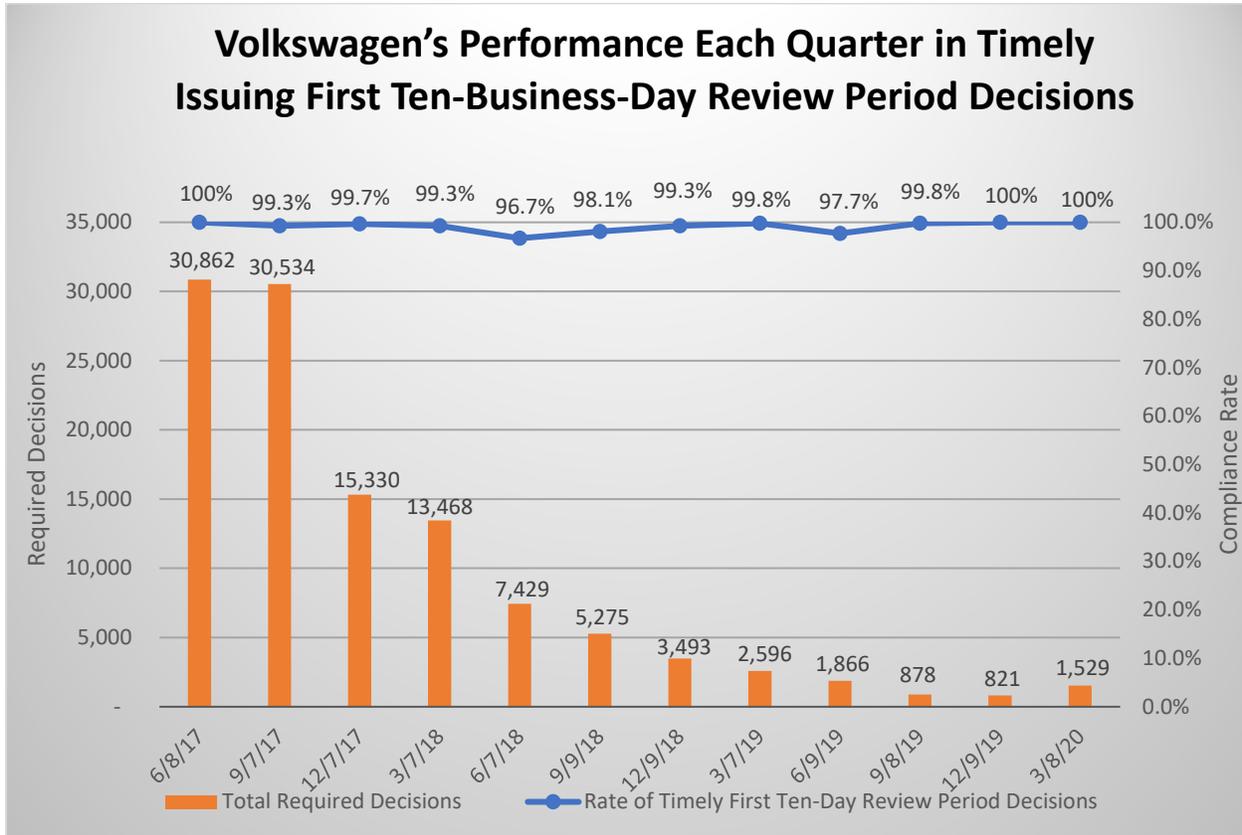


Chart 2-9 shows the number of required decisions as well as Volkswagen’s performance in timely issuing first ten-business-day review period decisions across all quarters of the Claim Period, including during this quarter.

¹³ The forty-one claims not reflected in Chart 2-8 were all timely deemed not eligible.

Chart 2-9¹⁴

The first ten-business-day review period figures (and the second ten-business-day review period figures below) historically have excluded three groups of claims: (i) claims by consumers who initially purchased the vehicle in the United States but registered it in Canada; (ii) claims from consumers who indicated that they were employed by Volkswagen or the Court; and (iii) certain claims associated with vehicles with branded titles.¹⁵ As of March 8, 2020, there were no

¹⁴ The aggregated total of all claims in Chart 2-9 is 875 decisions (0.8%) greater than the aggregated total of 113,206 required decisions through March 8, 2020. The divergence is the result of changes over time in the definitions of excluded claims from the timeliness analysis, including claims associated with branded titles as described below. Chart 2-9 reflects the required number of decisions by quarter based on the exclusionary rules that were applied at the time of each quarter, while the aggregated total of required decisions and timely decisions set forth above yields Volkswagen's overall compliance rate based on applying the current exclusionary rules across the entire Claim Period.

¹⁵ The first two categories of claims were excluded from the timeliness analysis because the consumers did not meet the Class Member definition. While Volkswagen used the claims process to identify and engage with these consumers, they would not receive any funds out of the Funding Pool. Branded title claims were excluded in accordance with the claims processing framework developed by the Parties and CRC in February 2018, as discussed in more detail in Section III below.

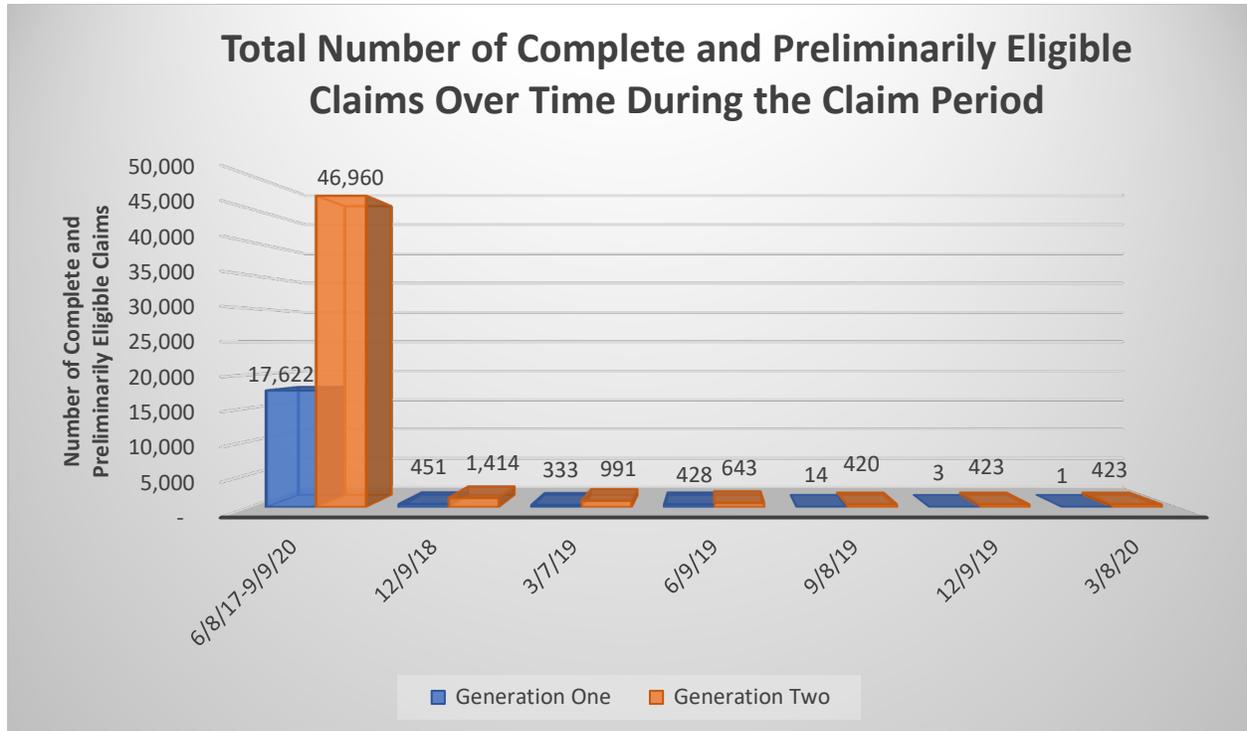
active claims submitted by consumers within these categories.¹⁶ Further discussion of non-standard claims is set forth in Section III below.

C. Preliminary Eligibility Determinations and Deficiencies

Through March 8, 2020, a total of 70,126 claims had been determined by Volkswagen to be complete and preliminarily eligible, including 424 unique claims during this quarter. Across these claims, 18,852 claims related to Generation One vehicles (17,352 individuals and 1,500 businesses) and 51,274 claims related to Generation Two vehicles (46,617 individuals and 4,657 businesses).

Chart 2-10 shows, for Generation One and Generation Two vehicles, the total number of claims deemed complete and preliminarily eligible by Volkswagen over time during the Claim Period, including during this quarter.

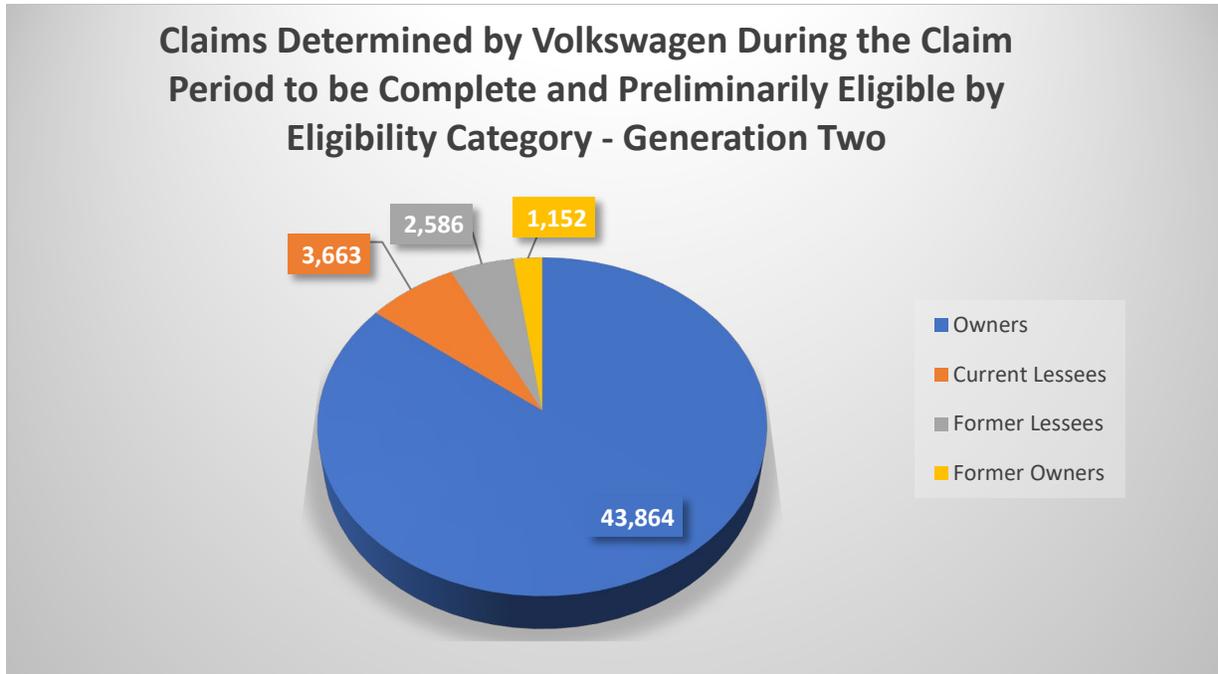
¹⁶ For these purposes, a claim was considered “active” once a consumer submitted it, but before a final determination on eligibility and award (or ineligibility) was rendered.

Chart 2-10¹⁷

Charts 2-11 reflects the number of claims Volkswagen determined to be complete and preliminarily eligible by eligibility category across Generation Two vehicles as of March 8, 2020.

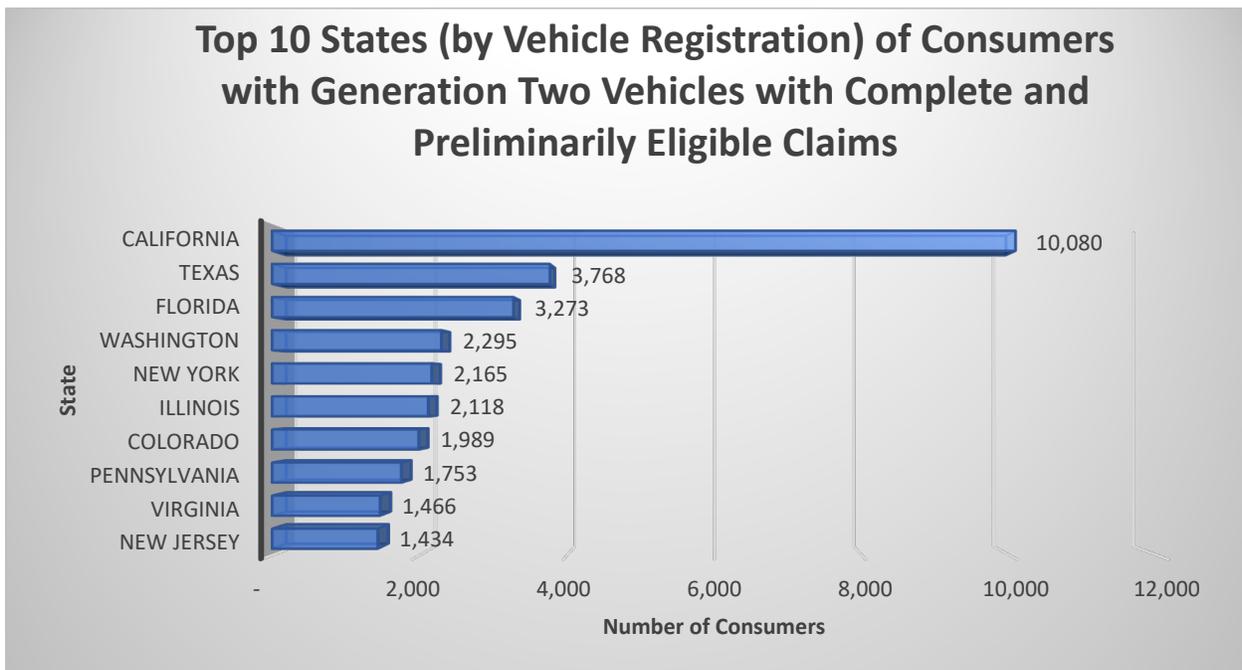
¹⁷ The one Generation One claim deemed complete and preliminarily eligible during this quarter -- and that resulted in an offer being issued following the second ten-business-day review period -- was a claim by a Former Owner that followed a successful CRC appeal. With respect to the three Generation One claims from the previous quarter that were deemed complete and preliminarily eligible after the June 30, 2019 extended deficiency cure deadline for Generation One vehicles: (i) two claims involved unique circumstances associated with Buyback claims for vehicles located overseas, and (ii) one claim arose from a consumer's successful CRC appeal. Comprehensive historical information regarding Generation One first ten-business-day completeness and eligibility determinations, exclusive of the four claims referenced here, can be found in the Claims Supervisor's public report of September 13, 2019.

Chart 2-11¹⁸



Charts 2-12 shows the most common states in which Generation Two vehicles associated with preliminarily eligible claims have been registered.

Chart 2-12



¹⁸ The nine claims not accounted for in Chart 2-11 were ultimately deemed not eligible

As discussed above, consumers with Generation Two vehicles only had one remedy option available. As a result, all claims of the 43,331 Owners and 3,585 Current Lessees of Generation Two vehicles that had been deemed complete and preliminarily eligible by Volkswagen through March 8, 2020 were for the ECR remedy. A Repair Payment was the only remedy available for 2,569 Former Lessees, 1,149 Former Owners, and 189 Owners with totaled vehicles who had submitted claims associated with Generation Two vehicles that, through March 8, 2020, had been deemed complete and preliminarily eligible by Volkswagen. There were an additional 442 cancelled claims and 9 claims that ultimately had been deemed not eligible.

During the 3.0 Liter Claim Period, there were 35,620 instances where Volkswagen deemed a claim deficient during the first ten-business-day review period. More than 60,100 individual deficiency codes were applied by Volkswagen during the Claim Period, as multiple deficiencies could be associated with a single claim submission. The most common deficiency codes were: (i) an incorrect document was uploaded (15,744 claims); (ii) a document was illegible (10,342 claims); (iii) a document was incomplete or the document image was cut off (7,818 claims); and (iv) a document was missing pages (5,038 claims).

As the same claim could have been resubmitted to Volkswagen after initially being deemed deficient, the 35,620 instances of deficiency determinations were associated with 23,433 unique claims. Of those 23,433 unique claims, consumers made at least one attempt to cure in connection with 22,442 claims (95.8%), while no attempt to cure was made with respect to the remaining 991 claims (4.2%). Across the 22,442 claims where consumers had attempted to cure: (i) for 21,278 claims (94.8%), consumers successfully cured the deficiency; and (ii) for 1,164 claims (5.2%), consumers did not successfully cure the deficiency.

With the January 30, 2020 close of the extended deficiency cure period for Generation Two vehicles, there were no claims with active deficiencies as of March 8, 2020. Following the completion of the extended deficiency cure period, Volkswagen and the Claims Supervisor

reviewed all claims that had active deficiencies as of that time. Of the 911 claims identified by Volkswagen as remaining deficient after the extended deficiency cure period deadline lapsed, the Claims Supervisor agreed that 886 claims were accurately determined by Volkswagen to be deficient. These claims were converted from deficient to ineligible for not timely submitting a complete claim on or before the deficiency cure deadline. The remaining twenty-five claims were deemed complete by Volkswagen after consultation with the Claims Supervisor. Twenty-four of those claims were moved to the second ten-day review period for processing, and one claim was deemed complete but ineligible due to the consumer already having a separate offer pending for the same vehicle.¹⁹

D. The Second Ten-Business-Day Review Period

Volkswagen generally had ten business days from the date it concluded that a consumer's claim was complete and preliminarily eligible to issue an offer letter.²⁰ As of March 8, 2020, a total of 70,239 consumers had reached the second ten-business-day review period after having been deemed preliminarily eligible by Volkswagen, including 439 such consumers during this quarter.²¹ Of these, 18,873 claims related to Generation One vehicles (17,371 individuals and 1,502 businesses) and 51,366 claims related to Generation Two vehicles (46,704 individuals and

¹⁹ Another 146 deficient claims related to Generation One vehicles were converted to ineligible following review by the Claims Supervisor after the June 30, 2019 extended deficiency cure period for Generation One vehicles.

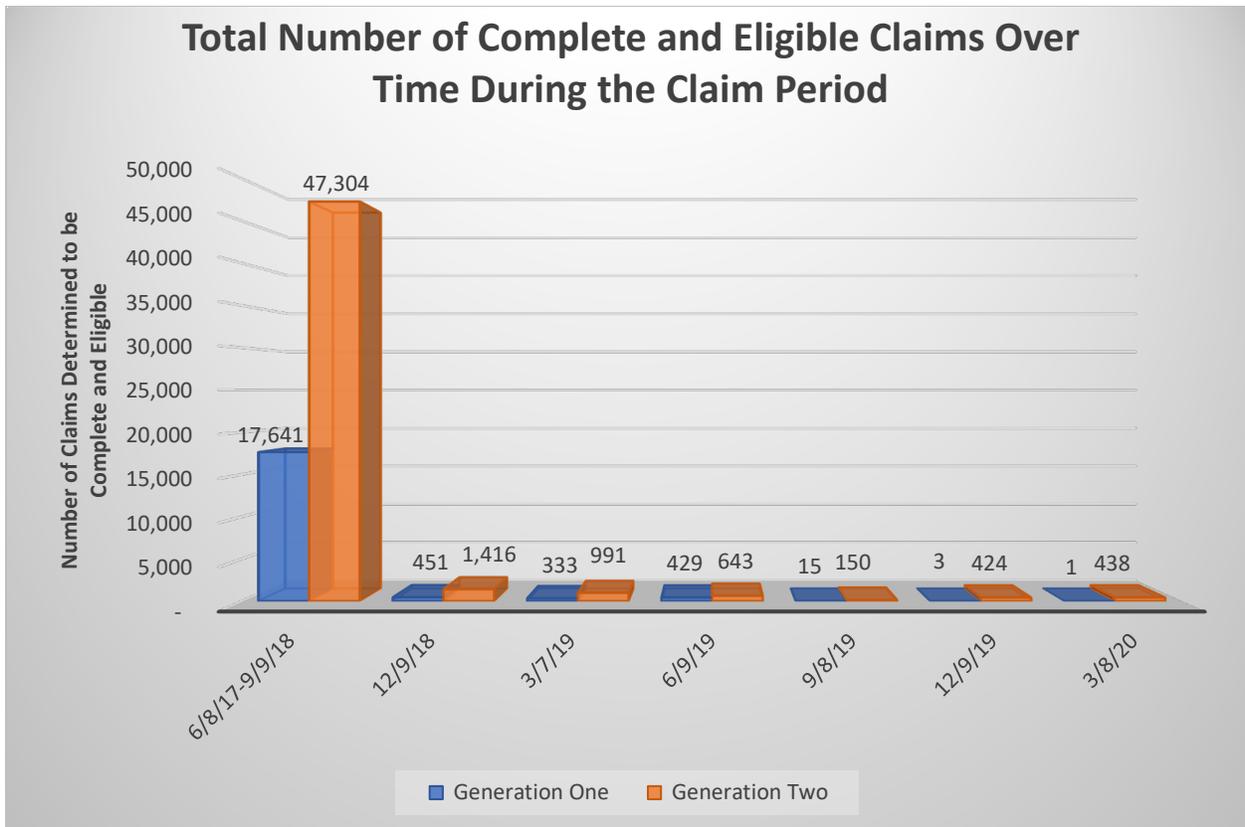
²⁰ In certain instances, Volkswagen determined during the first ten-business-day review period that a claim was ineligible, in which case that ineligibility determination had to be verified by the Claims Supervisor during the second ten-business-day review period. These ineligibility determinations were separate from claims automatically deemed ineligible by Volkswagen's system based on information input by the consumer in the Claims Portal. Through March 8, 2020, there were 2,811 instances in which claims related to Generation One or Generation Two vehicles had been deemed ineligible upon review by Volkswagen. For 2,525 of these claims, the ineligibility determination was validated by the Claims Supervisor and communicated by Volkswagen to the consumer. Remaining claims generally were historical instances where a claim was deemed deficient instead of ineligible, offering the consumer a chance to timely cure.

²¹ As described above, there were 70,126 consumers whose claims were deemed complete and preliminarily eligible by Volkswagen, but 70,239 preliminarily eligible claims reached the second ten-business-day review period. The difference 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 does not substantively affect claims processing. It is only reflected when data is queried to generate aggregated figures for reporting.

4,662 businesses). Across this population, 69,397 consumers (98.8%) had been issued offer letters, including 493 offer letters issued during this quarter.

Chart 2-13 shows, for Generation One and Generation Two vehicles, respectively, the total number of claims reaching the second ten-business-day review period over time during the Claim Period, including during this quarter.

Chart 2-13²²



Throughout the Claim Period, Volkswagen continued to substantially satisfy the requirement that it timely issue second ten-business-day review period decisions. As of March 8, 2020, the company was required to make 78,073 second ten-business-day review period decisions. The company timely rendered determinations in 76,266 instances, for a second ten-business-day review period compliance rate of 97.7%. During this quarter, Volkswagen was

²² The same four claims described in footnote 17 above account for the four Generation One vehicles that reached the second ten-business-day review period during the past two quarters.

required to make 1,497 second ten-business-day review period decisions, and timely did so in 1,483 instances for a reporting period-specific compliance rate of 99.1%. As of March 8, 2020, there were no overdue claims pending in the second ten-business-day review period.

Chart 2-14 shows Volkswagen’s performance during the Claim Period in timely issuing second ten-business-day review period decisions, and Chart 2-15 reflects Volkswagen’s overall second ten-business-day review period performance by eligibility categories.

Chart 2-14

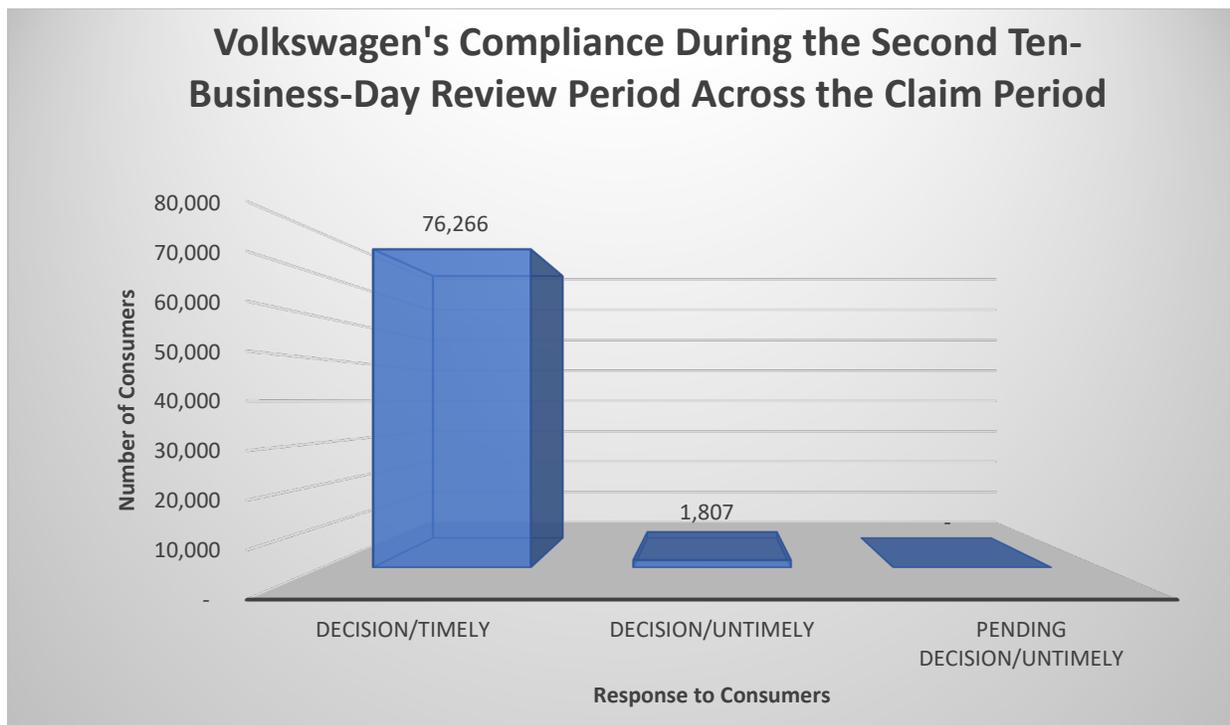


Chart 2-15²³

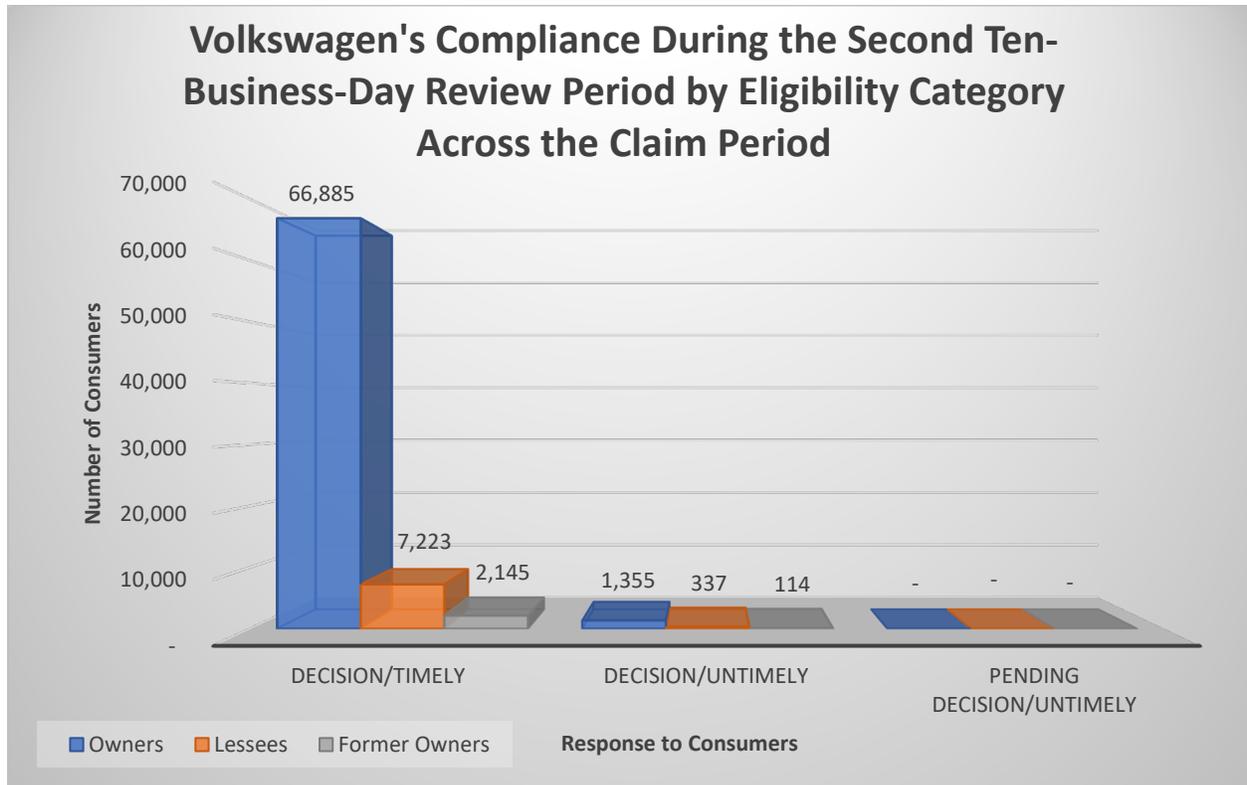
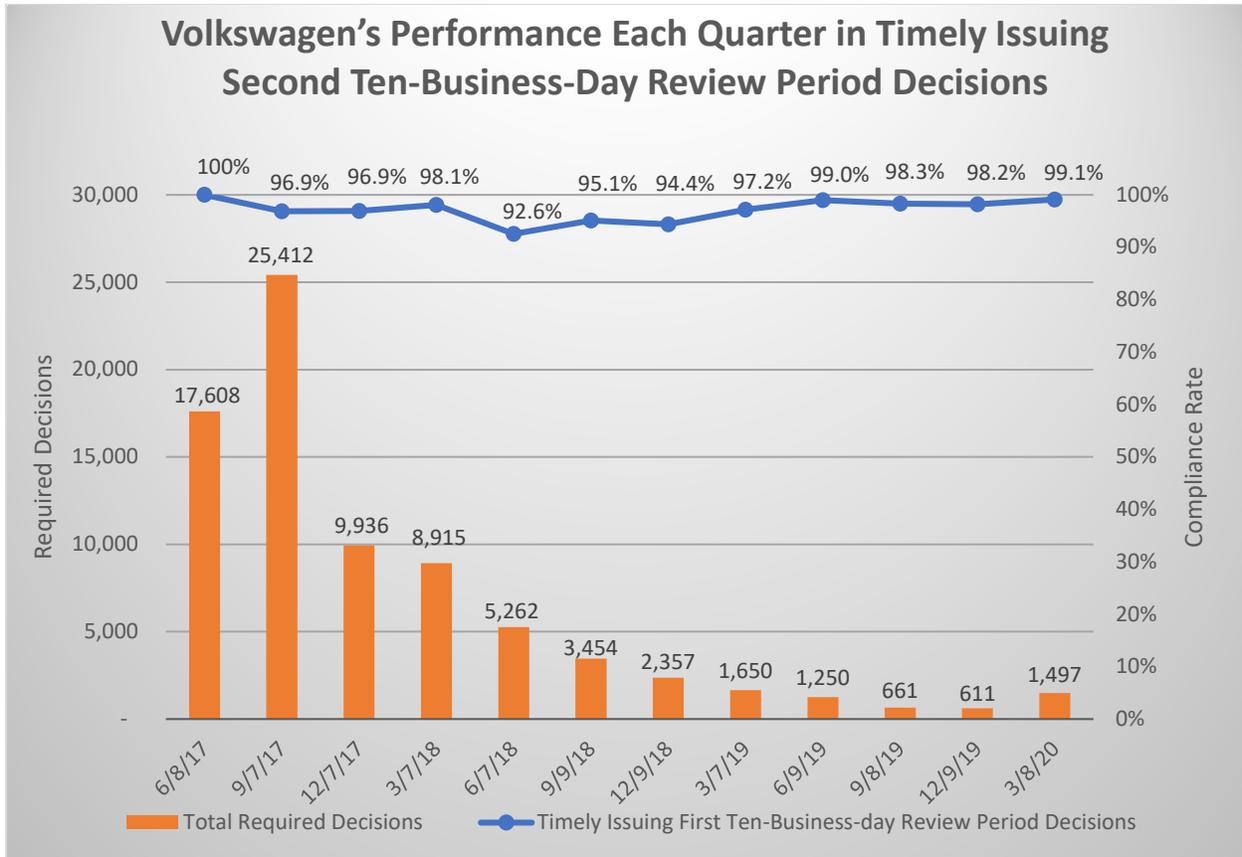


Chart 2-16 reflects the total number of required decisions as well as Volkswagen's performance in timely issuing second ten-business-day review period decisions across each quarter of the Claim Period.

²³ The fourteen claims not accounted for in Chart 2-15 were deemed not eligible, thirteen of which were timely decisions and one of which was untimely.

Chart 2-16²⁴



E. Offer Letters

Through March 8, 2020, Volkswagen had issued 69,397 offer letters, the aggregate value of which totaled \$1,079,047,450.95, including 493 offer letters issued during this quarter aggregately valued at \$3,519,110.70.²⁵ Of these, 18,699 offer letters with an aggregate value of \$702,470,607.50 related to Generation One vehicles (17,226 offers to individuals with an

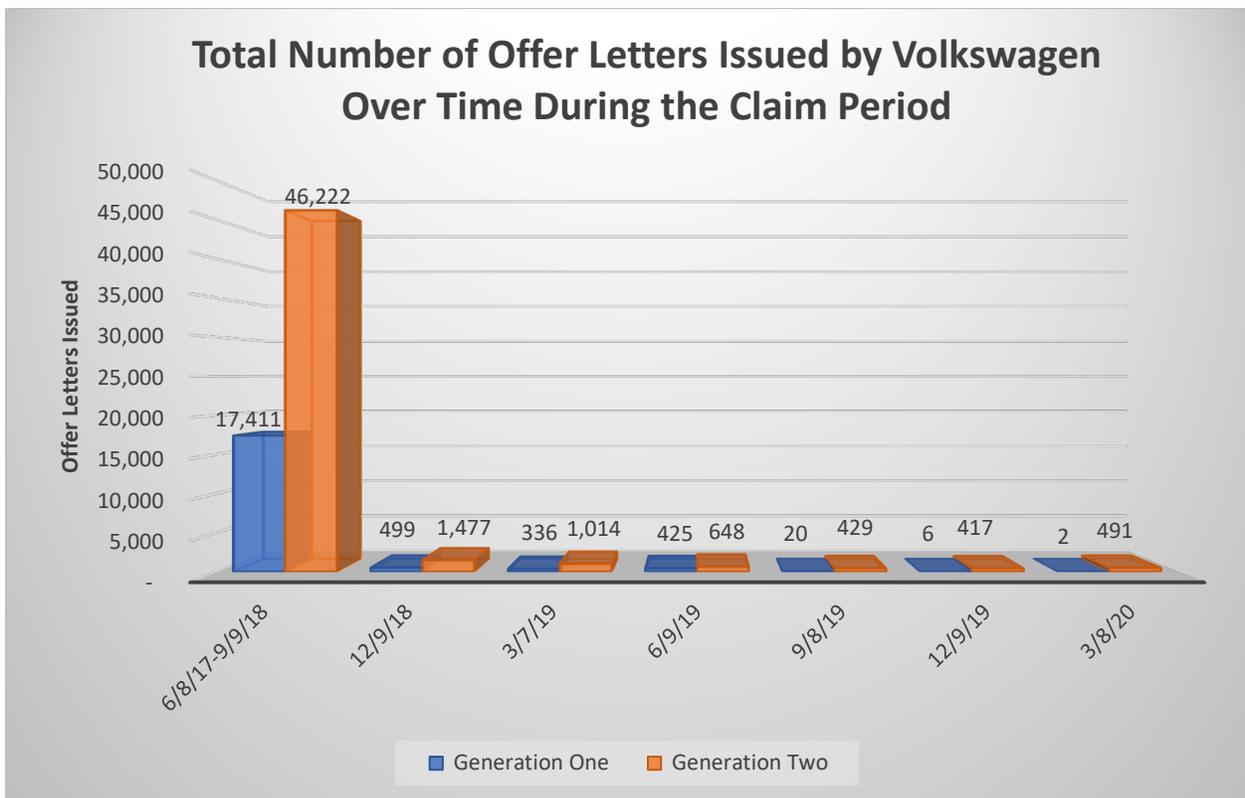
²⁴ For the same reasons described in footnote 14, the aggregated total of required decisions reflected in Chart 2-16 is 540 decisions (0.7%) greater than the 78,073 required second ten-business-day review period decisions set forth above.

²⁵ The Claims Supervisor identified 1,189 claims -- 34 claims related to Generation One vehicles and 1,155 claims related to Generation Two 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 valued using the Lessee valuation formulas for Generation One and Generation Two vehicles. 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 claims will be captured as Owner claims, as that is how they are currently reflected in Volkswagen's claims system.

aggregate value of \$647,203,031.74 and 1,473 offers to businesses with an aggregate value of \$55,267,575.76). The remaining 50,698 offer letters with an aggregate value of \$376,576,843.45 related to Generation Two vehicles (46,169 offers to individuals with an aggregate value of \$343,102,187.75, and 4,529 offers to businesses with an aggregate value of \$33,474,655.70).

Chart 2-17 shows, for Generation One and Generation Two vehicles, the total number of offer letters issued by Volkswagen over time during the Claim Period, including during this quarter.

Chart 2-17



Charts 2-18 and 2-19 show, across Generation One and Generation Two vehicles, the total number of offer letters issued by Volkswagen by eligibility category.

Chart 2-18²⁶

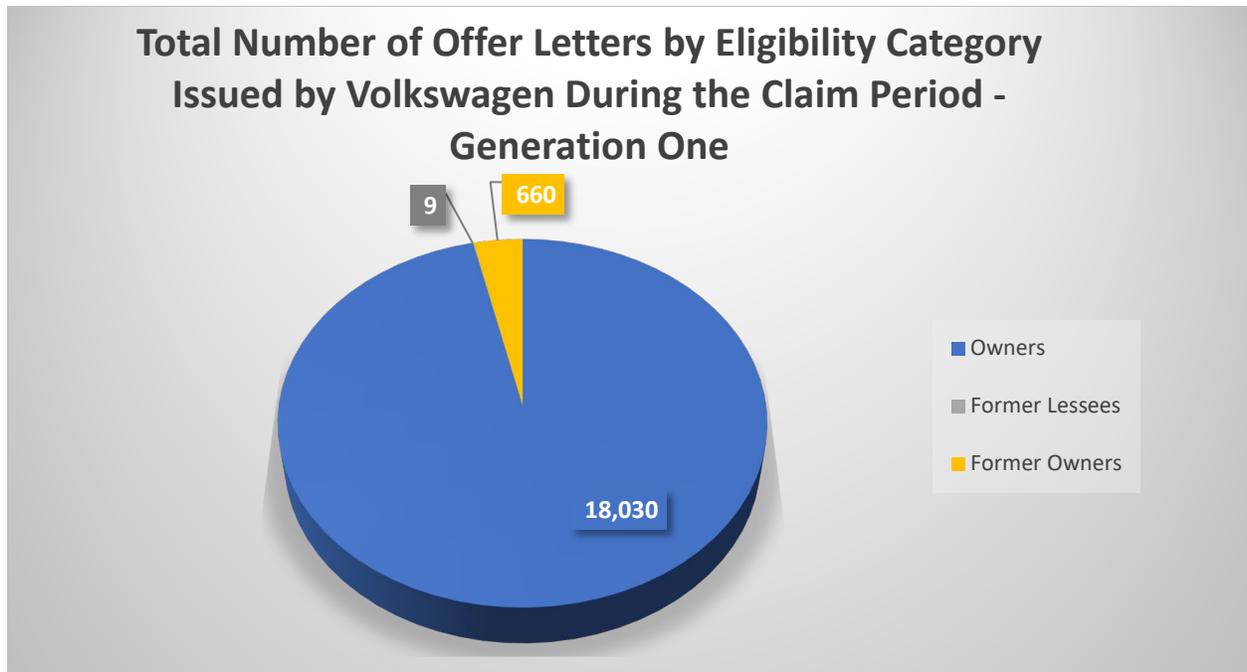
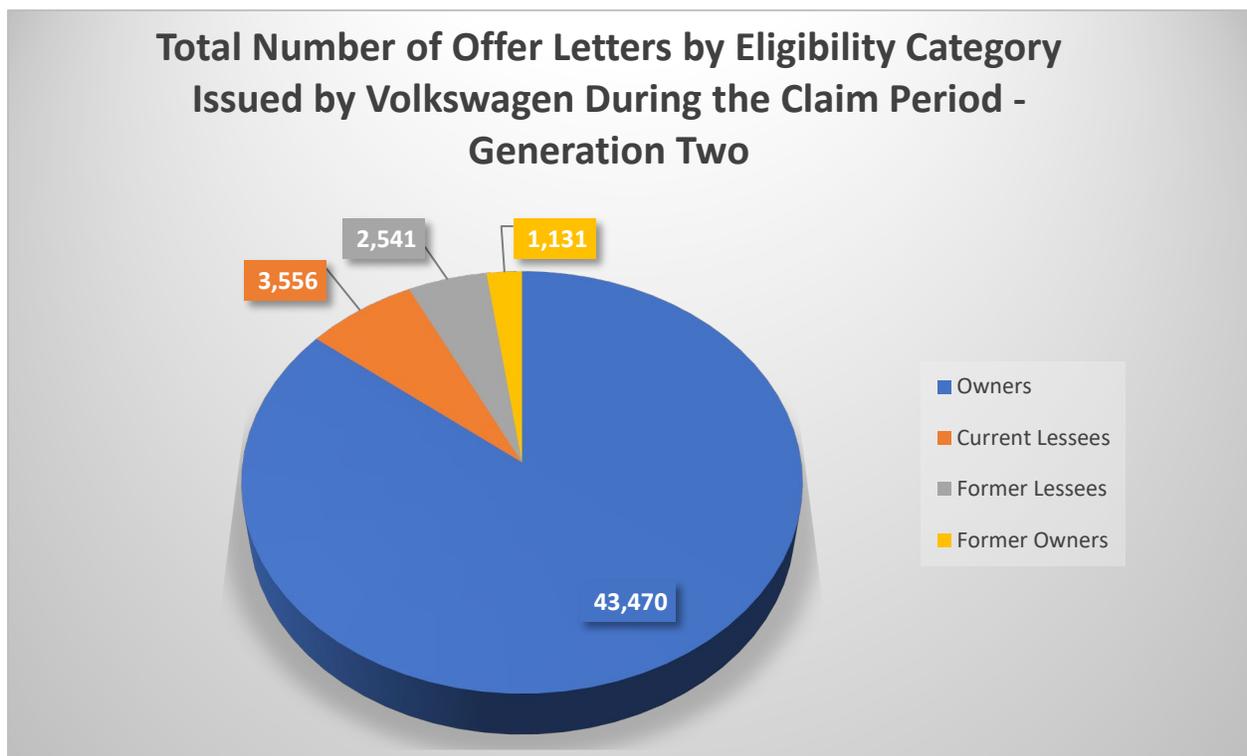


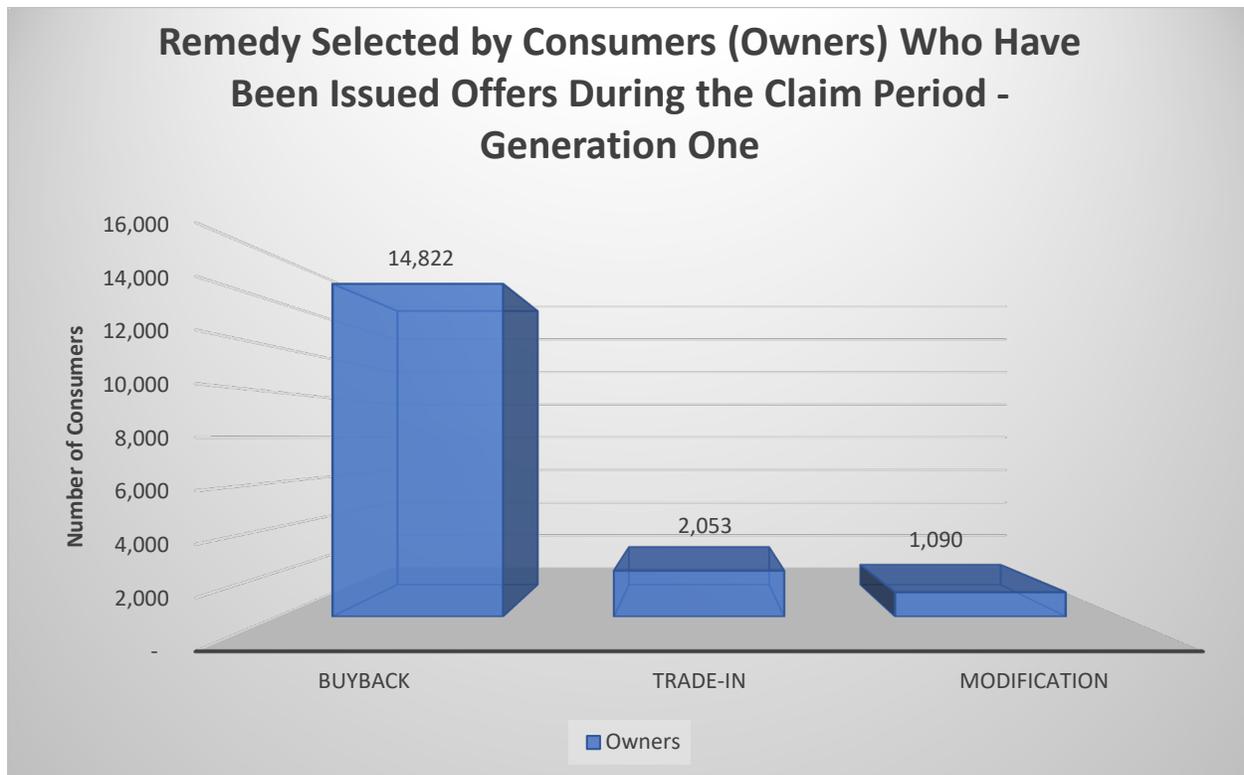
Chart 2-19



²⁶ No offers were extended to Generation One Current Lessees. Only five such claims were submitted for Volkswagen to review, and none reached the second ten-business-day review period. The small number of these claims and processing outcomes likely was a function of the earlier model years of Generation One vehicles.

Chart 2-20 shows offer letters related to Generation One vehicles issued to Owners by remedy selections.

Chart 2-20²⁷

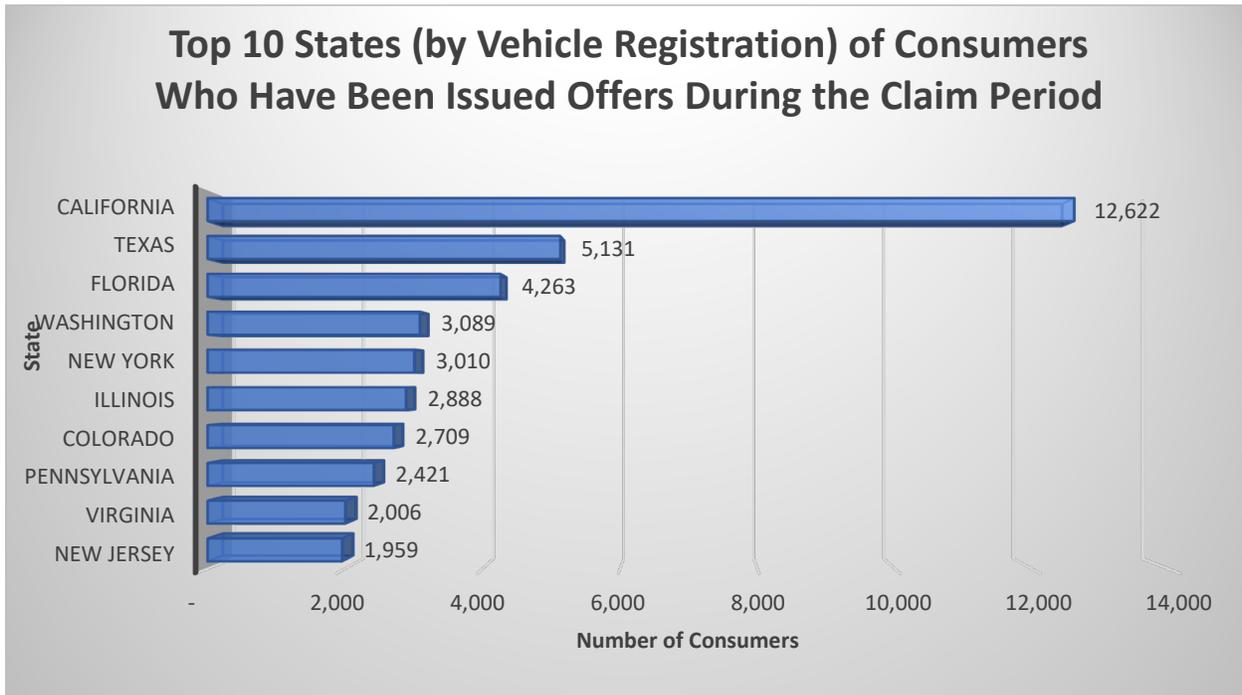


As to Generation Two vehicles, a total of 43,281 Owners and 3,556 Current Lessees had received offer letters for an ECR, while 2,541 Former Lessees, 1,131 Former Owners, and 189 Owners with totaled vehicles had received offer letters associated with Repair Payments.

Chart 2-21 shows the top ten states by vehicle registration of consumers who had received offer letters through March 8, 2020.

²⁷ Chart 2-20 excludes 660 Former Owners, 65 Owners with totaled vehicles, and 9 Former Lessees who had received offer letters because the only remedy available to those consumers is Restitution.

Chart 2-21



Through March 8, 2020, of the approximately \$702.47 million corresponding to the offer letters issued by Volkswagen relating to Generation One vehicles, Owners account for about \$699.01 million. Across these consumers: about \$465.23 million related to Owners without loans; about \$233.12 million related to Owners with loans; \$650,088.70 related to sixty-five Owners with totaled vehicles; and \$11,291.75 related to two Owners who purchased their vehicle between September 18, 2015 and January 31, 2017, following the expiration of a lease.²⁸ The remainder was split among Former Owners (660 offer letters valued in the aggregate at about \$3.41 million) and Former Lessees (9 offer letters valued in the aggregate at \$49,846.33).

²⁸ There was one historical instance where a loan amount on a Generation One vehicle that was the subject of a Buyback or a Trade-In claim exceeded 130% of the award amount. The difference between the loan value and 130% of the award value was approximately \$3,300.

Chart 2-22 shows the average, minimum, and maximum awards issued to consumers with Generation One vehicles by eligibility category and offer selection through March 8, 2020.²⁹

Chart 2-22

Eligibility Category and Offer Selection	Average Value	Minimum Value	Maximum Value
Owner – Buyback	\$40,564.89	\$9,976.83 ³⁰	\$64,846.12
Owner – Trade In	\$41,905.68	\$18,055.75	\$62,984.50
Current Lessee – REM	\$10,175.63	\$3,990.00	\$13,607.83
Owner – Totaled Vehicle Restitution	\$10,001.36	\$4,808.48	\$12,516.20
Former Lessee Restitution	\$5,538.48	\$5,100.00	\$6,344.12
Former Owner Restitution	\$5,160.43	\$2,627.01	\$6,997.50

Through March 8, 2020, of the approximately \$376.58 million associated with offer letters to consumers with Generation Two vehicles, Owners accounted for about \$359.61 million. The remainder was split among: Current Lessees (3,556 offer letters valued in the aggregate at \$7.066 million); Former Lessees (2,541 offer letters valued in the aggregate at \$5.082 million); and Former Owners (1,131 offer letters valued in the aggregate at about \$4.82 million).³¹

Chart 2-23 shows the average, minimum, and maximum awards issued to consumers with Generation Two vehicles based on eligibility category and offer selection through March 8, 2020.

²⁹ Chart 2-22 excludes the thirty-four Generation One claims discussed in footnote 25 above that were categorized as Owner instead of Eligible Lessee claims.

³⁰ This lower amount was in connection with a vehicle associated with a branded title for which, under the branded title eligibility and award protocols, the consumer only was entitled to receive Vehicle Value.

³¹ Pursuant to the Resolution Agreements, the offer value for Current Lessees of Generation Two vehicles with eligible claims is \$2,000. For 3,556 Current Lessees a cumulative offer value of \$7.112 million might be expected. However, there were 46 Current Lessees who received the first installment of the ECR payment of \$1,000 upon submitting a complete and eligible claim, who then returned the vehicle at the conclusion of the lease before completing the ECR such that they were not entitled to receive the second \$1,000 payment. The subsequent purchaser or lessee was entitled to the remaining payment of \$1,000 upon completion of the ECR.

Chart 2-23³²

Eligibility Category and Offer Selection	Average Value	Minimum Value	Maximum Value
Owner – ECR	\$8,381.72	\$1,830.44 ³³	\$16,113.64
Owner – Totaled Vehicle Restitution	\$7,920.90	\$1,977.94	\$10,466.84
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	\$4,260.29	\$2,019.81	\$5,722.12

Finally, Chart 2-24 shows, through March 8, 2020, data related to two categories of non-standard claimants: (i) military personnel deployed overseas with their vehicles; and (ii) decedent estates.

Chart 2-24³⁴

	Military Overseas	Decedent Estates
Registrations	96	190
Submitted Claims	96	185
Deemed Complete and Eligible	96	177
Offer Letters Issued	96	177
Total Offer Amounts	\$1,855,767.65	\$2,971,563.42

³² With respect to the figures for Owner-ECR claims, Chart 2-23 excludes the 1,155 Generation Two claims discussed in footnote 25 above that were categorized as Owner instead of Eligible Lessee claims.

³³ This amount is a Repair Participation Payment where the consumer sold the vehicle after the initial payment was issued and received but before the ECR was completed. The subsequent purchaser received the remaining payment owed on the vehicle upon completion of the ECR.

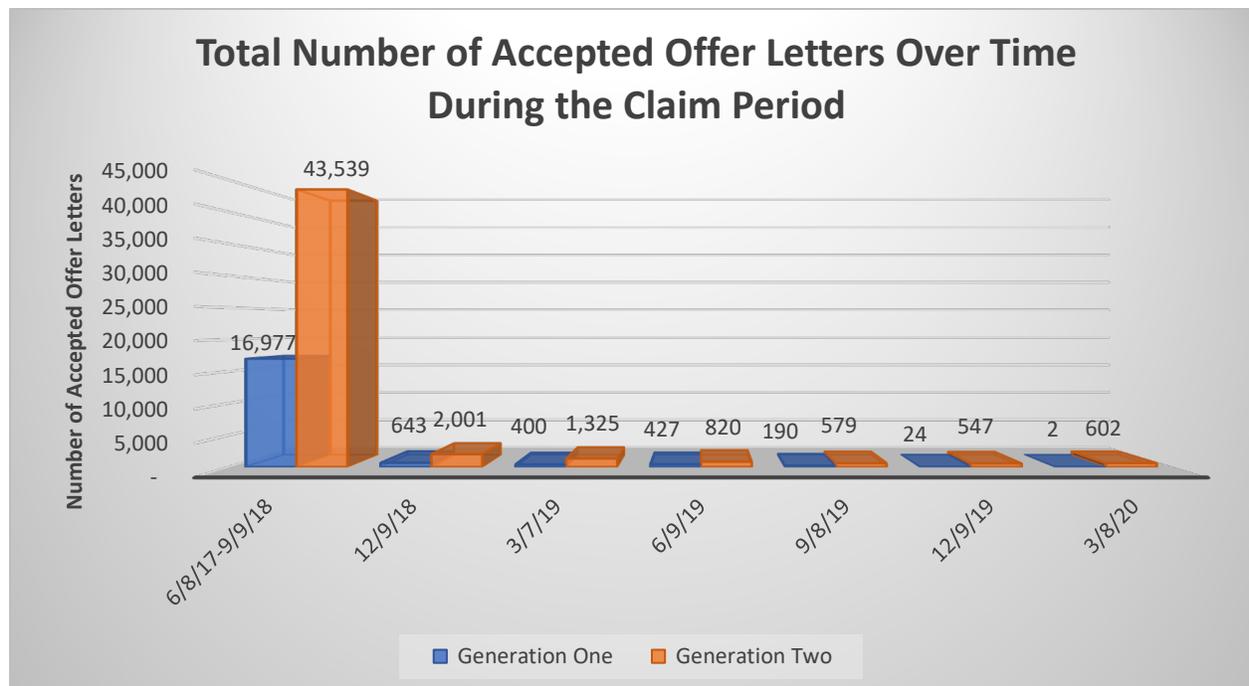
³⁴ Military overseas claims are categorized as non-standard claims because of the unique issues they present in terms of claims processing and closing logistics. While decedent estate claims present unique claims processing issues as well, closings generally follow the standard process, so information regarding these claims is included within the closing data in this Section along with other standard claims.

F. Appointments, Closings, and Payments

As of March 8, 2020, a total of 68,076 consumers had accepted offer letters from Volkswagen, the aggregate value of which totaled \$1,070,932,482.20.³⁵ This includes 18,663 accepted offer letters associated with Generation One vehicles valued in the aggregate at \$701,874,803.54, and 49,413 accepted offer letters associated with Generation Two vehicles valued in the aggregate at \$369,057,678.66. During this quarter, 604 offer letters were accepted by consumers with an aggregate value of \$4,446,914.70. Pursuant to the Resolution Agreements, consumers with Generation Two vehicles have until April 30, 2020 to accept their offers and complete their remedies in order to receive compensation.

Chart 2-25 shows, for Generation One and Generation Two vehicles, the total number of accepted offer letters over time during the Claim Period, including during this quarter.

Chart 2-25



³⁵ In addition to Owners, this figure includes Former Lessees, Former Owners, and consumers 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.

Consistent with the June 30, 2019 conclusion of the Generation One claim period, there were no additional Generation One closings on Buyback or Trade-In claims during this quarter. Comprehensive information regarding closings related to Generation One vehicles is set forth in the Claims Supervisor's December 13, 2019 public report. Notably, Volkswagen payments to, or on behalf of, Owners with Generation One vehicles who had closed Buyback or Trade-In claims increased slightly by \$87,517.11 during this quarter to a total of \$683,923,893.63 as a result of: (i) one claim that closed on December 6, 2019 for which payment issued on December 11, 2019, such that the closing -- but not the payment -- was captured as of the date that data was compiled for the December 13, 2019 report; and (ii) one claim previously coded as associated with an ECR remedy being changed to accurately reflect that it was associated with a Buyback remedy.

As discussed in prior reports, a REM has been approved for all Generation One vehicles and an ECR has been approved for all Generation Two vehicles. As of March 5, 2020, Volkswagen had completed 1,436 REMs on Generation One vehicles and 48,154 ECRs on Generation Two vehicles, while the vehicles were in the possession of consumers. Chart 2-26 shows the status of these completed modifications relative to whether the consumer also had completed the claims process and received payment.

Chart 2-26

	Completed REM: Generation One Vehicles	Completed ECR: Generation Two Vehicles
Completed Claims Process while in a Consumer's Possession	1,088	44,695
Pending Completion of the Claims Process ³⁶	0	740
No Claim Registered, Claim Ineligible, or Claim Cancelled	348	2,719

As of March 8, 2020, Volkswagen had paid \$10,547,115.11 in connection with REMs on Generation One vehicles. The decrease of \$78,461.95 from the previous quarter is the result of: (i) two payments previously reflected in Volkswagen's system properly being voided; and (ii) an additional claim previously coded as associated with a REM remedy being changed to accurately reflect that it was associated with a Buyback remedy. As of March 8, 2020, Volkswagen also had paid \$348,210,835.55 in connection with ECRs on Generation Two vehicles. This amounts to an overall increase of \$3,480,255.01 in payments during this quarter.

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. Charts 2-27 and 2-28 show the number and amount of Generation One and Generation Two payments associated with these claims, respectively.

³⁶ The overwhelming majority of these claims were instances in which offers had been extended by Volkswagen to consumers but had not yet been accepted. Additionally, due to differences in statuses contained in Volkswagen's monthly report as compared to the Claims Supervisor's system, there may be instances in which some claims involving Generation Two vehicles reflected as pending in Chart 2-26 may, in fact, be complete. The Claims Supervisor will work with Volkswagen to align on any status inconsistencies as the remedy completion deadline approaches.

Chart 2-27

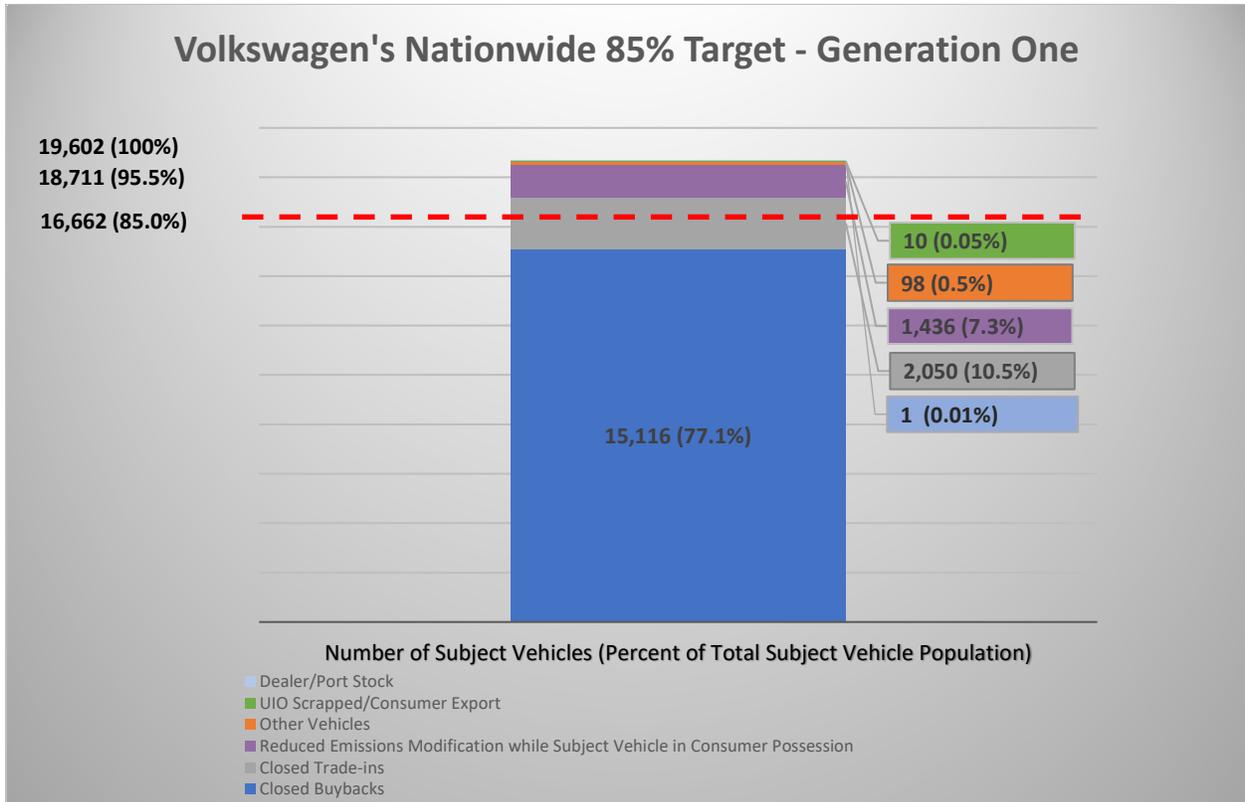
Generation One - Eligibility Category	Total Number of Payments Issued	Total Amount of Payments Issued
Former Owners	657	\$3,394,295.70
Former Lessees	9	\$49,846.33
Consumers with Claims Related to Totaled Vehicles	64	\$640,632.45

Chart 2-28

Generation Two - Eligibility Category	Total Number of Payments Issued	Total Amount of Payments Issued
Former Owners	1,113	\$4,733,516.19
Former Lessees	2,367	\$4,733,000.00
Consumers with Claims Related to Totaled Vehicles	178	\$1,422,995.55

G. Volkswagen's 85% Targets

As of the October 2018 reporting period, Volkswagen had satisfied the requirement in the 3.0 Liter DOJ Consent Decree that the company permanently remove from commerce or perform an AEM on at least 85% of Generation One 3.0 Liter Subject Vehicles by November 30, 2019. The 3.0 Liter DOJ Consent Decree provides that "the total number of Generation 1.x 3.0 Liter Subject Vehicles is 19,602." Chart 2-29 reflects data on the number of Generation One Subject Vehicles that Volkswagen had removed from commerce or modified.

Chart 2-29³⁷

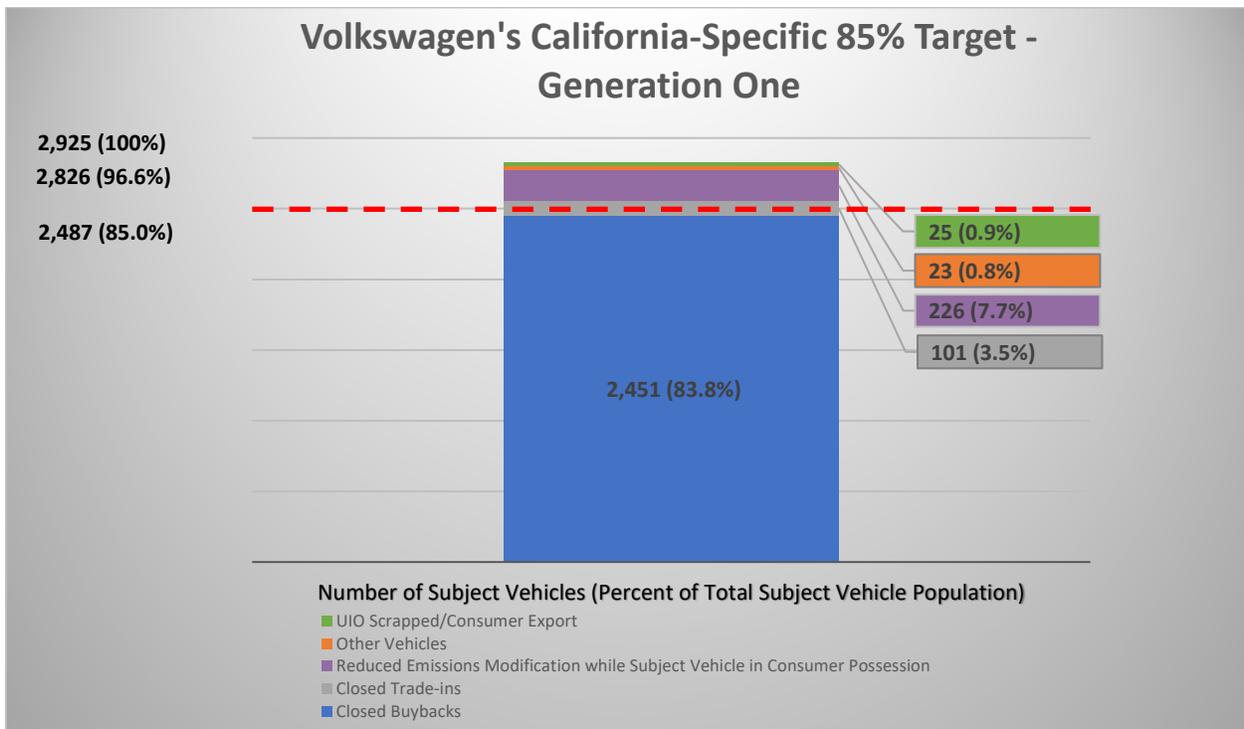
The “Other Vehicles” category depicted in Chart 2-29 (and Charts 2-30, 2-31, and 2-32 below) represents vehicles Volkswagen has removed from commerce outside of the Claims

³⁷ Figures in Charts 2-29 through 2-32 relating to Polk Units in Operation (“UIO”) Scrapped or Consumer Export, as well as Other Vehicles, are based on Volkswagen data as of December 31, 2019. The population of Other Vehicles includes certain vehicles associated with completed Buyback, Trade-In, or AEM appointments. To avoid double-counting, these vehicles are excluded from the Buyback, Trade-In, and AEM figures reflected in Charts 2-29 through 2-32 and are counted only in the Other Vehicles figure. Buyback and Trade-In figures also would account for certain vehicles associated with consumers who opted out of the settlement. While these consumers are outside of the Class, their vehicles are within the population of Subject Vehicles and thus are counted toward the 85% target once they are removed from commerce or modified. The data also reflect closed Buyback and Trade-In claims on Generation One vehicles purchased in the United States but registered in Canada through March 8, 2020. Data on Canadian-registered vehicles that have received an AEM are subsumed within the REM and ECR figures shown by vehicle generation. Vehicles initially characterized as scrapped that proceeded through the claims process, often after a consumer took steps to obtain a rebuilt title, are counted toward the 85% requirement to give Volkswagen credit for addressing these operable and polluting vehicles. Vehicles initially categorized as scrapped account for about 2.5% of the total population of Generation One-Nationwide vehicles removed from commerce or modified, just under 2% of the total population of Generation Two-California vehicles removed from commerce or modified, and about 1% of the remaining two populations of Subject Vehicles removed from commerce or modified. Finally, Subject Vehicles that were part of Volkswagen dealers’ or port stock at the time Volkswagen issued the stop-sale order are only included in the 85% analysis if they have been shown to have completed the ECR.

Program. This includes, among others, used vehicles that Volkswagen acquired from dealerships and company cars previously utilized by Volkswagen employees that have since been retired.

As of the November 2018 reporting period, Volkswagen had satisfied the requirement in the 3.0 Liter DOJ Consent Decree that the company permanently remove from commerce or perform an AEM on at least 85% of Generation One 3.0 Liter Subject Vehicles registered in California by November 30, 2019. The 3.0 Liter DOJ Consent Decree provides that “the total number of all Generation 1.x 3.0 Liter Subject Vehicles registered in California is 2,925.” Chart 2-30 reflects data on the number of Generation One Subject Vehicles registered in California that had been modified or removed from commerce.

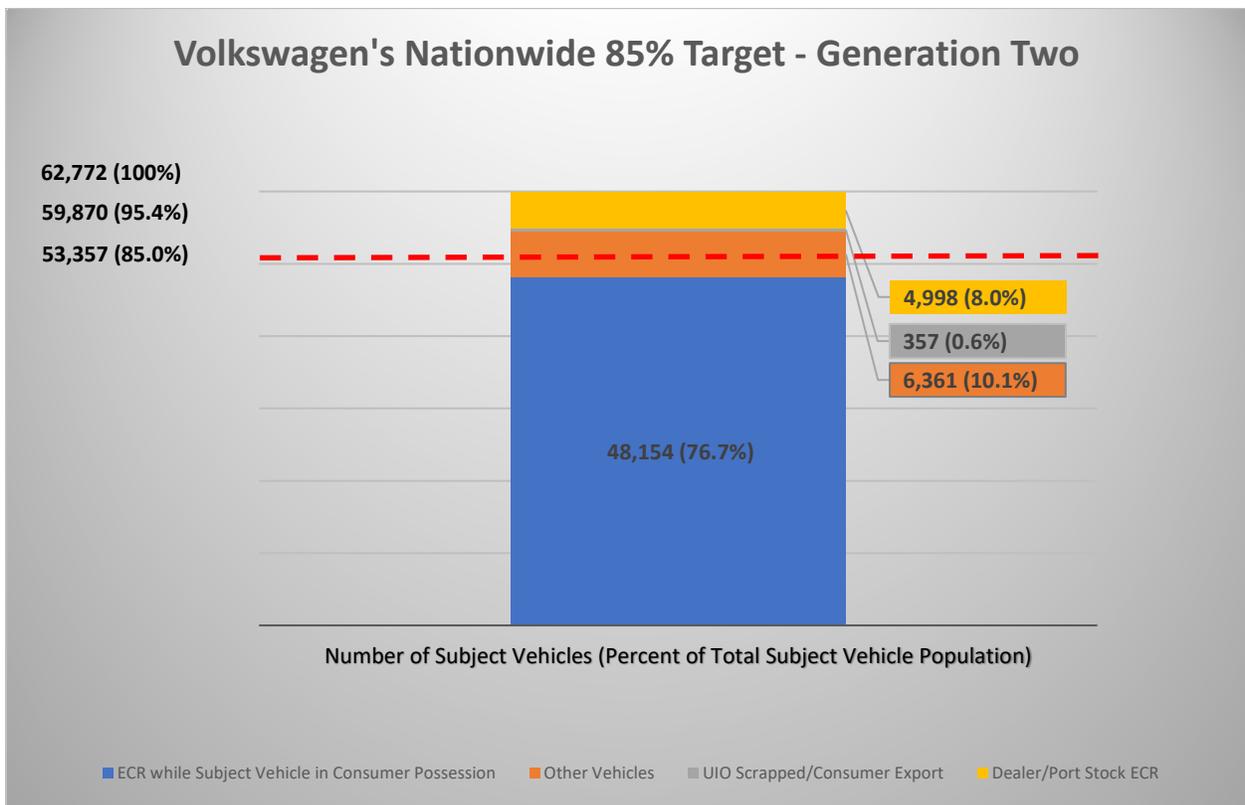
Chart 2-30³⁸



³⁸ The Nationwide UIO Scrapped/Consumer Export figure appears lower than the California-specific figure because Volkswagen calculates the Nationwide figure based on the number of vehicles above the original 2,102 counted for that category at the time of the settlement. There was no original UIO Scrapped/Consumer Export count for California, however, so California-specific data is based on the number of California vehicles Volkswagen has identified as falling into the UIO Scrapped/Consumer Export category.

There are similar targets for Generation Two vehicles. As of the October 2018 reporting period, Volkswagen had satisfied the requirement in the 3.0 Liter DOJ Consent Decree that, by May 31, 2020, the company permanently remove from commerce or perform an ECR on at least 85% of Generation Two 3.0 Liter Subject Vehicles. The 3.0 Liter DOJ Consent Decree states that “the total number of Generation 2.x 3.0 Liter Subject Vehicles is 62,772.” Chart 2-31 generally reflects data on the number of Generation Two Subject Vehicles that had been modified or removed from commerce.

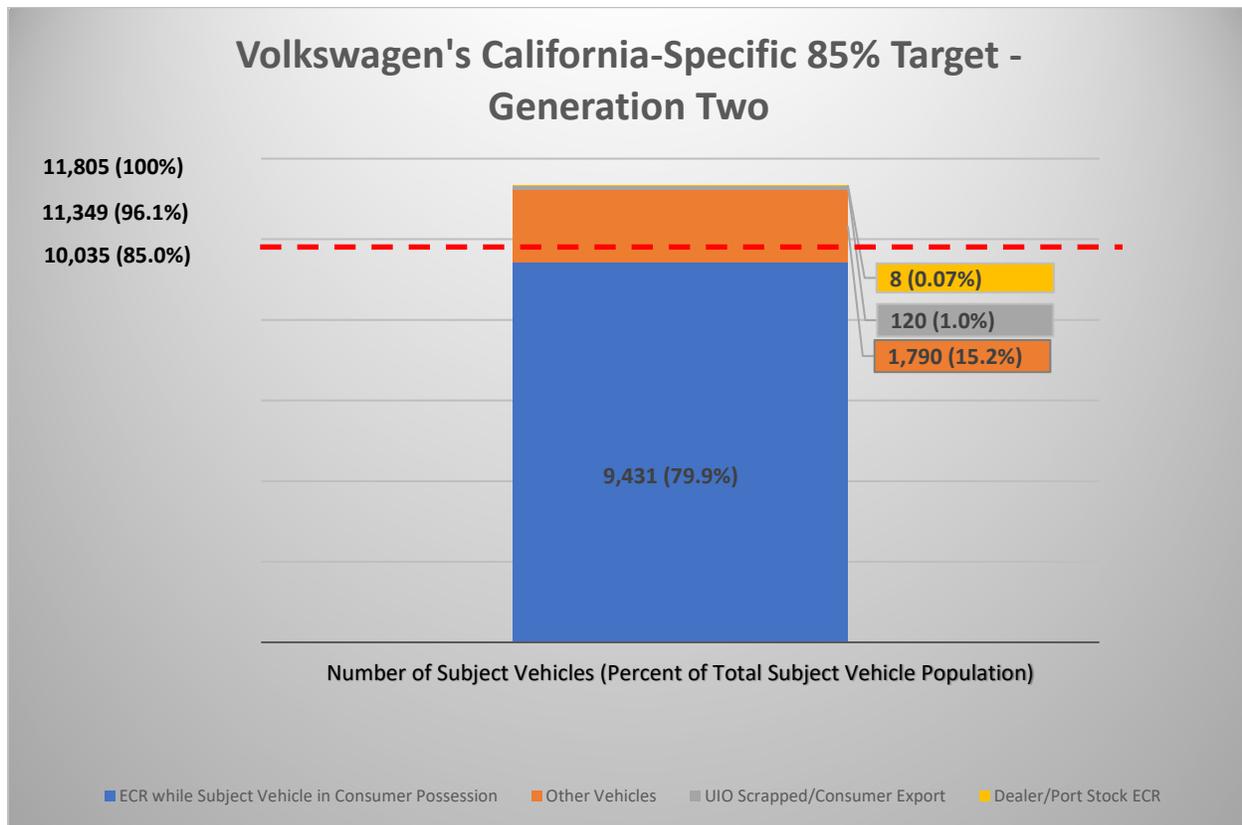
Chart 2-31



As of the October 2018 reporting period, Volkswagen also had satisfied the requirement in the 3.0 Liter DOJ Consent Decree that, by May 31, 2020, the company permanently remove from commerce or perform an ECR on at least 85% of Generation Two 3.0 Liter Subject Vehicles that were registered in California as of November 2, 2015. The 3.0 Liter DOJ Consent Decree states that “the total number of all Generation 2.x 3.0 Liter Subject Vehicles registered in

California is 11,805.” Chart 2-32 generally reflects data on the number of Generation Two Subject Vehicles registered in California that had been modified or removed from commerce.

Chart 2-32



III. Consumer Experience

A. Claims Program Updates

1. Notice to Consumers with Generation Two Vehicles of Claims Program Deadlines

During the quarter, Volkswagen continued to keep consumers apprised of approaching deadlines. Between December 11, 2019 and December 27, 2019, Volkswagen sent a notice to 11,176 consumers with Generation Two vehicles who had registered but not yet completed a claim. The notice: (i) provided a reminder of the December 31, 2019 claims submission deadline; (ii) advised of an extension of time until January 30, 2020 for consumers who submitted claims determined to be deficient to attempt to cure the deficiency through the

submission of additional documents and information; (iii) encouraged consumers who are issued offer letters to sign, notarize and return them to Volkswagen no later than April 1, 2020; (iv) encouraged consumers with accepted offer letters to schedule their appointment for an ECR directly with their dealer as soon as possible because appointment availability at their desired date, time, and location cannot be guaranteed, particularly due to the availability of parts; (v) reiterated that if an ECR is not completed by April 30, 2020, consumers will not be eligible for compensation under the terms of the 3.0 Liter Resolution Agreements (although ECRs will still be performed free-of-charge); and (vi) advised of the May 21, 2020 deadline for consumers to submit appeals of eligibility determinations and award amounts to the CRC.

This notice supplemented the two Reminder Notices sent to consumers in November and December 2018. The First Reminder Notice was sent to more than 22,000 consumers with Generation Two vehicles, and the Second Reminder Notice was sent to more than 21,000 consumers with Generation Two vehicles.

2. AEM Correction for Generation Two SUVs

Between December 17, 2019 and January 10, 2020, Volkswagen provided notice to 37,677 consumers with Generation Two SUVs of the availability of an AEM Correction. The AEM Correction provides a software calibration update to the original AEM, which (i) corrects an issue that can cause the “check engine” light to falsely illuminate under certain driving conditions that has resulted in replacement of the DOC for certain consumers; (ii) reduces the likelihood of the vehicle experiencing an engine shudder that could occur during certain warm-up driving conditions; and (iii) improves OBD monitoring of vehicle emissions systems and otherwise improve the vehicle’s software.

The notice stated that the AEM Correction will not adversely impact the vehicle’s drivability, fuel economy, or warranty coverage. Although the AEM Correction is voluntary, the notice advised that if a consumer previously received an AEM and elects not to receive the AEM

Correction, it may cause issues with the vehicle's OBD system and require a trip to an authorized dealer to address the issue. The notice further advised that the AEM Correction will take about an hour to complete and will be performed free of charge. During the appointment, a loaner vehicle will be provided.

The AEM Correction became available for Volkswagen and Audi Generation Two SUVs on January 7, 2020, and became available to consumers with Porsche Generation Two SUVs on January 30, 2020. Consumers are able to schedule an AEM Correction directly with an authorized dealer. For consumers who did not previously receive an AEM, the notice indicated that both the AEM and AEM Correction will be completed during the same appointment. Consumers must provide written authorization prior to receiving the AEM Correction.

3. Non-Standard Claims

a) Canadian Claims

The company reported that, as of March 4, 2020, it had completed processing 427 of the 432 claims (98.9%) submitted by consumers who purchased a vehicle in the United but registered it in Canada, including all Buyback, Trade-In, Seller Restitution, and Owner Restitution claims.³⁹ Of the 427 claims processed, 364 were deemed eligible and resulted in a completed remedy, and 63 were deemed ineligible. Between December 5, 2019 and March 4, 2020, Volkswagen completed nineteen Canadian claims -- fifteen AEMs and four Buybacks. A total of five AEM claims remained pending. Chart 3-1 reflects the number of completed Canadian claims and the claims remaining to be completed by remedy selection.

³⁹ As previously reported, following the approval of the Canadian 3.0 Liter settlement in April 2018, Volkswagen decided to extend benefits to these consumers, although the claims were not expressly covered under either the United States or Canadian settlement.

Chart 3-1

Canadian Claims by Remedy Selection	Eligible/Completed Claims	Completed Claims From 12/5/19 - 3/4/20	Ineligible Claims	Claims Remaining to be Completed
Buyback/Trade-In	270	4	34	-
AEM	89	15	28	5
Seller Restitution	2	-	-	-
Owner Restitution	3	-	1	-
TOTAL	364	19	63	5

b) Military Overseas Claims

The company reported that, as of March 4, 2020, it had completed eighty-seven of the eighty-eight claims (98.9%) submitted by military personnel stationed overseas with their vehicles, including all thirty-two Buyback claims. Between December 5, 2019 and March 4, 2020, the company completed four claims -- two AEMs in Germany, one AEM in Kazakhstan, and one AEM in South Korea. Chart 3-2 reflects the number of completed military overseas claims and the remaining claim to be completed by country and remedy selection.

Chart 3-2

Overseas Military Claims					
Consumer and Vehicle Location	Total Claims	Buybacks Completed	Buybacks Remaining	AEMs Completed	AEMs Remaining
Germany	71	26	-	45	-
Italy	5	2	-	2	1
Belgium	3	1	-	2	-
South Korea	3	2	-	1	-
Kazakhstan	1	-	-	1	-
Macedonia	1	-	-	1	-
Malaysia	1	-	-	1	-
Mexico	1	-	-	1	-
Turkey	1	-	-	1	-
United Kingdom	1	1	-	-	-
TOTAL	88	32	-	55	1

With respect to the single pending AEM claim in Italy, the company had extended an offer and the ECR was in the process of being completed.

c) Branded Title Claims

As of March 8, 2020, Volkswagen had processed all 440 claims involving vehicles with branded titles, including 8 such claims over the quarter.⁴⁰ Chart 3-3 reflects the total number of these claims that Volkswagen had completed, as well as the number of claims completed during the quarter, by eligibility determination.

Chart 3-3⁴¹

Branded Title Claims Determinations	Total Claims	Claims Completed During the Quarter
Eligible	152	1
Ineligible	288	7

In accordance with the agreed-upon branded title framework, some eligible consumers are entitled to Vehicle Value while others are entitled to both Vehicle Value and Restitution, depending on several factors, including whether a previous owner timely submitted a claim for Owner Restitution by the claim submission deadline. Given the passage of the claim submission deadline, Volkswagen is in the process of analyzing branded title claims to determine which consumers are entitled to Owner Restitution in addition to Vehicle Value. The Claims Supervisor will validate all such determinations reached by the company.

⁴⁰ These claims were processed in accordance with the framework developed by the Parties and CRC in February 2018. Title brands include salvage, rebuilt, reconstructed, and prior salvage, and indicate, among other things, whether a vehicle has sustained damage or may be unsafe to drive. A vehicle branded with a salvage title is typically one that was damaged to the point that it was declared a total loss by an insurance company, often because the cost to repair the vehicle was greater than the value of the vehicle in its damaged state. In some states, a vehicle with a salvage title cannot be registered with the applicable department of motor vehicles. However, the nomenclature related to title brands varies from state to state and was analyzed accordingly, so that the eligibility requirements were consistently applied.

⁴¹ As previously reported, the majority of eligible claims have involved vehicles with rebuilt titles obtained by February 26, 2018, and the majority of ineligible claims have involved vehicles that had salvage titles after February 26, 2018. The group of 440 completed claims includes claims submitted by consumers who Volkswagen identified as having acquired a significant number of vehicles with branded titles for the purpose of participating in the Claims Program. As previously reported, although some of these consumers also submitted claims involving vehicles with non-branded, clean titles, Volkswagen previously placed all claims submitted by these consumers on hold while it continued discussions with the PSC and the CRC, and analyzed the details surrounding these consumers' acquisitions of their vehicles.

4. Extended Warranty and Service Contract Refund Program

Volkswagen's vendor continued to process the few remaining extended warranty and service contract refund program claims, and the company timely rendered associated payments for eligible claims.

As of February 26, 2020, a total of 2,132 of the 2,139 extended warranty or service contract claims (99.7%) had been completed.⁴² Of the completed claims, 1,402 claims (65.8%) had been deemed ineligible, 729 claims (34.2%) had been deemed eligible, and 1 claim (0.01%) had been deemed deficient and required additional information from the consumer to complete processing. Volkswagen had initiated payment on 560 of the 729 eligible claims (76.8%), including 8 between December 10, 2019 to February 26, 2020, resulting in payments to consumers totaling \$68,352.58, which on average is \$122.06 per eligible claim.

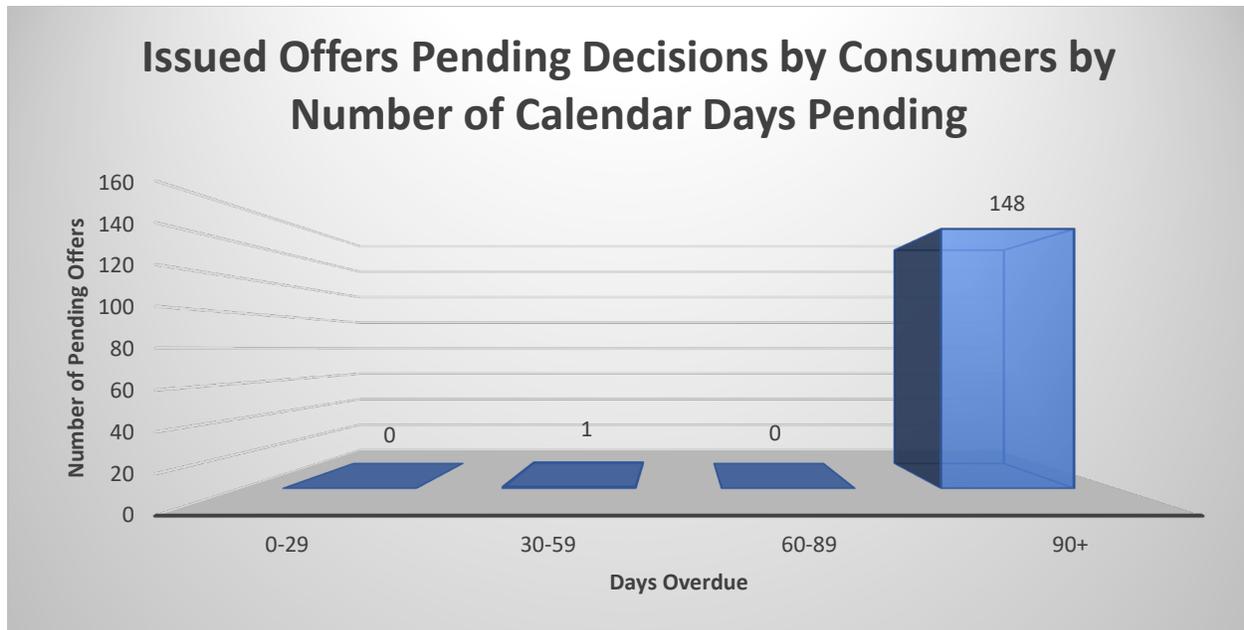
Of the 169 eligible claims for which payment had not been initiated: (i) 149 were pending a response to the offer by the consumer; and (ii) 5 had resulted in an offer being rejected by the consumer.⁴³ Chart 3-4 depicts the number of days that the 149 open offers had been pending.⁴⁴

⁴² Due to technical issues impacting the website used by Volkswagen's vendor, data was not yet available through the end of the quarter.

⁴³ There were also fifteen claims that involved eligible contracts for which no payment was due. Because consumers only are entitled to a refund of "unused and otherwise nonrefundable portion of the purchase price" of an eligible contract, they do not receive compensation from Volkswagen when the provider is required to directly refund to them the unused portion of the purchase price of the contract.

⁴⁴ Volkswagen's vendor sends reminder e-mails on a monthly basis to consumers who have not responded to the offer. Consumers have until the end of the 3.0 Liter Claims Program to accept offers.

Chart 3-4



The Claims Supervisor concurred with all three determinations reached by the vendor between December 10, 2019 and February 26, 2020.⁴⁵ The Claims Supervisor will continue to validate all determinations and award calculations reached by Volkswagen's vendor until the conclusion of the Claims Program.

5. CRC Appeals

During the quarter, the CRC continued to make progress adjudicating consumer appeals. As of March 12, 2020, consumers had submitted 1,413 unique appeals (1.9 % of all submitted claims), including 136 unique appeals since December 10, 2020. The appeals have challenged, among other issues, Volkswagen's eligibility decisions and award calculations. The deadline for consumers with Generation One vehicles to submit an appeal was October 21, 2019, and the deadline for consumers with Generation Two vehicles to submit an appeal is May 21, 2020.

⁴⁵ This total includes eligibility and deficiency determinations reached by the vendor. The Claims Supervisor may review multiple determinations in connection with a single claim.

As of March 12, 2020, the CRC had reached determinations with respect to 1,133 of 1,413 unique appeals (80.2%), including 143 determinations reached between December 10, 2019 and March 12, 2020 (8 of which involved Generation One vehicles and 135 of which involved Generation Two vehicles). Of those 143 determinations: (i) 119 were denials; (ii) 16 involved instances in which the issues that were the subject of the appeal had previously been resolved, thus mooting the appeal; and (iii) 8 involved instances in which the consumer was advised that he or she may be eligible for benefits subject to receipt and confirmation of additional documentation.

As of March 12, 2020, a total of 280 appeals remained to be adjudicated. Volkswagen and the PSC have reported that they will continue to work together to resolve pending appeals and will seek the assistance of the court-appointed neutral if necessary.

6. Post-Closing Processing of Vehicles

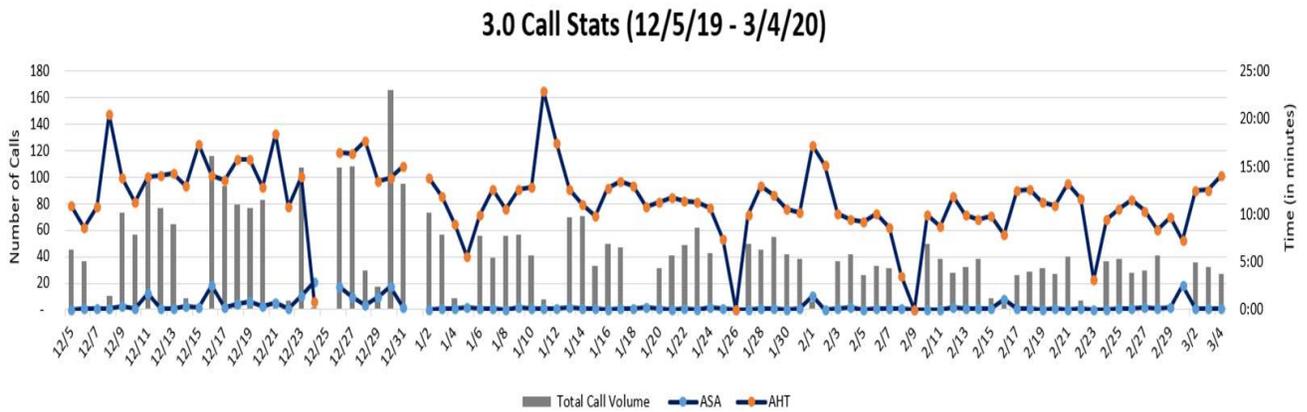
As discussed in prior reports, once a Buyback or Trade-In appointment is completed, arrangements are made by Volkswagen to transfer the vehicle to one of several secure storage facilities throughout the country, at which point each vehicle is inspected to determine if it should be destroyed or undergo an AEM, if one is available, and be offered for sale in accordance with an approved resale plan. Volkswagen is required to track each vehicle from closing to either destruction, or modification and resale, in order to report these figures to the DOJ, EPA, and CARB on a quarterly basis. The most recent data supplied by Volkswagen to the DOJ, EPA, and CARB reflects that, as of December 31, 2019, Volkswagen had reacquired 17,177 Eligible Vehicles through the Claims Program, resold 14,963 Eligible Vehicles, and destroyed 95 Eligible Vehicles. Accordingly, the company housed approximately 2,199 Eligible Vehicles at storage facilities as of December 31, 2019.

B. Customer Service

Volkswagen continued to provide generally effective customer support to consumers requiring assistance. Average weekday call and chat volume increased leading up to the December 31, 2019 deadline for consumers with Generation Two vehicles to submit a claim, and then decreased following the passage of that deadline.

Call volume slightly increased from an average of fifty-two calls per weekday between September 5, 2019 to December 4, 2019 to an average of fifty-three calls per weekday between December 5, 2019 to March 4, 2020. The average speed to answer was twenty-two seconds per call and the call abandonment rate was 3.2%. Chart 3-5 depicts the daily hotline call volume and related data from December 5, 2019 to March 4, 2020.⁴⁶

Chart 3-5



Chat volume averaged twelve chats per weekday between December 5, 2019 and March 4, 2020 -- the same as the prior quarterly reporting period. The chat abandonment rate was 19.8%.

Based on the Claims Supervisor’s review of a sample of 204 recorded calls and 117 chats that occurred between December 2, 2019 and February 28, 2020, the company remained effective in addressing consume inquiries. Only one call was deemed unsuccessful due to a customer support agent’s failure to properly verify the identity of a consumer.

⁴⁶ ASA is the abbreviation for average speed of answer and AHT represents average handle time.

Volkswagen's Resolution Team also appropriately addressed more complicated consumer issues. Over the course of the quarter, the Resolution Team received seventeen consumer inquiries and resolved nine (all of which involved payment issues). The company reported that its Resolution Team had resolved a total of 2,686 inquiries since the inception of the Claims Program.

There were few consumer complaints over the quarter. The limited complaints received related to, among other things, vehicle performance following the completion of an AEM and general frustration with the claims process.⁴⁷

IV. Conclusion

As the conclusion of the Claims Program came further into focus over the course of the quarterly reporting period, Volkswagen remained committed to administering consumer remedies and meeting its obligations under the terms of the 3.0 Liter Resolution Agreements. The company timely processed the vast majority of standard and non-standard claims, and remained generally responsive to consumer inquiries. As of March 8, 2020, the company had completed a total of 49,590 consumer AEMs, 14,784 Buybacks, and 2,047 Trade-Ins, and rendered \$1,057,724,483.09 in associated payments to, or on behalf of, eligible consumers.

During the quarter, Volkswagen provided a notice reminding more than 11,000 consumers with Generation Two vehicles of the December 31, 2019 deadline to complete a claim. The notice also advised of an extension of time until January 30, 2020 for consumers who submitted claims involving Generation Two vehicles with a deficiency to attempt to cure the deficiency through the submission of additional documents and information. Following the

⁴⁷ The Claims Supervisor is aware of 116 unique complaints relating to post-AEM vehicle performance issues since the inception of the Claims Program, which amounts to approximately 0.2% of all completed ECRs and REMs. Volkswagen has advised that specially trained customer care representatives assist consumers in determining whether perceived vehicle changes are attributable to an AEM, including evaluation by a dealership, when necessary.

passage of the December 31, 2019 and January 30, 2020 deadlines, the company issued notifications of ineligibility determinations to consumers who failed to meet those deadlines. Eligible consumers with Generation Two vehicles have until April 30, 2020 to complete their approved remedy and receive compensation under the terms of the 3.0 Liter Resolution Agreements.

Volkswagen also provided notice to more than 37,000 consumers with Generation Two SUVs of the availability of an AEM Correction. The AEM Correction provides a software calibration update to the original AEM, which, among other things, corrects an issue that can cause the “check engine” light to falsely illuminate under certain driving conditions. The AEM Correction became available for Generation Two SUVs in January 2020 at no cost to consumers.

In addition, the CRC continued to make progress adjudicating consumer appeals, completing 143 unique appeals between December 10, 2019 and March 12, 2020. A total of 280 unique appeals remained to be adjudicated. Consumers with Generation Two vehicles have until May 21, 2020 to submit an appeal challenging an eligibility determination or award amount.

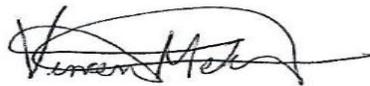
In accordance with the requirements of the 3.0 Liter Resolution Agreements, the Claims Supervisor will continue to evaluate and report on Volkswagen’s progress with and adherence to the terms of the 3.0 Liter Resolution Agreements as the Claims Program reaches its final stages.

Sincerely,

Ankura Consulting Group, LLC



Terrence S. Brody
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